

07-11-2009

Electric Power Monthly - Average Rate



**Energy Information Administration**

Official Energy Statistics from the U.S. Government

[Glossary](#)



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**Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State**

*Electric Power Monthly with data for March 2009*  
Report Released: June 15, 2009  
Next Release Date: Mid-July 2009

Table 5.6.A. [xls](#) format [Electric Power Monthly](#)

**Table 5.6.A. Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, March 2009 and 2008 (Cents per kilowatthour)**

Census Division and State	Residential		Commercial <sup>1</sup>		Industrial <sup>1</sup>		Transportation <sup>[1]</sup>		All Sectors	
	Mar-09	Mar-08	Mar-09	Mar-08	Mar-09	Mar-08	Mar-09	Mar-08	Mar-09	Mar-08
<b>New England</b>	<b>17.57</b>	<b>16.89</b>	<b>15.86</b>	<b>14.53</b>	<b>11.62</b>	<b>13.05</b>	<b>8.44</b>	<b>10.26</b>	<b>15.52</b>	<b>15.17</b>
Connecticut	20.09	18.51	15.47	14.35	16.82	12.68	13.4	12.8	17.5	15.72
Maine	15.12	16.13	12.64	12.83	10.88	12.13	-	-	13.17	13.88
Massachusetts	17.46	16.69	18.5	15.19	10.34	14.4	6.16	8.98	15.51	15.59
New Hampshire	16.67	14.86	15.55	13.48	13.95	12.46	-	-	15.75	13.87
Rhode Island	14.59	16.98	11.29	15.1	12.69	14.59	-	-	12.66	15.84
Vermont	14.74	14.52	12.85	12.64	9.67	9.28	-	-	12.86	12.48
<b>Middle Atlantic</b>	<b>14.37</b>	<b>13.86</b>	<b>12.99</b>	<b>12.64</b>	<b>8.25</b>	<b>8.82</b>	<b>13.98</b>	<b>12.31</b>	<b>12.63</b>	<b>12.3</b>
New Jersey	15.95	14.12	13.73	12.92	9.52	12.52	NM	15.14	14.04	13.29
New York	17.28	17.51	14.82	14.72	11.09	11.47	14.85	13.23	15.34	15.32
Pennsylvania	11.19	10.76	9.48	9.11	7.22	7.03	9.02	8.02	9.44	9.09
<b>East North Central</b>	<b>10.82</b>	<b>9.72</b>	<b>8.97</b>	<b>8.52</b>	<b>6.66</b>	<b>6.05</b>	<b>9.3</b>	<b>6.79</b>	<b>8.89</b>	<b>8.09</b>
Illinois	11.66	10.51	8.43	8.25	7.72	7.71	9.1	6.4	9.34	8.83
Indiana	9.6	7.98	8.49	7.19	5.92	4.84	9.77	9.18	7.72	6.37
Michigan	11.01	10.39	9.18	9.08	6.83	6.48	10.79	10.99	9.15	8.71
Ohio	10.31	9.28	9.77	8.99	6.71	6	10.44	10.24	8.91	8
Wisconsin	11.79	11.1	9.23	8.81	6.67	6.15	-	-	9.21	8.57
<b>West North Central</b>	<b>8.72</b>	<b>7.92</b>	<b>7.16</b>	<b>6.63</b>	<b>5.73</b>	<b>5.05</b>	<b>6.12</b>	<b>6.24</b>	<b>7.35</b>	<b>6.63</b>
Iowa	9.84	8.94	7.3	6.73	5	4.49	-	-	7.12	6.46
Kansas	9.64	8.63	8.04	7.37	6.29	5.46	-	-	8.12	7.24
Minnesota	10.07	9.1	7.97	7.31	6.36	5.63	7.66	8.47	8.19	7.31
Missouri	7.87	6.98	6.3	5.83	5.06	4.4	4.67	4.34	6.74	6.03
Nebraska	7.64	7.1	6.97	6.3	6.39	5.37	-	-	7.05	6.29
North Dakota	6.85	6.94	6.48	6.59	5.73	5.49	-	-	6.44	6.43
South Dakota	7.86	7.68	6.72	6.52	5.73	5.14	-	-	7.06	6.77
<b>South Atlantic</b>	<b>11.16</b>	<b>10.13</b>	<b>9.91</b>	<b>9</b>	<b>6.69</b>	<b>5.82</b>	<b>11.51</b>	<b>10.66</b>	<b>9.91</b>	<b>8.81</b>
Delaware	13.66	12.95	12.27	11.35	9.84	9.47	-	-	12.33	11.52
District of Columbia	12.89	11.04	14.49	13.36	10.33	11.29	14.54	12.92	14.14	12.9
Florida	12.55	11.23	11.24	9.94	9.61	7.8	10.47	10.06	11.75	10.35
Georgia	9.83	9.36	8.96	8.89	5.9	6.05	6.41	6.54	8.6	8.3
Maryland	14.73	12.86	12.77	11.78	10.52	10.14	12.77	12.08	13.45	12.12
North Carolina	9.95	9.42	8.07	7.54	5.9	5.28	6.73	9.4	8.53	7.8
South Carolina	10.27	9.51	8.63	8.16	5.74	4.95	-	-	8.29	7.31
Virginia	10.32	8.66	8.35	6.63	6.98	5.11	8.66	7.12	9.03	7.19
West Virginia	7.72	6.7	6.91	5.97	5.31	4.01	8.52	6.67	6.68	5.43

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<b>East South Central</b>	<b>9.62</b>	<b>8.33</b>	<b>9.42</b>	<b>8.23</b>	<b>5.81</b>	<b>5</b>	<b>10.74</b>	<b>6.6</b>	<b>8.12</b>	<b>6.93</b>
Alabama	10.46	9.34	9.88	8.87	5.92	4.82	--	--	8.66	7.27
Kentucky	8.35	7.37	7.85	6.84	4.75	4.67	--	--	6.41	5.87
Mississippi	10.15	9.54	9.77	9.4	6.82	5.73	--	--	8.93	8.07
Tennessee	9.65	7.87	9.99	8.2	7.04	5.35	10.74	6.6	9.01	7.15
<b>West South Central</b>	<b>11.6</b>	<b>10.84</b>	<b>9.16</b>	<b>9.59</b>	<b>7</b>	<b>7.51</b>	<b>9.75</b>	<b>8.8</b>	<b>9.38</b>	<b>9.33</b>
Arkansas	9.62	8.72	7.87	7.24	6.17	5.48	--	--	8.02	7.15
Louisiana	8.91	9.56	8.74	9.66	6.47	7.22	9.94	12.41	8.06	8.74
Oklahoma	8.54	8.38	6.5	7.18	4.63	5.33	--	--	6.75	7.08
Texas	13.11	11.94	9.82	10.24	7.63	8.28	9.72	8.57	10.31	10.18
<b>Mountain</b>	<b>9.5</b>	<b>9.14</b>	<b>8.08</b>	<b>7.8</b>	<b>5.63</b>	<b>5.64</b>	<b>7.68</b>	<b>7.47</b>	<b>7.82</b>	<b>7.55</b>
Arizona	9.93	9.38	8.65	8.2	6.08	6.1	--	--	8.69	8.24
Colorado	9.41	9.38	7.5	7.69	5.65	5.98	7.18	6.92	7.67	7.83
Idaho	7.31	6.69	6.13	5.4	4.32	3.82	--	--	6.11	5.43
Montana	8.63	8.82	8.29	8.33	5.43	5.9	--	--	7.33	7.39
Nevada	12.75	12.55	10.47	10.45	7.09	7.8	8.81	9.49	9.69	9.86
New Mexico	10.06	9.11	8.82	7.72	6.16	5.57	--	--	8.43	7.44
Utah	8.11	7.87	6.62	6.34	4.43	4.11	8.1	7.8	6.36	5.99
Wyoming	8.17	7.73	7.03	6.59	4.84	4.25	--	--	6.05	5.52
<b>Pacific Contiguous</b>	<b>11.44</b>	<b>11.09</b>	<b>10.8</b>	<b>10.21</b>	<b>7.45</b>	<b>7.66</b>	<b>8.04</b>	<b>7.97</b>	<b>10.39</b>	<b>9.99</b>
California	14.38	13.76	12.25	11.54	9	9.48	8.08	8	12.39	11.87
Oregon	8.49	8.55	7.58	7.37	5.46	5.23	6.84	6.97	7.52	7.36
Washington	7.64	7.51	7.21	6.89	5.47	5.46	6.09	5.73	7.02	6.8
<b>Pacific Noncontiguous</b>	<b>19.68</b>	<b>23.89</b>	<b>17.14</b>	<b>20.97</b>	<b>15.15</b>	<b>21.32</b>	<b>--</b>	<b>--</b>	<b>17.38</b>	<b>22.01</b>
Alaska	17.24	15.73	14.46	12.85	12.86	14.15	--	--	15.14	14.14
Hawaii	21.59	29.92	19.49	27.57	16	23.87	--	--	18.88	26.92
<b>U.S. Total</b>	<b>11.38</b>	<b>10.57</b>	<b>10.07</b>	<b>9.62</b>	<b>8.84</b>	<b>6.54</b>	<b>12.02</b>	<b>10.7</b>	<b>9.75</b>	<b>9.11</b>

[1] See Technical notes for additional information on the Commercial, Industrial, and Transportation sectors.

Notes: See Glossary for definitions. Values for 2007 are final. Values for 2008 are preliminary estimates based on a cutoff model sample. See Technical Notes for a discussion of the sample design for the Form EA-826. Utilities and energy service providers may classify commercial and industrial customers based on either NAICS codes or demands or usage falling within specified limits by rate schedule. Changes from year to year in consumer counts, sales and revenues, particularly involving the commercial and industrial consumer sectors, may result from respondent implementation of changes in the definitions of consumers, and reclassifications. Retail sales and net generation may not correspond exactly for a particular month for a variety of reasons (i.e., sales data may include imported electricity). Net generation is for the calendar month while retail sales and associated revenue accumulate from bills collected for periods of time (28 to 35 days) that vary dependent upon customer class and consumption occurring in and outside the calendar month. Totals may not equal sum of components because of independent rounding.

Source: Energy Information Administration, Form EA-826, "Monthly Electric Sales and Revenue Report with State Distributions Report."

More Tables on the Average Retail Price of Electricity

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**Electric Power Monthly** June 2009 Edition

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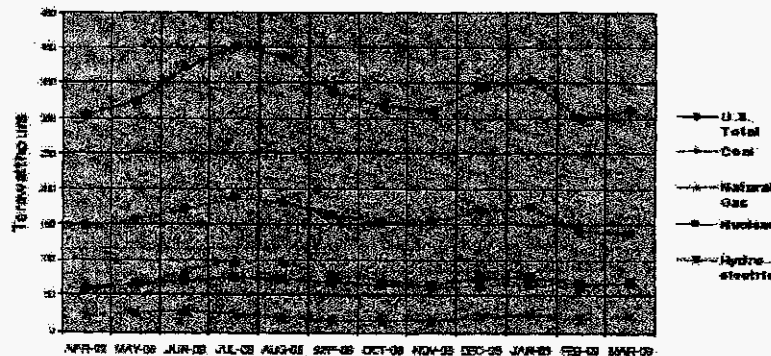
(entire report also available in [printer-friendly format](#))

**Executive Summary**

**Generation:** Net generation in the United States dropped by 4.3 percent from March 2008 to March 2009. This was the eighth consecutive month that net generation was down compared to the same calendar month in the prior year. The Commerce Department reported that real gross domestic product decreased from the fourth quarter of 2008 to the first quarter of 2009, and industrial production in March 2009, as reported by the Federal Reserve, was 12.8 percent lower than it had been in March 2008, the ninth consecutive month that same-month industrial production was lower than it had been in the previous year. The decline in net generation is also consistent with the National Oceanic and Atmospheric Administration's (NOAA's) population-weighted Residential Energy Demand Temperature Index (REDTI) for March 2009, which was 3.7 percent below average consumption. In March 2008, the REDTI was near average.

The drop in coal-fired generation was the largest absolute fuel-specific decline from March 2008 to March 2009 as it fell by 24,656 thousand megawatthours, or 15.3 percent. Gas prices have been generally trending downward since June 2008, and the March 2009 natural gas price for the electric power sector was 48.4 percent lower than it was in March 2008. Gas-fired generation was the largest absolute fuel-specific increase in March 2009 as it was up by 6,430 thousand megawatthours, or 10.4 percent from March 2008. Coal-fired generation was down by 7,464 thousand megawatthours in Georgia, Alabama, Pennsylvania, and Florida, but gas-fired generation in these States was up by 4,345 thousand megawatthours. Generation from conventional hydroelectric plants was 1.1 percent higher in March 2009 than it had been in March 2008. Net generation from wind sources was 38.5 percent higher. Higher wind generation totals in Iowa, Texas, Minnesota, and Wyoming accounted for 57.5 percent of the national increase. Petroleum liquid-fired generation was down by 1.2 percent compared to a year ago, and its overall share of net generation continued to be quite small compared to coal, nuclear, natural gas-fired, and hydroelectric sources.

**Figure 1: Net Generation by Major Energy Source: Total (All Sectors), April 2008 through March 2009**



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**Executive Summary**

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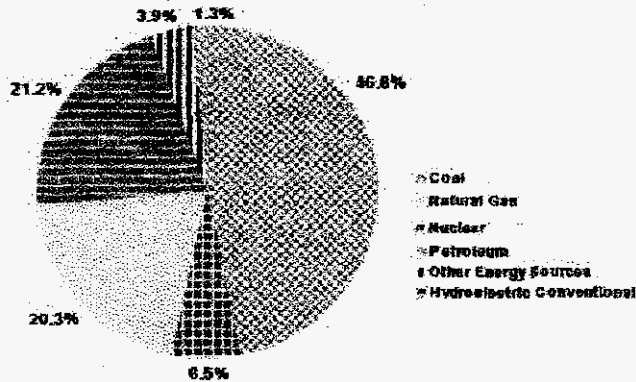
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Year-to-date, total net generation was down 4.6 percent from 2008 levels. Net generation attributable to coal-fired plants was down 11.7 percent. Nuclear generation was up by 2.0 percent. Generation from petroleum liquids was up by 21.7 percent, while natural gas-fired generation was up by 1.0 percent year-to-date. The 38.5-percent jump in wind generation in March contributed to a year-to-date increase of 34.9 percent.

Year-to-date, coal-fired plants contributed 46.8 percent of the Nation's electric power. Nuclear plants contributed 21.2 percent, while 20.3 percent was generated at natural gas-fired plants. Of the 1.3 percent generated by petroleum-fired plants, petroleum liquids represented 0.9 percent, with the remainder from petroleum coke. Conventional hydroelectric power provided 6.5 percent of the total, while other renewables (biomass, geothermal, solar, and wind) and other miscellaneous energy sources generated the remaining 3.9 percent of electric power (Figure 2).

Figure 2: Net Generation Shares by Energy Source:  
 Total (All Sectors), Year-to-Date through March, 2009



Consumption of Fuels: Consumption of coal for power generation in March 2009 was down by 13.1 percent compared to March 2008. For the same time period, consumption of petroleum liquids was up by 4.3 percent, while petroleum coke increased by 18.4 percent. Consumption of natural gas increased by 9.1 percent.

Fuel Stocks, Electric Power Sector, March 2009

Total electric power sector coal stocks increased between March 2008 and March 2009 by 29.8 million tons. Stocks of bituminous coal (including coal synfuel) increased by 29.9 percent, or 17.7 million tons between March 2008 and March 2009 (from 59.3 to 77.1 million tons). Subbituminous coal stocks grew by 10.7 million tons between March 2008 and March 2009 (from 83.3 to 94.0 million tons). This is the eighth month in a row that coal stocks are higher than the comparable month in the prior year.

Electric power sector liquid petroleum stocks totaled 43.0 million barrels at the end of March 2009, a decrease of 1.3 percent (0.6 million barrels) from March 2008. March 2009 stocks were 1.2 percent (0.5 million barrels) higher than at the end of February 2009.

Fuel Receipts and Costs, All Sectors, March 2009

In March 2009, the price of coal to electricity generators increased slightly from the previous month, while the cost of petroleum and natural gas decreased. Receipts of petroleum liquids decreased during this same time frame, but receipts of coal and natural gas increased.

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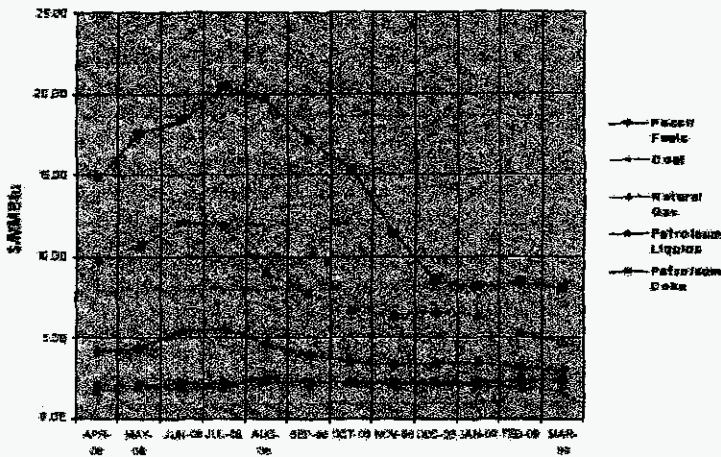
The average price paid for coal in March 2009 was \$2.29 per MMBtu, up 0.4 percent from the price paid in February. It was 18.7 percent higher when compared with the March 2008 price of \$1.93 per MMBtu. Receipts of coal in March were 86.2 million tons, up 4.7 percent when compared with February 2009 data and down 2.1 percent from March 2008.

The average price paid for petroleum liquids decreased from \$8.48 per MMBtu in February 2009 to \$8.08 in March. This was a 4.7-percent decrease from February and a 45.4-percent decrease from March 2008. Receipts of petroleum liquids in March 2009 were 5.2 million barrels, a decrease of 10.5 percent from February 2009 and a 26.3-percent increase from March 2008.

The average price paid for natural gas by electricity generators in March was \$4.69 per MMBtu, an 11.8-percent decrease from the February 2009 level of \$5.32 and a 48.9-percent decrease from March 2008. Receipts of natural gas were 603.5 million Mcf, up 12.0 percent from February 2009 and up 7.4 percent from March 2008.

The overall price paid by electricity generating plants for fossil fuels was \$2.98 per MMBtu in March 2009, a 4.5-percent decrease from February 2009 and a 22.0-percent decrease from March 2008. Year-to-date (January through March) 2009 prices compared to the same period last year were up 18.9 percent for coal, down 43.5 percent for petroleum liquids, and down 36.5 percent for natural gas. Year-to-date 2009 receipts compared to the same period last year were down 1.3 percent for coal, up 46.7 percent for petroleum liquids, and down 0.6 percent for natural gas.

Figure 3: Electric Power Industry Fuel Costs, April 2008 through March 2009



Sales, Revenue, and Average Retail Price, March 2009

The average retail price of electricity for March 2009 was 9.75 cents per kilowatt-hour (kWh), 0.8 percent lower than February 2009 when the average retail price of electricity was 9.83 cents per kWh, and 7.0 percent higher than March 2008, when the price was 9.11 cents per kWh. Retail sales between March 2008 and March 2009 decreased 3.9 percent. The average price of residential electricity for March 2009 increased 0.81 cents per kWh to 11.38 cents per kWh from March 2008 and was up from 11.23 cents per kWh in February 2009. At 11.38 cents per kWh, the average residential price of electricity increased by 7.7 percent from March 2008.

**Sales:** For March 2009, sales in the residential and commercial sectors both decreased by 0.6 percent while sales in the industrial sector decreased by 12.7 percent, as compared to March 2008. For the month, total retail sales were 281.9 billion kWh, a decrease of 3.1 billion kWh from February 2009, and a decrease of 3.9 percent or 11.6 billion kWh from March 2008. Year-to-date 2009, sales were 886.4 billion kWh, a 4.0-percent decrease over the

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Receipts of Natural Gas Delivered for

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Retail Sales of Electricity to Ultimate Customers by

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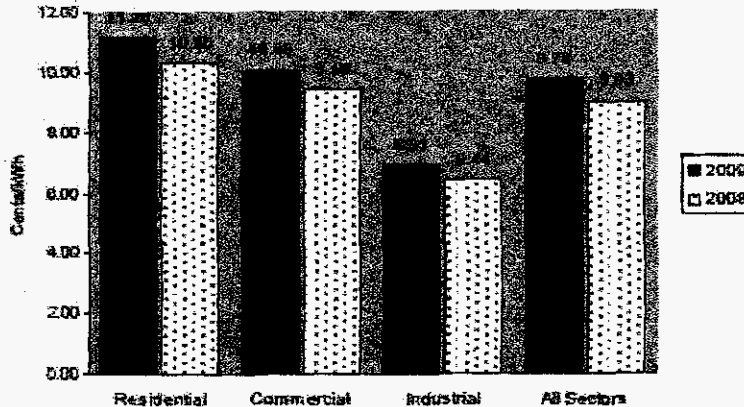
Electric Power Monthly

same period for 2008.

**Revenue:** Total retail revenues in March 2009 were \$27.5 billion, reflecting an increase in revenue of 2.8 percent from March 2008, and a 1.9-percent decrease from February 2009. The revenue increase year-over-year can be attributed to higher fuel costs. For March 2009, residential and commercial sector retail revenues increased 7.0 percent and 4.0 percent, respectively, from March 2008, while the industrial sector retail revenues decreased by 8.6 percent. Year-to-date 2009, revenue increased to \$86.7 billion, a 4.0-percent increase over the same period for 2008.

**Average Retail Price:** For the month, average residential retail prices increased to 11.38 cents per kWh from 11.23 cents per kWh in February 2009, although they were 7.7 percent higher than March 2008 when the price was 10.57 cents per kWh. The March 2009 average commercial retail price was 10.07 cents per kWh, a 4.7-percent increase from March 2008 and down slightly from 10.16 cents per kWh in February 2009. The average industrial retail price for March 2009 rose to 6.84 cents per kWh, a 4.6-percent increase over March 2008 and down slightly from 6.98 cents per kWh in February 2009. Year-to-date 2009, average retail prices increased to 9.78 cents per kWh, an 8.3-percent increase over the same period for 2008 (Figure 4).

Figure 4: Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, Year-to-Date through March 2009 and 2008



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References 

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**Net Generation by Energy Source: Total (All Sectors)**

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 Report Released: June 15, 2009  
 Next Release Date: Mid-July 2009

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Table 1.1. Net Generation by Energy Source: Total (All Sectors), 1995 through March 2009  
 (Thousand Megawatthours)

Period	Coal[1]	Petroleum Liquids[2]	Petroleum Coke	Natural Gas	Other Gases[3]	Nuclear	Hydroelectric Conventional	Other Renewables[4]	Hydroelectric Pumped Storage	Other[5]	Total
1995	1,709,426	66,944	7,610	496,058	13,870	673,402	310,833	73,965	-2,725	4,104	3,353,487
1996	1,795,196	73,521	7,890	455,056	14,356	674,729	347,162	75,796	-3,088	3,571	3,444,188
1997	1,845,016	82,773	9,782	479,399	13,351	628,644	356,453	77,183	-4,040	3,612	3,492,172
1998	1,873,516	116,859	11,941	531,257	13,492	673,702	323,336	77,088	-4,467	3,571	3,620,295
1999	1,881,087	107,276	10,785	556,396	14,126	728,254	319,536	79,423	-6,097	4,024	3,694,810
2000	1,966,265	102,160	9,061	601,038	13,955	753,893	275,573	80,906	-5,539	4,794	3,802,105
2001	1,903,956	114,647	10,233	639,129	9,039	768,826	216,961	70,769	-8,823	11,906	3,736,644
2002	1,933,130	78,701	15,867	691,006	11,463	780,064	264,329	79,109	-8,743	13,527	3,858,452
2003	1,973,737	102,734	16,672	649,908	15,600	763,733	275,806	79,487	-8,535	14,045	3,883,185
2004	1,978,301	100,391	20,754	710,100	15,252	788,528	268,417	83,067	-8,488	14,232	3,970,555
2005	2,012,873	99,840	22,385	760,960	13,464	781,986	270,321	87,329	-6,558	12,821	4,055,423
2006	1,990,511	44,460	19,708	816,441	14,177	787,219	289,246	96,525	-6,558	12,974	4,064,702
<b>2007</b>											
January	175,739	4,420	1,574	61,475	1,154	74,006	26,045	8,668	-572	1,022	353,531
February	163,603	7,596	1,287	57,622	981	65,225	18,567	7,877	-447	919	323,230
March	159,811	4,118	1,297	56,204	1,234	64,305	24,163	8,778	-458	1,018	320,471
April	146,250	3,830	1,250	60,153	1,163	57,301	23,891	8,693	-374	972	303,129
May	157,513	3,489	1,384	66,470	1,175	65,025	26,047	8,621	-547	1,026	330,203
June	173,513	4,213	1,564	81,511	1,154	68,923	22,817	8,549	-523	1,034	362,755
July	185,054	4,125	1,369	97,483	1,154	72,739	22,478	8,371	-595	1,049	393,226
August	190,135	5,702	1,485	121,338	1,132	72,751	19,941	8,895	-651	1,070	421,797
September	169,391	3,647	1,289	88,532	1,120	67,579	14,743	8,843	-743	995	355,394
October	162,234	3,558	1,189	78,358	1,134	61,690	14,796	9,362	-760	1,055	332,615
November	159,382	2,001	1,135	60,637	1,031	64,899	15,682	9,029	-662	967	314,103
December	173,830	2,803	1,412	66,808	1,022	71,983	18,342	9,553	-565	1,103	346,290
<b>Total</b>	<b>2,016,456</b>	<b>49,505</b>	<b>16,234</b>	<b>896,590</b>	<b>13,453</b>	<b>806,425</b>	<b>247,510</b>	<b>105,238</b>	<b>-6,896</b>	<b>12,231</b>	<b>4,156,745</b>
<b>2008</b>											
January	182,899	3,062	1,375	72,415	1,064	70,736	20,340	10,167	-746	830	362,142
February	167,178	2,399	1,238	59,443	943	65,130	18,323	9,249	-403	774	324,275
March	161,281	2,040	1,018	61,654	1,112	64,716	21,160	10,651	-553	852	323,932
April	147,391	2,181	1,104	62,407	986	57,333	21,306	10,863	-132	894	304,334
May	155,703	2,247	1,063	61,888	1,010	64,826	26,437	11,078	-587	924	324,589
June	171,683	3,733	1,251	84,122	1,120	70,319	28,493	11,151	-372	942	372,443
July	187,613	2,938	1,157	99,781	1,165	74,318	24,811	10,162	-799	942	402,088
August	181,469	2,505	1,259	98,880	1,148	72,617	20,385	9,441	-648	919	387,975
September	162,248	2,986	1,163	78,305	817	67,054	15,662	8,692	-513	845	337,259
October	153,143	1,856	1,348	72,767	777	62,793	15,120	10,104	-497	820	318,232

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November	155,146	2,089	1,114	61,386	690	63,408	15,479	10,331	-492	779	309,930
December	168,632	3,126	1,103	63,901	739	72,931	20,567	11,714	-498	846	343,061
<b>Total</b>	<b>1,994,385</b>	<b>31,162</b>	<b>14,192</b>	<b>876,948</b>	<b>11,573</b>	<b>806,182</b>	<b>248,085</b>	<b>123,603</b>	<b>-6,238</b>	<b>10,367</b>	<b>4,110,259</b>
<b>2009</b>											
January	172,924	4,953	1,149	65,474	767	73,479	23,476	11,189	-522	801	353,690
February	142,007	2,162	1,050	61,826	751	64,227	17,705	10,336	-243	791	300,613
March	136,625	2,016	1,308	68,084	793	66,920	21,394	12,260	-315	939	310,024
<b>Total</b>	<b>451,557</b>	<b>9,131</b>	<b>3,508</b>	<b>195,383</b>	<b>2,311</b>	<b>204,626</b>	<b>62,575</b>	<b>33,786</b>	<b>-1,080</b>	<b>2,531</b>	<b>964,327</b>
<b>Year-to-Date</b>											
<b>2007</b>	<b>499,153</b>	<b>16,135</b>	<b>4,158</b>	<b>175,300</b>	<b>3,369</b>	<b>203,536</b>	<b>68,775</b>	<b>25,323</b>	<b>-1,477</b>	<b>2,959</b>	<b>997,233</b>
<b>2008</b>	<b>511,359</b>	<b>7,501</b>	<b>3,630</b>	<b>193,511</b>	<b>3,120</b>	<b>200,582</b>	<b>59,824</b>	<b>30,067</b>	<b>-1,701</b>	<b>2,456</b>	<b>1,010,349</b>
<b>2009</b>	<b>451,557</b>	<b>9,131</b>	<b>3,508</b>	<b>195,383</b>	<b>2,311</b>	<b>204,626</b>	<b>62,575</b>	<b>33,786</b>	<b>-1,080</b>	<b>2,531</b>	<b>964,327</b>
<b>Rolling 12 Months Ending in March</b>											
<b>2008</b>	<b>2,028,661</b>	<b>40,671</b>	<b>15,706</b>	<b>914,800</b>	<b>13,204</b>	<b>803,471</b>	<b>238,559</b>	<b>109,981</b>	<b>-7,121</b>	<b>11,728</b>	<b>4,169,861</b>
<b>2009</b>	<b>1,934,583</b>	<b>32,791</b>	<b>14,070</b>	<b>878,820</b>	<b>10,764</b>	<b>810,226</b>	<b>250,836</b>	<b>127,322</b>	<b>-5,617</b>	<b>10,442</b>	<b>4,064,237</b>

[1] Anthracite, bituminous, subbituminous, lignite, waste coal, and coal synfuel.

[2] Distillate fuel oil, residual fuel oil, jet fuel, kerosene, and waste oil.

[3] Blast furnace gas, propane gas, and other manufactured and waste gases derived from fossil fuels.

[4] Wood, black liquor, other wood waste, biogenic municipal solid waste, landfill gas, sludge waste, agriculture byproducts, other biomass, geothermal, solar thermal, photovoltaic energy, and wind.

[5] Non-biogenic municipal solid waste, batteries, chemicals, hydrogen, pitch, purchased steam, sulfur, tire-derived fuel, and miscellaneous technologies.

Notes: Beginning with 2001 data, non-biogenic municipal solid waste and tire-derived fuels are reclassified as non-renewable energy sources and included in "Other". Biogenic municipal solid waste is included in "Other Renewables." Beginning with the collection of Form EIA-923 in January 2008, the methodology for separating the fuel used for electricity generation and useful thermal output from combined heat and power plants changed, and at plants that utilize multiple fuels, may have resulted in a reallocation of the total plant generation across those fuels. The new methodology was retroactively applied to 2004-2007. See the Technical Notes (Appendix C) for further information. See Glossary for definitions. Values for 2007 and prior years are final. Values for 2008 and 2009 are preliminary. See Technical Notes for a discussion of the sample design for the Form EIA-923 and predecessor forms. Totals may not equal sum of components because of independent rounding.

Sources: Energy Information Administration, Form EIA-906, "Power Plant Report;" Energy Information Administration, Form EIA-920 "Combined Heat and Power Plant Report;" and predecessor forms. Beginning with 2008 data, the Form EIA-923, "Power Plant Operations Report," replaced the following: Form EIA-906, "Power Plant Report;" Form EIA-920, "Combined Heat and Power Plant Report;" Form EIA-423, "Monthly Cost and Quality of Fuels for Electric Plants Report;" and Federal Energy Regulatory Commission, FERC Form 423, "Monthly Report of Cost and Quality of Fuels for Electric Plants."

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**Total Electric Power Industry Summary Statistics**

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 Report Released: June 15, 2009  
 Next Release Date: Mid-July 2009

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**Table ES1.B. Total Electric Power Industry Summary Statistics, Year-to-Date 2009 and 2008**  
 January through March

**Net Generation and Consumption of Fuels**  
**Electric Power Sector**

Items	Total (All Sectors)			Electric Utilities		Independent Power Producers		Commercial		Industrial	
	2009	2008	% Change	2009	2008	2009	2008	2009	2008	2009	2008
<b>Net Generation (thousand megawatthours)</b>											
Coal[1]	451,557	511,359	-11.7	330,859	374,782	116,739	132,138	284	284	3,675	4,155
Petroleum Liquids[2]	9,131	7,501	21.7	5,151	4,580	3,449	2,474	45	27	486	421
Petroleum Coke	3,508	3,630	-3.4	1,472	1,532	1,660	1,726	2	2	374	371
Natural Gas[3]	195,383	193,511	1	68,443	68,512	107,809	104,566	1,023	1,080	18,110	19,353
Other Gases[4]	2,311	3,120	-25.9	12	8	652	862	--	--	1,647	2,250
Nuclear	204,626	200,582	2	108,065	106,793	96,562	93,790	--	--	--	--
Hydroelectric Conventional	62,575	59,824	4.6	56,560	53,335	5,503	5,760	28	23	484	706
Other Renewables	33,786	30,067	12.4	3,168	2,658	23,749	19,903	365	370	6,504	7,135
Wood and Wood-Derived Fuels[5]	9,037	9,773	-7.5	464	525	2,213	2,274	6	6	6,353	6,967
Other Biomass[6]	4,055	4,118	-1.5	292	290	3,254	3,296	359	364	151	168
Geothermal	3,657	3,504	4.4	299	277	3,357	3,227	--	--	--	--
Solar Thermal and Photovoltaic[7]	100	119	-15.7	3	4	97	115	--	--	--	--
Wind	16,936	12,554	34.9	2,109	1,562	14,826	10,991	--	--	--	--
Hydroelectric Pumped Storage	-1,080	-1,701	36.5	-967	-1,360	-113	-341	--	--	--	--
Other Energy Sources[8]	2,531	2,456	3	133	135	1,518	1,520	161	169	720	633
<b>All Energy Sources</b>	<b>964,327</b>	<b>1,010,349</b>	<b>-4.6</b>	<b>572,894</b>	<b>610,973</b>	<b>357,526</b>	<b>362,397</b>	<b>1,908</b>	<b>1,956</b>	<b>31,999</b>	<b>35,023</b>
<b>Consumption of Fossil Fuels for Electricity Generation</b>											
Coal (1000 tons) <sup>1</sup>	237,828	263,648	-9.8	173,186	191,365	63,378	70,908	86	84	1,178	1,291
Petroleum											

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Liquids (1000 bbls) <sup>2</sup>	15,341	12,565	22.1	9,132	8,172	5,578	3,920	60	42	571	430
Petroleum Coke (1000 tons)	1,315	1,406	-6.5	565	622	652	684	*	*	98	99
Natural Gas (1000 Mcf) <sup>3</sup>	1,479,609	1,472,338	0.5	564,325	573,475	785,439	761,873	7,976	8,371	121,868	128,618

Consumption of Fossil Fuels for Useful Thermal Output

Coal (1000 tons) <sup>1</sup>	5,782	6,173	-6.3	--	--	969	1,006	462	483	4,350	4,684
Petroleum Liquids (1000 bbls) <sup>2</sup>	2,523	2,244	12.4	--	--	454	336	84	66	1,985	1,843
Petroleum Coke (1000 tons)	288	297	-2.9	--	--	33	34	3	3	253	260
Natural Gas (1000 Mcf) <sup>3</sup>	199,836	215,689	-7.3	--	--	81,250	87,202	7,811	8,945	110,775	119,541

Consumption of Fossil Fuels for Electricity Generation and Useful Thermal Output

Coal (1000 tons) <sup>1</sup>	243,609	269,821	-9.7	173,186	191,365	64,347	71,913	548	567	5,528	5,975
Petroleum Liquids (1000 bbls) <sup>2</sup>	17,864	14,809	20.6	9,132	8,172	6,032	4,256	144	108	2,556	2,273
Petroleum Coke (1000 tons)	1,604	1,703	-5.9	565	622	685	718	3	4	350	359
Natural Gas (1000 Mcf) <sup>3</sup>	1,679,444	1,688,026	-0.5	564,325	573,475	866,689	849,076	15,787	17,316	232,643	248,159

Retail Sales, Retail Revenue and Average Retail Price per Kilowatt-hour

Total U.S. Electric Power Industry

Items	Retail Sales (Million kWh)[9]			Retail Revenue (Million Dollars)			Average Retail Price (Cents/kWh)		
	2009	2008	% Change	2009	2008	% Change	2009	2008	% Change
Residential	357,473	358,369	-0.3	40,019	37,089	7.9	11.2	10.35	8.2
Commercial[10]	315,228	320,416	-1.6	31,790	30,419	4.5	10.09	9.49	6.3
Industrial <sup>10</sup>	211,677	242,131	-12.6	14,619	15,583	-6.2	6.91	6.44	7.3
Transportation <sup>10</sup>	2,023	2,001	1.1	232	205	13.2	11.48	10.25	12
<b>All Sectors</b>	<b>886,400</b>	<b>922,918</b>	<b>-4</b>	<b>86,660</b>	<b>83,296</b>	<b>4</b>	<b>9.76</b>	<b>9.03</b>	<b>8.3</b>

[1] Anthracite, bituminous, subbituminous, lignite, waste coal, and coal synfuel.

[2] Distillate fuel oil, residual fuel oil, jet fuel, kerosene, and waste oil.

[3] Natural gas includes a small amount of supplemental gaseous fuels that cannot be identified separately.

[4] Blast furnace gas, propane gas, and other manufactured and waste gases derived from fossil fuels.

[5] Wood, black liquor, and other wood waste.

[6] Biogenic municipal solid waste, landfill gas, sludge waste, agriculture byproducts, and other biomass.

[7] Solar thermal and photovoltaic energy.

[8] Non-biogenic municipal solid waste, batteries, chemicals, hydrogen, pitch, purchased steam, sulfur, tire-derived fuel, and miscellaneous technologies.

[9] Retail sales and net generation may not correspond exactly for a particular month for a variety of reasons (e.g., sales data may include imported electricity). Net generation is for the calendar month while retail sales and associated revenue accumulate from bills collected for periods of time (28 to 35 days) that vary dependent upon customer class and consumption occurring in and outside the calendar month.

[10] See Technical notes for additional information on the Commercial, Industrial, and Transportation sectors.

\* = Value is less than half of the smallest unit of measure (e.g., for values with no decimals, the smallest unit is "1" then values under 0.5 are shown as "nm").

Notes: Beginning with the collection of Form EA-923 in January 2008, the methodology to allocate total fuel consumption for electricity generation and consumption for useful thermal output was changed. The new methodology was retroactively applied to 2004-2007. See the Technical Notes (Appendix C) for further information. Beginning with 2001 data, non-biogenic municipal solid waste and tire-derived fuels are reclassified as non-renewable energy sources and included in "Other". Biogenic municipal solid waste is included in "Other Renewables." Values for 2008 and 2009 are preliminary. Values from Forms EA-826

07-11-2009

**Electric Power Monthly - Total Electric**

and EA-923 for 2008 and 2009 are estimates based on samples - see Technical Notes for a discussion of the sample designs. Totals may not equal sum of components because of independent rounding. Percent difference is calculated before rounding.

Sources: Energy Information Administration, Form EA-826, "Monthly Electric Sales and Revenue With State Distributions Report;" Form EA-906, "Power Plant Report;" Form EA-920, "Combined Heat and Power Plant Report;" Beginning with 2008 data, the Form EA-923, "Power Plant Operations Report," replaced the following: Form EA-906, "Power Plant Report;" Form EA-920, "Combined Heat and Power Plant Report;" Form EA-423, "Monthly Cost and Quality of Fuels for Electric Plants Report;" and Federal Energy Regulatory Commission, FERC Form 423, "Monthly Report of Cost and Quality of Fuels for Electric Plants."

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see also:

Electric Power Monthly

Electric Power Annual

annual electricity statistics back to 1949

projected electricity capacity to 2030

international electricity statistics

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Stock Report | June 27, 2009 | NYS Symbol: FPL | FPL is in the S&P 500

## FPL Group Inc.

**S&P Recommendation** **STRONG BUY** ★★★★★

**Price**  
\$56.69 (as of Jun 26, 2009)

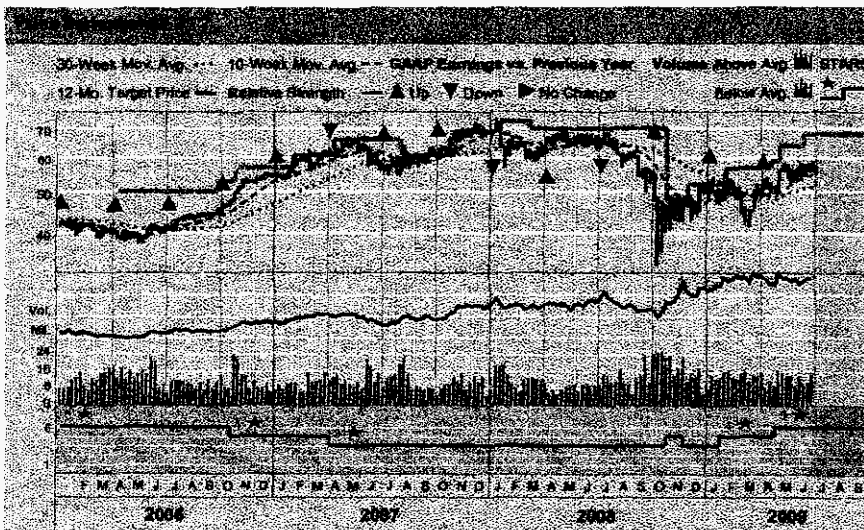
**12-Mo. Target Price**  
\$68.00

**Investment Style**  
Large-Cap Blend

**GICS Sector** Utilities  
**Sub-Industry** Electric Utilities

**Summary** FPL Group is the holding company for Florida Power & Light and NextEra Energy Resources (formerly FPL Energy).

<b>52-Wk Range</b>	<b>\$69.76-33.81</b>	<b>S&amp;P Oper. EPS 2009E</b>	<b>4.30</b>	<b>Market Capitalization(B)</b>	<b>\$23.288</b>	<b>Beta</b>	<b>0.67</b>
<b>Trailing 12-Month EPS</b>	<b>\$4.35</b>	<b>S&amp;P Oper. EPS 2010E</b>	<b>4.85</b>	<b>Yield (%)</b>	<b>3.33</b>	<b>S&amp;P 3-Yr. Proj. EPS CAGR(%)</b>	<b>11</b>
<b>Trailing 12-Month P/E</b>	<b>13.0</b>	<b>P/E on S&amp;P Oper. EPS 2009E</b>	<b>13.2</b>	<b>Dividend Rate/Share</b>	<b>\$1.89</b>	<b>S&amp;P Credit Rating</b>	<b>A</b>
<b>\$10K Invested 5 Yrs Ago</b>	<b>\$20.894</b>	<b>Common Shares Outstg. (M)</b>	<b>419.8</b>	<b>Institutional Ownership (%)</b>	<b>65</b>		



Options: ASE, CBOE, P, Ph

Analysis prepared by Justin McCann on June 11, 2009, when the stock traded at \$56.52.

► We expect operating EPS in 2009 to increase about 12% from 2008 operating EPS of \$3.84, which excludes an unrealized mark-to-market gain. Operating results in 2008 reflected 30% EPS growth at NextEra Energy Resources, which more than offset a 6% decline at the Florida Power & Light utility, largely due to the weakening economy.

► We believe 2009 EPS growth will be driven by new wind power investments and the related tax credits, as well as renewed higher-margin power contracts at NextEra Energy Resources, partially offset by flat customer counts at the FPL utility. We expect sharp EPS growth in 2010, on continuing strength at NextEra Energy Resources and an anticipated rate increase.

► In January 2009, FPL confirmed that its capital expenditure plans for 2009 were still in the area of \$5.3 billion. This amount was \$1.7 billion less than in FPL's original plan, but was reduced in October 2008 due to the crisis in the credit markets. However, FPL said this amount could be increased or decreased as market conditions warranted. NextEra Energy Resources still plans to expand its wind power operations in 2009 by about 1,100 megawatts.

► We believe the shares will benefit from the expansion of FPL's wind and solar power projects and from the tax credits provided by the passage of the federal stimulus package, which should add about \$0.15 to annual EPS over the next several years. The stock has recovered from its decline in early 2009, which reflected, in our view, the downturn in the broader market. While the Florida housing market remains weak, we believe the shares will benefit from the growth prospects we project for NextEra Energy Resources and an expected rate increase at the utility, and will realize above-average total return over the next 12 months.

► Risks to our recommendation and target price include lower-than-expected results from the unregulated NextEra Energy Resources business, and a reduction in the average P/E for the electric utility sector as a whole.

► We expect the company to sustain average annual dividend growth of about 8% over the next few years. Our 12-month target price is \$68, a premium-to-peers P/E of about 1.4X our 2010 EPS estimate, with the premium justified, in our view, by the company being the national leader in the development of wind and solar power.

Our risk assessment reflects our view of FPL's strong and steady cash flows from its Florida Power & Light utility, which enjoys well above average customer growth, and a generally supportive regulatory environment. We believe this largely offsets the fast-growing but higher-risk cash flows from its independent power subsidiary.

**S&P Quality Ranking** **A**

**Relative Strength Rank** **MODERATE**

LOWEST = 1 HIGHEST = 99

### Revenue (Million \$)

	1Q	2Q	3Q	4Q	Year
2009	3,705	--	--	--	--
2008	3,434	3,585	5,387	4,003	16,410
2007	3,075	3,929	4,575	3,683	15,263
2006	3,584	3,809	4,694	3,623	15,710
2005	2,437	2,741	3,504	3,164	11,846
2004	2,331	2,619	2,983	2,589	10,522

### Earnings Per Share (\$)

	1Q	2Q	3Q	4Q	Year
2009	0.90	0.97	1.45	0.98	4.30
2008	0.62	0.52	1.92	1.01	4.07
2007	0.38	1.01	1.33	0.56	3.27
2006	0.64	0.60	1.32	0.67	3.23
2005	0.36	0.52	0.87	0.53	2.29
2004	0.39	0.72	0.88	0.47	2.46

Fiscal year ended Dec. 31. Next earnings report expected: Early August. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

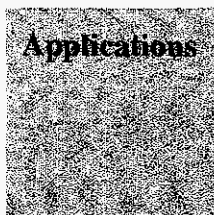
Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.445	07/25	08/27	08/29	09/15/08
0.445	10/17	11/25	11/28	12/15/08
0.473	02/13	02/25	02/23	03/16/09
0.473	05/22	06/03	06/05	06/15/09

Dividends have been paid since 1944. Source: Company reports.

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# Operation and Maintenance Field Experience for Off-grid Residential Photovoltaic Systems<sup>†</sup>

S. Canada<sup>1</sup>, L. Moore<sup>2,\*†</sup>, H. Post<sup>2</sup> and J. Strachan<sup>2</sup>

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*The field performance of photovoltaic systems has been studied extensively for many applications and a number of databases exist in the United States and internationally. However, these databases focus almost exclusively on the system electrical performance. Published information on the operation and maintenance (O&M) experience and costs for photovoltaic systems is almost nonexistent. At a time when photovoltaics is being considered as a viable option for distributed energy generation, it is critical that maintenance experience be captured to identify lifecycle costs and/or levelized energy costs for these systems, as well as to identify areas for system and component improvements. This paper addresses the data collection, analysis and results of an off-grid residential customer service program offered by the Arizona Public Service (APS) Company over a six-year period from 1997 through 2002. Standardized, packaged photovoltaic systems were offered and operated by APS through a lease arrangement with customers throughout the state of Arizona. The operation and maintenance records for these systems were carefully tracked and analyzed. The O&M costs, database development, cost drivers, lifecycle cost implications, and lessons learned are presented and discussed. Published in 2004 by John Wiley & Sons, Ltd.*

KEY WORDS: photovoltaic systems; operation and maintenance; off-grid residential; utility photovoltaics; database; field experience

## INTRODUCTION

Reductions in the manufacturing costs of photovoltaic (PV) modules<sup>1</sup> coupled with improvements in the balance-of-system hardware<sup>2</sup> have made PV systems an increasingly viable alternate energy option for a variety of applications.<sup>3</sup> Electrical field performance of a number of installed systems has been examined extensively and performance databases<sup>4-6</sup> have been developed. However, as PV attempts to expand into potential markets, questions regarding PV system lifecycle cost (LCC) are bringing a renewed interest in the operation and maintenance (O&M) experience and cost from installed systems. A recent study<sup>7</sup> of grid-tied and stand-alone systems installed throughout the United States over the period 1995-2002 concludes that 50% of the systems were installed improperly, having deficiencies in safety, durability, and/or performance. The impact

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Contract/grant sponsor: US DOE National Nuclear Security Administration; contract grant number: DE-AC04-94AL85000.



of these deficiencies on the long-term viability of PV systems is yet another compelling reason to gather and analyze O&M data. Unfortunately, published information on O&M field experience and cost is nearly nonexistent.

Why is this information so important? Compiling and analyzing field maintenance events (component and system reliability, scheduled and unscheduled maintenance) are invaluable both from a business and from an engineering standpoint. On the business side, it enables the determination of the LCC for PV systems. The O&M costs coupled with the initial system capital costs allow informed business decisions to be made as PV is compared with other competing distributed energy generation options. On the engineering side, O&M records help identify the key technical issues (component selection, system design, and O&M strategy) that underlie the performance and reliability of a PV system. This serves as invaluable feedback to guide system engineers and system developers. These are the reasons the Arizona Public Service (APS) Company and Sandia National Laboratories entered into a collaborative effort to track and analyze the field O&M experience associated with nearly 60 off-grid residential hybrid systems installed through a program offered by APS. This paper describes the program, O&M experience, database development, system LCC and the lessons learned.

## ***OFF-GRID RESIDENTIAL (OGR) PROGRAM***

### *Background*

Headquartered in Phoenix, APS<sup>8</sup> is the largest electric utility in Arizona, serving 902 000 customers in 11 of the state's 15 counties. Responding to customer requests, APS established a program in 1997 to provide off-grid electric service to remote customers throughout its service territory. This program was initiated as a new business opportunity to gain familiarity and experience with PV energy options while meeting customer energy needs.

The program offered four standard packages of leased systems, corresponding to nominal daily outputs of 2.5, 5, 7.5 and 10 kW h. Emphasis was placed on quality components and installations, with each system configured and tested at the APS Solar Test and Research (STAR) facility in Phoenix prior to installation at the customer's site. Quarterly and emergency O&M was provided by an APS contractor, who was required to document each maintenance activity for each system in sufficient detail to identify dates of service, cause of outage, replacement components, service performed, and costs of travel and labor for the maintenance. A program option allowed customers to purchase systems, although the vast majority of the systems were provided through a lease arrangement.

### *PV system descriptions*

A summary of the four standard packaged configurations (Figure 1) is shown in Table I. Each system included ASE Americas (now RWE Schott Solar) modules, a Trojan battery bank, Trace (Xantrex) inverter and battery charge controller and a propane generator. System pricing was established by APS to include the complete package plus installation and set-up.

## ***DATABASE DEVELOPMENT AND DATA COLLECTION***

Since early 1999, Sandia has been working to develop a comprehensive database model to track costs of PV systems. This database, which continues to undergo improvements, was utilized to capture, document, and track maintenance service, repairs, replacements, and labor and travel costs associated with maintenance activities on the OGR program. Based on Microsoft Access, the database architecture is modular to support future additions, allows associations at the component level, allows multiple components to be tracked with a system, and provides for multiple failures to be documented as a result of a maintenance visit. Failure modes (what and why), activity dates (failure and repair), and costs (labor, parts, and travel) were captured and analyzed for each individual OGR system from maintenance activity logs covering the period 1997–2002. From these data, analyses of failure modes, repair costs, and projected LCC for these systems were made.

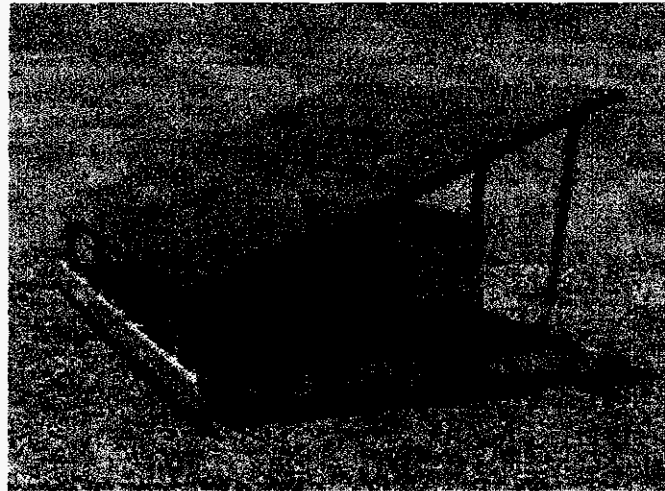


Figure 1. Standard OGR system

Table I. Summary of packaged system configurations

OGR System (daily kWh)	2.5	5	7.5	10
PV(W)	570	1140	1710	2280
System voltage (Vdc)	12	24	48	48
Battery storage capacity (kWh)	10.8	22.6	33.4	43.2
Inverter size (W continuous)	Trace 2500	Trace 4000	Trace 4000	Trace 4000
Inverter output (V)	120/240	120/240	120/240	120/240
Battery charger (A/V)	40/12 V	40/24 V	40/48 V	40/48 V
Battery charge controller	Trace C40	Trace C40	Trace C40	Trace C40
Cost of basic system without generator (USD)	10 900	17 200	24 800	28 000
Cost of basic system with 7 kW generator (USD)	17 300	23 600	31 200	34 400

In addition to the OGR systems, Sandia is utilizing the database to examine O&M costs for other PV applications, including water pumping<sup>9</sup>, residential grid-tied, and utility-scale grid-tied systems in conjunction with system owner partnerships. The database model is available for other systems/partnerships by contacting the corresponding author.

## RESULTS

As noted earlier, each system received quarterly maintenance visits as well as unscheduled maintenance visits to handle emergency outages. The quarterly maintenance included generator service (oil change, filter, adjustment and inspection), battery inspection and service, inverter inspection, as well as an overall system inspection. When problems were noted during the quarterly visit, repairs/replacements were made. Figure 2 shows the total O&M costs for both the scheduled and unscheduled service as a percentage of the initial system capital costs. Figure 3 shows the total O&M average running cost per quarter as a function of the total installed units. Although the total number of OGR systems installed over the period 1997–2002 was 62, the maximum number of operational systems in the program at any given time was 50. As systems were sold to customers, they were removed from program operational status.

As noted, the total O&M costs stabilized about two years into the program, reflecting a statistically larger number of installed systems as well as an increasing learning curve on maintenance experience. In addition, the

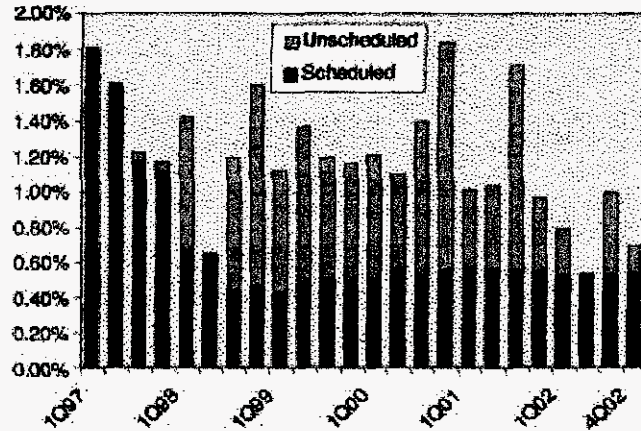


Figure 2. Total quarterly O&M costs as a percentage of the system initial capital cost

O&M costs decreased during the last year of the program period shown, reflecting the improvements to the systems from previous maintenance activities. The average annual O&M cost for the systems over the last four years of the period shown is 5–6% of the initial capital cost. These costs do not include battery bank replacements, only battery service. The first systems were reaching their battery end of life at the end of 2002, approximately six years after installation. The 25-year LCC analyses for these systems did include projected battery replacements at 6-year intervals.

As shown in Figure 4, the total costs of unscheduled O&M (48.3%) and scheduled O&M (51.7%) are very close over the six-year period. However these data also identify a major cost driver associated with the operation of the program, that of travel costs associated with unscheduled maintenance. These costs (travel time and mileage) account for 42% of the unscheduled maintenance. The program was set up to provide contracted maintenance service from a central location in Arizona. However, the widespread, geographically dispersed systems, covering most of Arizona, clearly added a significant component of cost to the program.

Figure 5 shows a breakdown of the unscheduled O&M costs by component. The PV modules account for a very small percentage of the total O&M, mostly associated with the replacement of broken modules. Maintenance cost drivers include the generator at 27.8% and the inverter at 16.5%. In many cases, the actual problem was associated with the interface of these two components. The largest contributor is system setup, modification, and removal, all associated with the operation component of O&M.

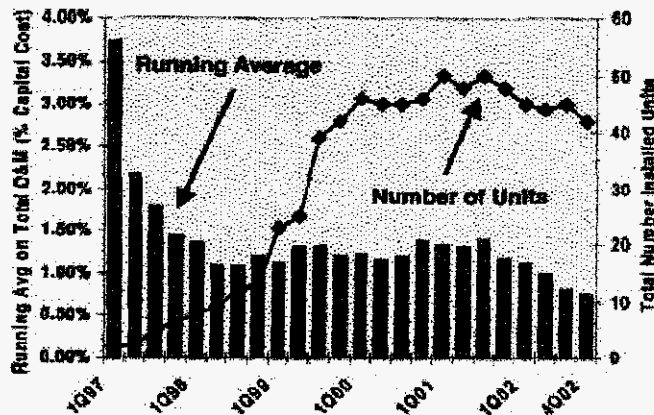


Figure 3. Running average of total quarterly O&M costs for OGR systems as a function of total number of installed systems

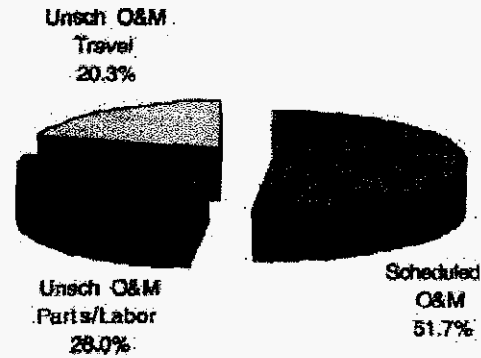


Figure 4. Total O&M cost breakdown for OGR program

*Implications for customer service energy options*

APS was prompted to initiate the OGR program to meet a need for customer service, to gather field experience with a new technology, and to examine whether this could be a profitable business opportunity. Figure 6 presents the total projected 25-year LCC for the OGR systems by system size. In each case, the O&M component of LCC is nearly equal to or greater than the initial cost. Clearly, the O&M portion of LCC is a substantial cost component that must be accounted for when looking at a positive cash flow for leased PV service. Figure 7 presents a comparison of 25-year LCC for two sizes of OGR systems with LCC for line extension. In the case of the utility line extension, the first mile construction cost is \$19 K and each additional mile costs \$35 K. Annual line maintenance costs \$300 per mile. In both cases, OGR and line extension, the discount rate was assumed to be 3.4% and the interest rate on borrowed money is 5%.

As noted in Figure 7, the breakeven cost of the 2.5 kW h/day OGR system is at 1.25 mile and the breakeven cost of the 10 kW h/day OGR system is just shy of 2 miles. For line extensions greater than these breakeven points, the PV option is less expensive. In fact, from the customer's perspective, the avoidance of electricity cost associated with the line extension option would shorten the breakeven distance, making PV even more attractive. It should be noted that these conclusions for breakeven costs are based specifically on the assumptions made in the analyses. The actual cost of service varies significantly among various utilities and the assumptions made here are not appropriate to all utilities. Decisions should be made on a case-by-case basis and should address other service issues not included here. However, the impact of LCC comparisons clearly establishes that off-grid PV systems are a viable option to gridline extension.

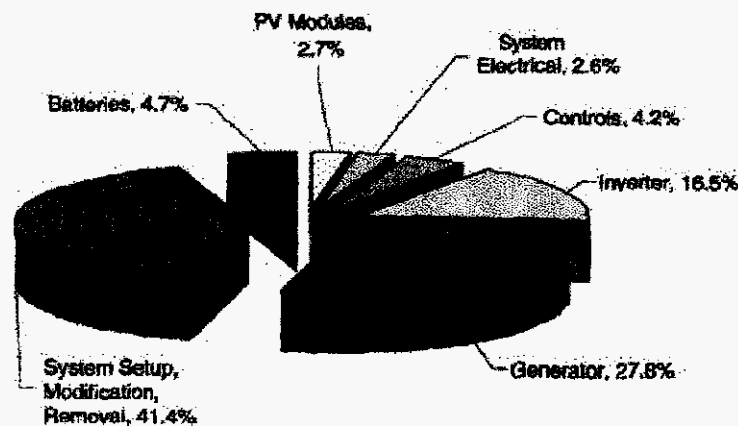


Figure 5. Unscheduled O&M cost by component

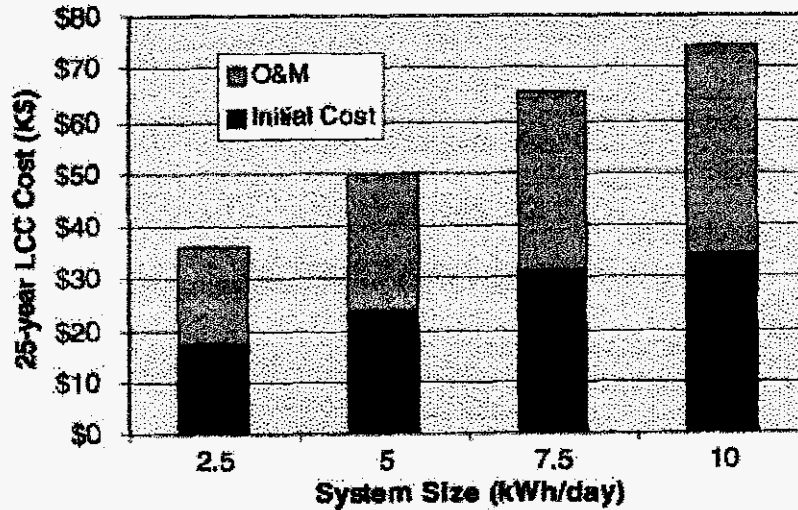


Figure 6. LCC for OGR systems

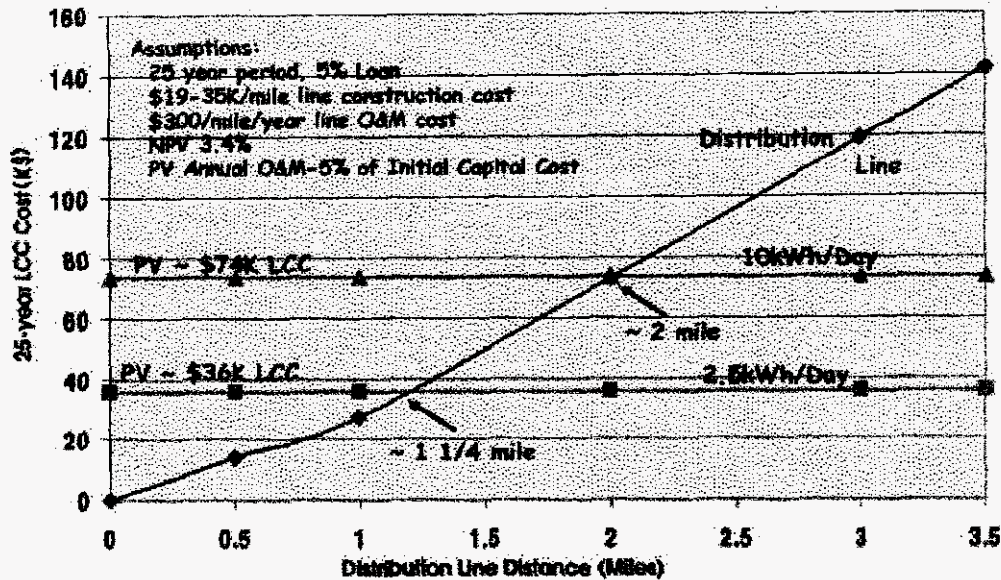


Figure 7. OGR LCC versus line extension LCC

### LESSONS LEARNED

A number of lessons were learned regarding the program features, O&M service, and component hardware through the OGR program. Others interested in developing an off-grid PV service business would be well advised to consider the following findings.

*Design simply and pay special attention to the generator and inverter:*

- conduct a site review and energy audit of the customer's power usage and load characteristics to make sure the system is appropriately matched;
- follow a conservative system design to reduce long-term O&M costs;
- limit packaged systems using same hardware to standardized sizes of 5 and 10 kWh/day to reduce inventory needs, to reduce/eliminate modifications, and to simplify O&M;

*OFF-GRID RESIDENTIAL PV SYSTEMS*

- performance match and extensively test the generator, inverter, and interface before installation to reduce unscheduled service calls.

*Unscheduled maintenance and a geographically dispersed territory are extremely costly:*

- increase preventative actions during scheduled O&M service to reduce emergency calls;
- reduce the size of the service area to avoid the high travel costs of unscheduled maintenance.

*Assure best use of systems by the customer:*

- ensure that the program includes a customer education component to assure the customer's needs are compatible with the limited energy output of the PV service option and to inform the customer of expected O&M;
- meter the systems so that energy output and use may be conveniently monitored by the owner;
- help the customer implement load efficiency improvements and load control strategies to reduce cost of service.

*Implement program controls to reduce overall cost:*

- require a minimum one-year lease arrangement with a significant deposit to reduce the high cost of system set-up, modification and removal;
- implement a tiered lease pricing structure to charge appropriately for energy use to avoid excessive generator runtime and service calls created by over-consumption;
- consider a deductible service fee to reduce nuisance calls and improper operation of the system by the customer.

## **CONCLUSIONS**

The management of O&M cost is critical for the economic viability of a successful business offering PV systems for off-grid residential electrical service. The APS OGR program found that the O&M component of LCC is nearly equal to the initial first cost of the systems. Additionally, the average annual O&M cost is 5–6% of the initial capital cost and is a significant consideration in pricing service. A number of cost drivers for the OGR program were identified, including the high cost of travel for unscheduled service calls; the high program operating cost of system set-up, modification, and removal; and the high incidence of service calls associated with generators, inverters, and their interface. On the basis of these assumptions, the OGR PV service option will reduce utility costs for remote customers requiring 300 kW h/month when line extensions exceed 2 miles. A number of lessons learned from a six-year operating period for the OGR program have been identified to help control costs and help establish success in a new business opportunity. Finally, the need to capture, understand, and quantify the O&M field experience of installed systems is mandatory for expanding PV applications into new markets.

## **POSTSCRIPT**

In 2003 APS discontinued the OGR program for new customers. The systems that remain in the existing program will continue to be serviced and maintained by the utility until sold or the lease expires. However, APS will continue to offer an Environmental Portfolio Standard (EPS) customer green credit purchase on off-grid PV systems of \$2 per watt. In the first two years (2002–2003) of the EPS rebate program, nearly 200 remote APS customers have claimed the rebate on new system purchases. The Arizona Corporation Commission EPS goal encourages APS to generate 1.1% of its energy through renewable resources, with 60% of that amount from solar. To accommodate this goal, APS will increase the EPS credit purchase on grid-tied PV systems to half the system cost, with a limit of \$4 per watt. In addition, APS is installing several large utility-scale solar plants in Arizona. These programs will provide new opportunities to gather field O&M experience with installed systems in the APS service territory.

### **Acknowledgement**

Sandia is a multiprogram laboratory operated by Sandia Corporation, a Lockheed Martin Company, for the United States Department of Energy's National Nuclear Security Administration under contract DE-AC04-94AL85000.

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## Florida Power & Light

### Serving a fast-growing state

During an extraordinary year, Florida Power & Light Company demonstrated once again why it is so widely regarded as one of the nation's outstanding electric companies.

Despite an unprecedented series of devastating hurricanes that swept through its service area (see **Restoring Power, Restoring Lives: Outstanding Response**), FPL continued to achieve the high levels of performance that are a hallmark of the organization. At the same time, the ongoing customer growth that has set the utility apart from virtually all of its peers — and made it one of America's largest providers of electricity — continued to accelerate.



FPL added an average of 107,000 new customer accounts in 2004, the most since the late 1980s and a 2.6 percent increase over the previous year. Although the hurricanes clearly had a dampening impact on customer growth during the later part of the year, the company is optimistic that the effect will be moderate and not affect long-term growth. Florida's population continues to increase at a greater rate than any other large state.

In addition, Florida created the most jobs in the nation in 2004. Although the state's population is 6 percent of the nation's population, it created 12 percent of the new jobs during the year.

Since the beginning of 2002, the year in which FPL's current rate agreement went into effect, FPL has increased its electric generating capacity by more than 2,300 megawatts, at a cost of over \$1.2 billion, and invested more than \$1.9 billion in power delivery facilities. This has allowed the company to meet the energy demands of nearly 300,000 additional customer accounts while maintaining an adequate reserve margin for all FPL customers.

In 2004, expansion projects at FPL's Martin and Manatee power plants continued on track for completion later this year, adding 1,900 megawatts of generating capacity, or enough power to serve about 400,000 customers.

The company also received approvals to build a 1,150-megawatt natural gas-fired power unit at its

A thriving economy and healthy population growth in the Sunshine State make FPL one of the fastest-growing electric utilities in the nation. Besides continued strong electric usage growth, FPL added an average of 107,000 new customer accounts in 2004 — the most since the late 1980s and a 2.6 percent increase over the previous year. To maintain reliable electric service, FPL continues to add power lines and other electric facilities to deliver power to customers, including the homeowners at this Boynton Beach subdivision.

Jeff LaChance, apprentice trainee



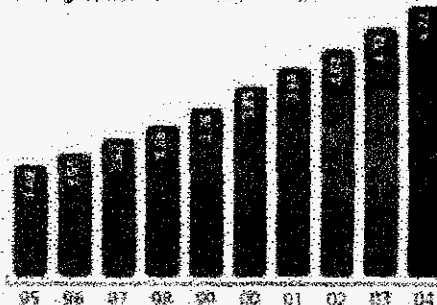
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existing Turkey Point site south of Miami. This will help FPL meet the rapidly increasing demand for electricity in Southeast Florida. Construction began in March 2005 with a projected 2007 completion. Beyond that date, growth forecasts indicate that FPL will need to add the equivalent of three 1,150-megawatt power plants over the next five years.

For many years, FPL's industry-leading energy management and conservation programs have helped defer the building of new power plants. Over the past two decades, more than 1.7 million customers have participated in these programs, reducing electricity demand by more than 4,300 megawatts, or the equivalent of 10 medium-sized power plants.

STEADY CUSTOMER GROWTH  
 Average customer accounts (millions)



**Growth, higher costs drive FPL to seek increase in base rates**

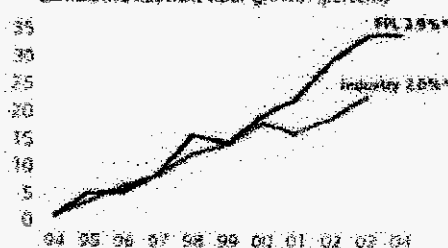
Continued and long-term growth in FPL's service area will require not only extensive investments in new generation, but in the utility's power delivery system as well. Siting new plants and gaining approvals for additional transmission routes, particularly in well-established and highly populated areas, will present challenges.

Generating resources are currently being added at three times the rate of previous years, and capital expenditures for power delivery are expected to average approximately \$700 million a year going forward. In addition, although its costs are significantly below the industry average, the company is facing higher operating costs and making significant investments to maintain its nuclear units in top shape.

FPL's revenue sharing agreement with the Florida Public Service Commission ends Dec. 31, 2005. In January 2005, the company notified the Commission that it intends to seek an increase in its retail base rates and initiate what would be — barring a negotiated settlement — its first full base rate case since 1984. During the rate case, the PSC staff and commissioners will examine in depth FPL's operations and revenue needs. A final decision on FPL's request for a base rate increase is expected in November 2005. If approved, it would be the first increase in FPL's base rates in more than 20 years.

The current residential base rate is 16 percent lower than when base rates were last increased in 1985. Since that time, FPL has added approximately 1.6 million customers and spent more than \$17 billion in capital investments. Since 1999, base rates have been reduced twice, providing savings to customers totaling nearly \$4 billion, including revenue sharing refunds. The reductions were possible due largely to FPL's increased productivity and more efficient operations, which has allowed the utility to establish itself as a low-cost provider of high quality electric service.

GROWING FASTER THAN INDUSTRY AVERAGE  
 Cumulative kilowatt-hour growth (percent)



\*Represents compound annual growth rate through periods shown. Industry

source: Energy Information Administration

FPL's successful cost-management efforts have enabled it to maintain costs well below the industry average. In 2004, even as expenses continued to rise in such areas as insurance and security requirements, the company's operating and maintenance (O&M) costs of 1.24 cents per retail kilowatt-hour were slightly lower than the previous year and were approximately 31 percent below the industry average. Over the next several years, however, FPL expects increased upward pressures on O&M expenses, along with smaller incremental gains in productivity, while customer growth and energy usage continue to rise.

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As a result, after many years, FPL believes an increase in retail base rates now is necessary to ensure that it can continue to provide reliable, cost-effective electric service at levels its customers have come to expect and that are consistent with the company's past record of performance.

In other PSC-related activities, FPL received regulatory approval in late 2004 to adjust the fuel clause portion of its bill to match more accurately the costs of fuels used to produce its electricity. Since 1999, the fuel costs passed on to customers by FPL, with no profit added, have more than doubled. The increase, which went into effect in January of 2005, raised a typical FPL residential bill by about four percent.

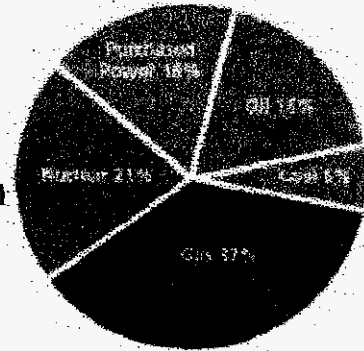
To help prevent dependence on a single fuel and further stabilize fuel costs, FPL utilizes a diverse fuel mix. In addition to using a high percentage of clean-burning natural gas, a large portion of the company's electricity comes from its nuclear plants, which are free from greenhouse gas emissions. This helps make FPL one of the nation's cleanest electric utilities.

To lessen the impact that high oil and gas prices have on customers' bills, FPL may choose the lower-cost fuel at plants with switching capabilities and make economic purchases of power from lower-cost coal-based units of other power producers. FPL issued a request for proposals in 2004 to bring a new source of natural gas to Florida. The natural gas would be delivered via underwater pipeline from a liquefied natural gas (LNG) terminal located offshore. This would help meet Florida's growing demand for clean natural gas and deliver a new reliable source of production with added supply security.

Following the three hurricanes, FPL spent approximately \$1 billion repairing and rebuilding its system. Of that amount, \$109 million is expected to be covered by insurance on our nuclear plants and approximately \$354 million was paid from FPL storm reserve funds, leaving a deficiency of an estimated \$536 million. In January 2005, the PSC approved a monthly storm surcharge to be added to customers' bills to allow recovery of the storm reserve fund shortfall. The final determination of the surcharge rates and the collection period will be made by the PSC during hearings in April 2005. The current surcharge for residential customers is \$2.09 per 1,000 kilowatt-hours used and varies for commercial and industrial customers depending on the classification of their service.

**A strong operating performance in an unforgettable year**

**DIVERSIFIED ENERGY MIX**  
Based on megawatt-hours produced in 2004



FPL's focus on improving customer satisfaction was reflected by high scores in residential and business surveys conducted in 2004. The J.D. Power and Associates' Electric Utility Customer Satisfaction Study™ of the nation's largest electric utilities placed FPL tied for second in the Southern region in overall customer satisfaction. This marked the fifth consecutive year that the company ranked above the industry average.

Uzell Freeman customer service training

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FPL's 2004 operating performance was outstanding, quite an achievement considering that a good portion of the year was dominated by the effects of an unforgettable hurricane season.

Although virtually all of the company's electric plants experienced some storm damage, their availability to produce power remained high. The 93.7 percent availability of FPL's fossil power plants was just under the company's best ever and a best-in-class performance. Indicative of the utility's fossil power plant performance, the Sanford plant was included in the Power Magazine list of top 12 power plants in 2004.

The nuclear plant availability of 87.5 percent was lowered by two refueling outages during the year, one of which was an extended outage due to the replacement of the Turkey Point unit 3 reactor vessel head. The successful replacement was the first of several significant capital projects being undertaken by the nuclear division. In 2005, the reactor vessel heads at Turkey Point unit 4 and St. Lucie unit 1 are scheduled to be replaced.

FPL's decision to be pro-active on this issue has allowed it to move to the front of the industry line and order new reactor heads for all four of its nuclear units.

The World Association of Nuclear Operators rates industry performance for nuclear plants, and FPL's WANO rating of 95.6 for its four nuclear units was comparable to the previous year and above the most recent national average of 91.9.

In addition to its impressive power plant performance, FPL also received high marks during 2004 for its transmission control operations. A team of North American Electric Reliability Council (NERC) and Federal Energy Regulatory Commission (FERC) representatives who performed an assessment of the utility's transmission control operations recommended that several FPL practices be considered as "best practices" for other NERC members.

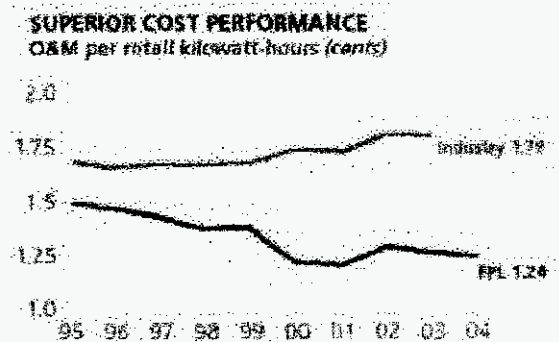
Since launching an aggressive program in 1997 to improve electric reliability, FPL has achieved outstanding results. The annual average amount of time customers are without power has been reduced by nearly 50 percent, and the frequency and duration of outages have declined as well. Excluding hurricane-related outages, the average number of minutes that FPL customers were without power during 2004 was about half that of the most recent industry average.

associate



The operating performance of FPL's nuclear division continues to be among the best in the industry. The World Association of Nuclear Operators rates industry performance for nuclear plants, and FPL's WANO rating of 95.6 for its four nuclear units was comparable to the previous year and above the most recent national average of 91.9. Another notable achievement was the successful replacement of the Turkey Point unit 3 reactor vessel head.

Kathy Getty, senior nuclear analyst



Industry source: FERC Form 1

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Docket No. 080677-EI  
Petition for increase in rates by  
Florida Power & Light Company  
Exhibit TS-007, Page 5 of 5

The company also has focused on improving customer satisfaction, and this was reflected by high scores in residential and business surveys conducted in 2004. The J.D. Power and Associates' Electric Utility Customer Satisfaction Study™ of the nation's largest electric utilities placed FPL tied for second in the Southern region in overall customer satisfaction. This marked the fifth consecutive year that the company ranked above the industry average. FPL also scored well in the J.D. Power and Associates customer satisfaction survey of midsize businesses, improving to fourth best in the Southern region.



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Imagine what the energy company of tomorrow will look like: It will be heavily invested in renewable sources of electricity, it will have a low emissions profile to succeed in a carbon-constrained world, and it will be financially strong to withstand disruptions to the economy. In short, the energy company of tomorrow will look surprisingly like FPL Group today.

## FINANCIAL HIGHLIGHTS

Years Ended December 31,	2008	2007	% change
<b>FINANCIAL RESULTS</b>			
(\$ in millions, except per share amounts)			
<b>Net Income</b>	\$ 1,639	\$ 1,312	24.9
Adjustments, net of income taxes:			
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges – NextEra Energy Resources	(170)	86	
Other than temporary impairment losses-net	76	6	
<b>Adjusted Earnings</b>	\$ 1,545	\$ 1,404	10.0
<b>Earnings Per Share (assuming dilution)</b>	\$ 4.07	\$ 3.27	24.5
Adjustments:			
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges – NextEra Energy Resources	(0.42)	0.21	
Other than temporary impairment losses-net	0.19	0.01	
<b>Adjusted Earnings Per Share (assuming dilution)</b>	\$ 3.84	\$ 3.49	10.0
Operating Revenues	\$ 16,410	\$ 15,263	7.5
Operating Income	\$ 2,825	\$ 2,283	23.7
Cash Flows from Operating Activities	\$ 3,403	\$ 3,593	(5.3)
Total Assets	\$ 44,821	\$ 40,123	11.7
<b>COMMON STOCK DATA</b>			
Weighted-Average Shares Outstanding (assuming dilution—millions)	403	401	0.5
Dividends Per Share	\$ 1.78	\$ 1.64	8.5
Book Value Per Share	\$ 29.11	\$ 26.93	8.1
Market Price Per Share (high-low)	\$ 73.75-\$33.81	\$ 72.77-\$53.72	
<b>OPERATING DATA</b>			
Utility Energy Sales (kwh - millions)	105,406	108,636	(3.0)
FPL Customer Accounts (year end - thousands)	4,498	4,509	(0.2)
Employees (year end)	15,296	14,602	4.8

**SAFE HARBOR STATEMENT** Any statements made herein about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ substantially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in Item 1A, Risk Factors in the enclosed FPL Group Annual Report on Form 10-K.



## FPL Group: Energy Solutions for the Next Era

FPL Group is a leading clean energy company with 2008 revenues of more than \$16 billion, approximately 39,000 megawatts of generating capacity, and more than 15,000 employees in 27 states and Canada.

Headquartered in Juno Beach, Fla., FPL Group's principal subsidiaries are NextEra Energy Resources, LLC, the largest generator in North America of renewable energy from the wind and sun, and Florida Power & Light Company, which serves 4.5 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the country. Through its subsidiaries, FPL Group collectively operates the third largest U.S. nuclear power generation fleet.

## Tomorrow's Energy Company, Today To Our Shareholders:

Imagine what the energy company of tomorrow will look like: It will be heavily invested in renewable sources of electricity, it will have a low emissions profile to succeed in a carbon-constrained world, and it will be financially strong to withstand disruptions to the economy.

In short, the energy company of tomorrow will look surprisingly like FPL Group today.

As North America's No. 1 producer of energy from the wind and the sun, FPL Group has a market position that is the envy of the industry. With a greenhouse gas emissions rate among the lowest of any large power company, we are remarkably well positioned for a future where carbon carries a price. And with our strong balance sheet and commitment to financial discipline, FPL Group has been able to attract capital at reasonable rates even in the midst of a financial crisis.

As proud as we are to be leading our industry into the future, we are equally proud of the performance we've delivered to date. We continued that strong performance in 2008, delivering record adjusted earnings per share of \$3.84<sup>1</sup>.

Adjusted earnings per share grew by 10 percent in 2008, the third consecutive year of double-digit growth<sup>1</sup>. FPL Group's adjusted return on equity (ROE) was 13.8 percent<sup>2</sup>, tied for the highest in 20 years.

Our successful strategy has generated outstanding value for shareholders over the longer term as well. Since 2002, FPL Group has outperformed 84 percent of the companies in the S&P Utility

Index and 85 percent of the companies in the S&P 500 Index as measured by total shareholder return. Our total shareholder return during this period was 127 percent, compared with 32 percent for the S&P Utility Index and -10 percent for the S&P 500 Index.

The same trend holds across the three-year, five-year and 10-year periods. FPL Group has delivered total shareholder returns of 33 percent, 81 percent and 135 percent respectively, easily outpacing the S&P Utility Index (3 percent, 49 percent and 31 percent) and the S&P 500 (-23 percent, -10 percent and -13 percent).

We are also particularly proud of our ability to weather the financial crisis. FPL Group's financial discipline, attractive projects and strong balance sheet meant that capital remained available at reasonable costs throughout 2008. Indeed, in the midst of a very difficult credit and economic environment, we were able to raise approximately \$1.3 billion of capital on reasonable terms in the fourth quarter of 2008 alone.

There's little doubt that 2008 will go down in history as one of the most tumultuous and difficult years in the past century for economies and credit markets the world over, including the U.S. and Florida economies. FPL Group has not been immune to these shocks, but our ability to generate double-digit earnings growth in a highly challenging year is a powerful endorsement of our long-term strategy, our commitment to financial discipline, and our dedicated and talented employees.

<sup>1</sup> Adjusted earnings exclude the mark-to-market effect of non-qualifying hedges and other than temporary impairment losses on certain investments. See pages AR-2 and AR-9 for reconciliations of adjusted amounts to GAAP.

<sup>2</sup> See page AR-9 for reconciliation of adjusted ROE to GAAP.

## NextEra Energy Resources — A Growing Industry Leader

On Jan. 7, 2009, we announced that FPL Energy, LLC, the nation's leading renewable energy provider, was being renamed NextEra Energy Resources, LLC, to better reflect the company's clean energy mission and market focus. With operations in 26 states and Canada, our competitive energy business had another outstanding year on a variety of measures.

Net income on a GAAP basis was \$915 million in 2008, or a contribution of \$2.27 per share, compared to \$540 million in 2007, or \$1.35 per share. Adjusted net income in 2008 reached a record \$821 million, a 30 percent increase over 2007<sup>1</sup>. Adjusted earnings per share were \$2.04, compared with \$1.57 in 2007<sup>1</sup>.

Wind energy is a growing business the world over, and NextEra Energy Resources is the No. 1 producer in North America and No. 2 globally. In 2008, 35 percent of all capacity added to U.S. power generation fleets came from wind farms, and for the seventh time in the last eight years, we led the United States in megawatts added. Our 1,300 new megawatts, which included our first Canadian wind acquisition, were the most wind megawatts we've ever added in a single year. We now have nearly 6,400 wind megawatts in operation and more than \$8 billion invested in this business.

In addition to building renewable generation, we're in the business of developing transmission to carry that power from remote locations to the population centers that will use it. Recently, the Public Utility

Commission of Texas awarded us \$565 million of transmission construction under the state's Competitive Renewable Energy Zones (CREZ) program.

NextEra Energy Resources also has one of the largest competitive nuclear energy businesses in the United States. In 2008, our Duane Arnold facility in Iowa celebrated its 667th day of consecutive operations, a new record for this plant, and we also submitted an application to the Nuclear Regulatory Commission to extend the facility's operating license for an additional 20 years. At our Seabrook Station nuclear plant in New Hampshire, we installed dry cask storage for our used nuclear fuel, meeting an important operating need in a responsible way.

Looking ahead, NextEra Energy Resources has a strong pipeline of attractive renewable energy projects. Our wind project pipeline is more than 30,000 megawatts while our solar development pipeline is approximately 1,000 megawatts. Even though in late 2008 we reduced planned capital spending for 2009 by \$1.3 billion in response to economic and financial market conditions, we still expect to add approximately 1,100 megawatts of new wind projects in 2009. We remain flexible, however, and believe we can ramp up or ramp down quickly as market conditions warrant.

We're proud of the accomplishments of NextEra Energy Resources to date and even more optimistic about the long-term outlook for renewable energy in the United States.

Our competitive energy business had an outstanding year on a variety of measures. We're proud of the accomplishments of NextEra Energy Resources to date and even more optimistic about the long-term outlook for renewable energy in the United States.

<sup>1</sup> See page AR-9 for NextEra Energy Resources' reconciliation of adjusted amounts to GAAP.



## Florida Power & Light Company — Providing Clean, Reliable Energy

At Florida Power & Light Company (FPL), one of the largest and top-performing rate-regulated utilities in the nation, net income was \$789 million or a contribution of \$1.96 per share in 2008, compared to \$836 million and \$2.09 in 2007.

It was a very challenging year due to the economic downturn, which impacted Florida more harshly than most other states. Customer growth at FPL was essentially flat for the year, and the percentage of FPL meters that were inactive or using only minimal amounts of electricity reached historically high levels.

At the same time, we made tremendous progress in 2008 implementing our long-term generation strategy to provide our customers affordable, reliable energy solutions that are cleaner and more efficient. We broke ground at the first of three planned utility-scale solar generation facilities in Florida. We received approval from the Florida Public Service Commission (PSC) to build a third combined cycle generating unit at our West County Energy Center and to modernize our Cape Canaveral and Riviera power plants. These investments will increase the efficiency of our generation fleet and provide savings to our customers. We also moved forward with nuclear "uprates" at our St. Lucie and Turkey Point nuclear power plants, which will add 400 megawatts of emissions-free power.

While we are mindful of the difficult economy, we are also responsible for making prudent, long-lead time investments in our electrical infrastructure. On March 18, 2009, FPL filed a rate proposal with the PSC that would support investment in improving fuel efficiency, generating cleaner energy and enhancing system reliability while keeping customer bills low. FPL is investing to make its infrastructure stronger, smarter, cleaner, more efficient and less reliant on any single source of fuel. These investments help to reduce the impact of volatile fuel prices, which in turn helps to keep customers' total bills lower over the longer term as well. As a result of the company's emphasis on operating efficiently, FPL's retail base rates are 17 percent lower now than in 1985, despite inflation of 99 percent for the same period.

The Florida economic downturn is unprecedented; in time, however, we believe Florida will resume its role as a growth state, just as it has after previous economic downturns. Over the next two decades, some 74 million baby boomers are expected to retire. With great sunshine, beaches, golf and an economy that continues to diversify, Florida is poised for long-term growth, and FPL will be prepared to meet that growth.

It was a challenging year for Florida Power & Light Company due to the economic downturn. At the same time, we made tremendous progress in implementing our long-term generation strategy to provide our customers affordable, reliable energy solutions that are cleaner and more efficient.

## From Strength to Strength

FPL Group is well positioned for the long term. We will continue our emphasis on financial strength, financial discipline and operational excellence. Our strategy is aligned with key trends driving our industry. And our business is underpinned by excellent fundamentals.

Over the longer term, we believe FPL Group's prospects are extremely bright. In the wake of the last election, a fundamental policy shift has taken place in the United States -- one that will create strong incentives for low-carbon generation, especially renewables, and equally strong disincentives for high-carbon fuels. For example, President Obama and Congress have already enacted an economic stimulus package that provides for more renewable energy, new investments in transmission infrastructure, and an enhanced smart grid. President Obama and congressional leaders have also expressed their strong support for pricing carbon dioxide through a federal cap-and-trade program and for a federal renewable portfolio standard.

We believe that few energy companies in the United States are better positioned for a carbon-constrained world than FPL Group. Our investments in clean and renewable energy and our leading position in wind and solar generation development, combined with our low overall emissions profile, mean we can capture the upside potential of a meaningful price on carbon while effectively managing the downside risk.

FPL Group is well positioned for the long term. We will continue our emphasis on financial strength, financial discipline and operational excellence. Our strategy is aligned with key trends driving our industry. And our business is underpinned by excellent fundamentals.

## Awards and Recognition

Not a day goes by that I don't witness or learn of extraordinary efforts by the people of FPL Group to serve our customers with excellence and to work better and smarter. It is even more gratifying when those efforts are recognized by the outside world. Here are some of the highlights:

- For the third year in a row, FPL Group was ranked No. 1 among electric and gas companies in *Fortune* magazine's Most Admired Companies listing. We were ranked No. 1 each year on these attributes of the survey: innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness and quality of products/services.
- We were named one of the World's Most Ethical Companies by *Ethisphere* magazine, a ranking we received in 2007 as well.
- In 2008 and again in 2009, FPL Group was selected one of the "Global 100" most sustainable large corporations in the world by Corporate Knights and Innovest. The 2009 announcement, made at the Davos World Economic Forum in Switzerland, marks the fifth straight year our company was included on this list.
- Because we work very hard to contribute to the well being of the communities in which we operate, we were gratified to learn that CRO (Corporate Responsibility

## Committed and Confident

Officer) magazine and *IW* Financial named us one of the "100 Best Corporate Citizens" in the United States.

- We applaud Florida Gov. Charlie Crist's leadership in addressing the climate change challenge, and we were especially delighted to receive The Florida Governor's "Green to Gold" Award in its inaugural year. Presented by Enterprise Florida, this honor is given to companies or organizations focused on developing green products and advocating for sustainable management of resources.
- *Human Resource Executive* magazine listed us as one of 50 U.S. and international companies most admired in the following four categories of human resources attributes: people management, innovation, product/service quality and management quality.

At FPL Group, we are committed to delivering value to all of our stakeholders. For our customers, we deliver clean, reliable and affordable electricity. For our employees, we are providing challenging, high-quality, rewarding careers in a difficult economy. And for our shareholders, we have consistently delivered returns above the market as a whole.

It has been a tremendously turbulent time for the economy and credit markets. Nonetheless, we are well positioned for long-term success. We have a compelling strategy, financial strength, flexibility and discipline, a culture of operational excellence, and a great team making things happen all across our company.

As I look back over my nearly 10 years with FPL Group, I can scarcely believe how far we've come. The company we are today was unimaginable then, and I believe the same will be true 10 years from now. The difference is that we are not content to merely see the future. We intend to shape it.

Thank you for placing your confidence in us.

*Lewis Hay, III*

Lewis Hay, III  
Chairman and Chief Executive Officer  
March 25, 2009



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2008**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	<b>FPL GROUP, INC.</b> <b>FLORIDA POWER &amp; LIGHT COMPANY</b> 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-2449419
2-27612		59-0247775

State or other jurisdiction of incorporation or organization: Florida

Name of exchange  
 on which registered

Securities registered pursuant to Section 12(b) of the Act:

**FPL Group, Inc.:** Common Stock, \$0.01 Par Value

New York Stock Exchange

**Florida Power & Light Company:** None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

FPL Group, Inc. Yes  No  Florida Power & Light Company Yes  No

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

FPL Group, Inc. Yes  No  Florida Power & Light Company Yes  No

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.

FPL Group, Inc. Yes  No  Florida Power & Light Company Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

FPL Group, Inc. Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company   
 Florida Power & Light Company Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes  No

Aggregate market value of the voting and non-voting common equity of FPL Group, Inc. held by non-affiliates as of June 30, 2008 (based on the closing market price on the Composite Tape on June 30, 2008) was \$26,714,502,227.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 30, 2008.

The number of shares outstanding of FPL Group, Inc. common stock, as of the latest practicable date: Common Stock, \$0.01 par value, outstanding at January 31, 2009: 408,946,823 shares.

As of January 31, 2009, there were issued and outstanding 1,000 shares of Florida Power & Light Company common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of FPL Group, Inc.'s Proxy Statement for the 2009 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by FPL Group, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to FPL Group, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

**PART I**

**Item 1. Business**

**FPL GROUP**

FPL Group was incorporated in 1984 under the laws of Florida. FPL Group has two principal operating subsidiaries, FPL and NextEra Energy Resources (formerly known as FPL Energy, LLC). FPL is a rate-regulated utility engaged primarily in the generation, transmission, distribution and sale of electric energy. NextEra Energy Resources is FPL Group's competitive energy subsidiary which produces the majority of its electricity from clean and renewable fuels. FPL Group Capital, a wholly-owned subsidiary of FPL Group, holds the capital stock of, or has equity interests in, FPL Group's operating subsidiaries, other than FPL, and provides funding for those subsidiaries, including NextEra Energy Resources. At December 31, 2008, FPL Group and its subsidiaries employed approximately 15,300 people. For a discussion of FPL's and NextEra Energy Resources' businesses, see FPL Operations and NextEra Energy Resources Operations. For financial information regarding FPL Group's business segments, see Note 16.

In February 2009, the American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law. It includes approximately \$787 billion in tax incentives and new spending, a portion of which relates to renewable energy, energy efficiency and energy reliability. The Recovery Act includes, among other things, provisions that allow companies building wind facilities the option to choose between three investment cost recovery mechanisms: (i) PTCs which were extended for wind facilities through 2012, (ii) investment tax credits of 30% of the cost for qualifying wind facilities placed in service prior to 2013, or (iii) an election to receive a cash grant of 30% of the cost of qualifying wind facilities placed in service in 2009 or 2010, or if construction began prior to December 31, 2010 and the wind facility is placed in service prior to 2013. An election to receive a cash grant of 30%, in lieu of the 30% investment tax credit allowable under present law, also applies to the cost of qualifying solar facilities placed in service in either 2009 or 2010, or if construction began prior to December 31, 2010 and the solar facility is placed in service prior to 2017. In addition, 50% bonus depreciation was extended on most types of property placed in service in 2009, and certain property placed in service in 2010. FPL Group and FPL are in the process of evaluating the effect of the Recovery Act on their businesses.

**Website Access to SEC Filings.** FPL Group and FPL make their SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on FPL Group's internet website, [www.fplgroup.com](http://www.fplgroup.com), as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information on FPL Group's website (or any of its subsidiaries' websites) is not incorporated by reference in this annual report on Form 10-K. The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and other information about FPL Group and FPL filed electronically with the SEC.

**FPL OPERATIONS**

**General.** FPL was incorporated under the laws of Florida in 1925 and is a wholly-owned subsidiary of FPL Group. FPL supplies electric service to a population of more than 8.7 million throughout most of the east and lower west coasts of Florida. During 2008, FPL served approximately 4.5 million customer accounts. The percentage of FPL's operating revenues by customer class was as follows:

	Years Ended December 31,		
	2008	2007	2006
Residential	53%	54%	54%
Commercial	40	39	39
Industrial	3	3	3
Other, including deferred or recovered clause revenues, the net change in unbilled revenues, transmission and wholesale sales and customer-related fees	4	4	4
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Over the last ten years, FPL's average annual customer growth has been 2.1%. However, beginning in 2007, FPL has experienced a slowdown in retail customer growth and a decline in non-weather related usage per retail customer. Retail customer growth in 2008 was 0.3%, although during the fourth quarter of 2008 FPL experienced a decline in customer accounts of 0.2%. FPL believes that the economic slowdown, the downturn in the housing market and the credit crisis that have affected the country and the state of Florida have contributed to the slowdown in customer growth and to the decline in non-weather related usage per retail customer. In 2008, FPL experienced an increase in inactive accounts (accounts with installed meters without corresponding customer names) and in low-usage customers (customers using less than 200 kwh per month), which have contributed to the decline in retail customer growth and non-weather related usage per retail customer.

**Regulation.** FPL's retail operations provided approximately 99% of FPL's 2008 operating revenues. Retail operations are regulated by the FPSC, which has jurisdiction over retail rates, service territory, issuances of securities, planning, siting and construction of facilities and other matters. FPL is also subject to regulation by the FERC with respect to certain aspects of its operations, including, but not limited to, the acquisition and disposition of facilities, interchange and transmission services and wholesale purchases and sales of electric energy. In addition, FPL's nuclear power plants are subject to the jurisdiction of the NRC. NRC regulations govern the granting of licenses for the construction, operation and retirement of nuclear power plants and subject these plants to continuing review and regulation.

**Retail Ratemaking.** The underlying concept of utility ratemaking is to set rates at a level that allows the utility the opportunity to collect from customers total revenues (revenue requirements) equal to its cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms, including, among other things, base rates and cost recovery clauses.

In general, the basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on FPL's investment in assets used and useful in providing electric service (rate base). At the time base rates are determined, the allowed rate of return on rate base approximates FPL's estimated weighted-average cost of capital, which includes its costs for outstanding debt and, typically, an allowed ROE. The FPSC monitors FPL's actual regulatory ROE through a surveillance report that is filed monthly by FPL with the FPSC. The FPSC does not provide assurance that an allowed ROE will be achieved. Base rates are determined in rate proceedings or through negotiations, which occur at irregular intervals at the initiative of FPL, the FPSC, the State of Florida Office of Public Counsel or a substantially affected party.

**Base Rates** – In 2005, the FPSC approved a stipulation and settlement agreement regarding FPL's retail base rates (2005 rate agreement), signed by FPL and all of the interveners in its 2005 base rate proceeding. FPL expects the 2005 rate agreement to be in effect through December 31, 2009; thereafter, it shall remain in effect until terminated on the date new retail base rates become effective pursuant to an FPSC order.

The 2005 rate agreement provides that retail base rates will not increase during the term of the agreement except to allow recovery of the revenue requirements of any power plant approved pursuant to the Florida Power Plant Siting Act (Siting Act) that achieves commercial operation during the term of the 2005 rate agreement. Retail base rates increased on May 1, 2007 when a 1,144 mw natural gas-fired plant at FPL's Turkey Point site (Turkey Point Unit No. 5) was placed in service. As approved by the FPSC, FPL's retail base revenues will increase in 2009 when two natural gas-fired combined-cycle units (West County Energy Center Units Nos. 1 and 2), each with approximately 1,220 mw of net generating capacity, are placed in service, which is expected to occur by the third quarter of 2009 and fourth quarter of 2009, respectively (see Fossil Operations below). The 2005 rate agreement also has a revenue sharing mechanism, whereby revenues from retail base operations in excess of certain thresholds will be shared with customers on the basis of two-thirds refunded to customers and one-third retained by FPL. Revenues from retail base operations in excess of a second, higher threshold (cap) will be refunded 100% to customers. The revenue sharing threshold and cap are established by increasing the prior year's threshold and cap by the sum of the following: (i) the average annual growth rate in retail kwh sales for the ten-year period ending December 31 of the preceding year multiplied by the prior year's retail base rate revenue sharing threshold and cap and (ii) the amount of any incremental base rate increases for power plants approved pursuant to the Siting Act that achieve commercial operation during the term of the 2005 rate agreement. The revenue sharing threshold and cap for 2009 are estimated to be \$4,534 million and \$4,713 million, respectively. For the year ended December 31, 2008, revenues from retail base operations did not exceed the 2008 thresholds.

Under the terms of the 2005 rate agreement: (i) FPL's electric property depreciation rates are based upon the comprehensive depreciation studies it filed with the FPSC in March 2005; however, FPL may reduce depreciation by up to \$125 million annually, (ii) FPL has the ability to recover prudently incurred storm restoration costs, either through securitization provisions pursuant to the Florida Statutes or through surcharges, and (iii) FPL will be allowed to recover through a cost recovery clause prudently incurred incremental costs associated with complying with an FPSC or FERC order regarding a regional transmission organization.

FPL does not have an authorized regulatory ROE under the 2005 rate agreement for the purpose of addressing earnings levels. For all other regulatory purposes, FPL has an ROE of 11.75%. Under the 2005 rate agreement, the revenue sharing mechanism described above is the appropriate and exclusive mechanism to address earnings levels. However, if FPL's regulatory ROE, as reported to the FPSC in FPL's monthly earnings surveillance report, falls below 10% during the term of the 2005 rate agreement, FPL may petition the FPSC to amend its base rates.

In November 2008, FPL notified the FPSC that it intends to initiate a base rate proceeding in March 2009. In the notification, FPL stated that it expects to request an \$800 million to \$950 million annual increase in base rates beginning on January 1, 2010 and an additional annual base rate increase beginning on January 1, 2011. These amounts exclude the effects of depreciation, which depend in part on the results of a detailed depreciation study that FPL is currently finalizing. Further, FPL expects to request that the FPSC continue to allow FPL to use the mechanism for recovery of the revenue requirements of any new power plant approved pursuant to the Siting Act that was established in FPL's 2005 rate agreement. Hearings on the base rate proceeding are expected during the third quarter of 2009 and a final decision is expected by the end of 2009. The final decision may approve rates that are different from those that FPL will request.

*Cost Recovery Clauses* – Fuel costs are recovered from customers through levelized charges per kwh established under the fuel clause. These charges are calculated annually based on estimated fuel costs and estimated customer usage for the following year, plus or minus a true-up adjustment to reflect the variance of actual costs and usage from the estimates used in setting the fuel adjustment charges for prior periods. An adjustment to the levelized charges may be approved during the course of a year to reflect a projected variance based on actual costs and usage. In 2008, approximately \$6.1 billion of costs were recovered through the fuel clause. FPL uses a risk management fuel procurement program which was approved by the FPSC at the program's inception. The FPSC reviews the program activities and results for prudence on an annual basis as part of its annual review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. See Energy Marketing and Trading, Management's Discussion – Results of Operations, Note 1 – Regulation and Note 3.

Capacity payments to other utilities and generating companies for purchased power are recovered from customers through the capacity clause and base rates. In 2008, approximately \$517 million of these costs were recovered through the capacity clause. Beginning in 2009, FPL will recover pre-construction costs and carrying charges (equal to the pretax AFUDC rate) on construction costs for new nuclear capacity through the capacity clause. Once the new capacity goes into service, construction costs will be recovered through base rate increases. See Nuclear Operations below.

Costs associated with implementing energy conservation programs totaled approximately \$182 million in 2008 and were recovered from customers through the energy conservation cost recovery clause. Costs of complying with federal, state and local environmental regulations enacted after April 1993 are recovered through the environmental clause to the extent not included in base rates. In 2008, approximately \$40 million of these costs were recovered through the environmental clause. Beginning in 2009, FPL will recover costs associated with its proposed solar generating facilities through the environmental clause. See Solar Operations below.

*Other Recovery Mechanisms* – FPL maintains a funded storm and property insurance reserve. Four hurricanes in 2005 and three hurricanes in 2004 caused major damage in parts of FPL's service territory. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in the storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, FPL formed a wholly-owned bankruptcy remote special purpose subsidiary for the purpose of issuing storm-recovery bonds, pursuant to the securitization provisions of the Florida Statutes and an FPSC financing order. In May 2007, the FPL subsidiary issued \$652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and approximately \$200 million to reestablish FPL's storm and property insurance reserve. The storm-recovery bonds, including interest and bond issuance costs, are being repaid through a surcharge to retail customers. Prior to the issuance of these storm-recovery bonds, FPL had been recovering the 2004 storm restoration costs from retail customers through a storm damage surcharge. See Management's Discussion – Results of Operations – FPL and Note 9 – FPL.

In 2007, the FPSC denied FPL's need petition for two ultra super critical pulverized coal generating units in Glades County, Florida. In December 2008, the FPSC approved the recovery of approximately \$34 million of pre-construction costs associated with these units over a five-year period beginning January 2010.

The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Such costs may include, among others, fuel and O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable, storm restoration costs and costs associated with the construction or acquisition of new facilities.

**Competition.** FPL currently holds 176 franchise agreements to provide electric service in various municipalities and counties in Florida with varying expiration dates through 2039. Of the 176 franchise agreements, three expire in 2009, 14 expire in 2010 and 159 expire during the period 2011 through 2039. Negotiations are ongoing to renew franchises with upcoming expirations. FPL also provides service to 13 other municipalities and to 22 unincorporated areas within its service area without franchise agreements. FPL considers its franchises to be adequate for the conduct of its business.

FPL currently faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources and self-generation for other customer groups, primarily industrial customers. The FERC has jurisdiction over potential changes that could affect competition in wholesale transactions. In 2008, operating revenues from wholesale and industrial customers combined represented less than 4% of FPL's total operating revenues. Various states, other than Florida, have enacted legislation or have state commissions that have issued orders designed to allow retail customers to choose their electricity supplier. Management believes it is unlikely there will be any state actions to restructure the retail electric industry in Florida in the near future. If the basis of regulation for some or all of FPL's business changes from cost-based regulation, existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. Further, other aspects of the business, such as generation assets and long-term power purchase commitments, would need to be reviewed to assess their recoverability in a changed regulatory environment. See Management's Discussion – Critical Accounting Policies and Estimates – Regulatory Accounting.

The FPSC promotes cost competitiveness in the building of new steam generating capacity by requiring investor-owned electric utilities, such as FPL, to issue an RFP. The RFP process allows independent power producers and others to bid to supply the new generating capacity. If a bidder has the most cost-effective alternative, meets other criteria such as financial viability and demonstrates adequate expertise and experience in building and/or operating generating capacity of the type proposed, the investor-owned electric utility would seek to negotiate a power purchase agreement with the selected bidder and request that the FPSC approve the terms of the power purchase agreement and, if appropriate, provide the required authorization for the construction of the bidder's generating capacity. In 2007, the FPSC eliminated the requirement for utilities to issue an RFP for new nuclear power plants sited after June 2006. See Nuclear Operations below regarding the approval by the FPSC for two additional nuclear units.

**Environmental.** FPL is subject to environmental laws and regulations and is affected by some of the emerging issues included in the Environmental Matters section below. FPL expects to seek recovery through the environmental clause for compliance costs associated with any new environmental laws and regulations.

During 2008, FPL spent approximately \$181 million on capital additions to comply with existing environmental laws and regulations. FPL's capital expenditures to comply with existing environmental laws and regulations are estimated to be \$1.2 billion for 2009 through 2011, including approximately \$632 million in 2009, and are included in estimated capital expenditures set forth in Capital Expenditures below. These amounts include the capital expenditures associated with three solar generating facilities currently under construction. See Solar Operations below.

**System Capability and Load.** At December 31, 2008, FPL's resources for serving load consisted of 24,997 mw, of which 22,087 mw were from FPL-owned facilities (see Item 2 – Generating Facilities) and 2,910 mw were available through purchased power contracts (see Note 15 – Contracts). FPL's projected reserve margin for the summer of 2009 is approximately 28%. This reserve margin is expected to be achieved through the combination of output from FPL's active generating units, purchased power contracts and the capability to reduce peak demand through the implementation of load management, which was estimated to be capable of reducing demand by 1,734 mw at December 31, 2008. Occasionally, unusually cold temperatures during the winter months result in significant increases in electricity usage for short periods of time. However, customer usage and operating revenues are typically higher during the summer months, largely due to the prevalent use of air conditioning in FPL's service territory. The highest peak load FPL has served to date was 22,361 mw, which occurred on August 17, 2005. FPL had adequate resources available at the time of this peak to meet customer demand. See Fossil Operations, Nuclear Operations and Solar Operations below regarding additional capacity currently under construction.

**Fuel Mix.** FPL's generating plants use a variety of fuels. The diverse fuel options, along with purchased power, enable FPL to shift between sources of generation to achieve a more economical fuel mix. See Fossil Operations, Nuclear Operations and Item 2 – Generating Facilities.

FPL's 2008 fuel mix based on kwh produced was as follows:

Fuel Source	Percentage of kwh Produced
Natural gas	53%
Nuclear	22%
Purchased power	14%
Coal	6%
Oil	5%

**Fossil Operations.** FPL owns and operates 83 units that use fossil fuels such as natural gas and/or oil, and has a joint-ownership interest in three coal units. FPL's fossil units are out of service from time to time for routine maintenance or on standby during periods of reduced demand. FPL is currently constructing three natural gas-fired combined-cycle units of approximately 1,220 mw each at its West County Energy Center, which units are expected to be placed in service by the third quarter of 2009, fourth quarter of 2009 and mid-2011. The estimated total cost (including AFUDC) of the two units expected to be placed into service in 2009 is approximately \$1.3 billion and the estimated total cost (including AFUDC) of the third unit is approximately \$900 million. In 2008, the FPSC approved FPL's plan to modernize its Cape Canaveral and Riviera power plants to high-efficiency natural gas-fired units. Each modernized plant is expected to provide approximately 1,200 mw of capacity and be placed into service by 2013 and 2014 at an estimated total cost (including AFUDC) of \$1.1 billion and \$1.3 billion, respectively. Approval by the Florida Power Plant Siting Board (Siting Board), comprised of the Florida governor and cabinet, is pending and is expected in early 2010. The construction costs of the three new units and power plant modernizations (through early 2010) yet to be incurred as of December 31, 2008 are included in estimated capital expenditures set forth in Capital Expenditures below. See Note 15 – Commitments.



FPL has four firm transportation contracts in place with FGT, two firm transportation contracts with Gulfstream and one firm transportation contract with Southeast Supply Header, LLC, that together are expected to satisfy substantially all of the anticipated needs for natural gas transportation at its existing units. The four existing FGT contracts expire between 2021 and 2025, while both Gulfstream contracts expire in 2032. The Southeast Supply Header contract expires in 2020. To the extent desirable, FPL can also purchase interruptible natural gas transportation service from FGT and Gulfstream based on pipeline availability. FPL has several short- and medium-term natural gas supply contracts to provide a portion of FPL's anticipated needs for natural gas. The remainder of FPL's natural gas requirements is purchased under other contracts and in the spot market. FPL has a long-term agreement for the storage of natural gas that expires in 2013. In addition, FPL has entered into several long-term agreements for storage capacity and transportation of natural gas from facilities that have not yet started construction, or if started, have not yet completed construction. These agreements range from 15 to 25 years in length and contain firm commitments by FPL totaling up to approximately \$209 million annually or \$5.1 billion over the terms of the agreements. These firm commitments are contingent upon the occurrence of certain events, including approval by the FERC and/or completion of construction of the facilities from June 2009 to 2011. See Note 15 – Contracts. FPL's oil requirements are obtained under short-term contracts and in the spot market.

FPL has, through its joint ownership interest in St. Johns River Power Park (SJRPP) Units Nos. 1 and 2, a coal supply and transportation contract for all of the 2009 fuel needs and a portion of the 2010 and 2011 fuel needs for those units. All of the transportation requirements and a portion of the coal supply needs for Scherer Unit No. 4 are covered by a series of annual and long-term contracts. FPL's remaining fuel requirements for these units will be obtained in the spot market. See Note 15 – Contracts.

**Nuclear Operations.** FPL owns, or has undivided interests in, and operates four nuclear units, two at Turkey Point and two at St. Lucie, with a total net generating capability of 2,939 mw. The nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for approximately 30 days. The following table summarizes certain information related to FPL's nuclear units:

<u>Facility</u>	<u>Unit</u>	<u>Net Capability (mw)</u>	<u>Operating License Expiration Dates</u>	<u>Next Scheduled Refueling Outage</u>
St. Lucie	1	839	2036	April 2010
St. Lucie	2	714	2043	April 2009
Turkey Point	3	693	2032	March 2009
Turkey Point	4	693	2033	October 2009

FPL is in the process of adding approximately 400 mw of baseload capacity at its existing nuclear units at St. Lucie and Turkey Point, which additional capacity is projected to be placed in service by the end of 2012 at an estimated total cost (including carrying charges) of approximately \$1.6 billion. The construction costs relating to the 400 mw of baseload capacity yet to be incurred as of December 31, 2008 are included in estimated capital expenditures set forth in Capital Expenditures below. In 2008, the FPSC approved FPL's need petition for two additional nuclear units at its Turkey Point site with projected in-service dates between 2018 and 2020, which units are expected in the aggregate to add between 2,200 mw and 3,040 mw of baseload capacity. Additional approvals from other regulatory agencies will be required later in the process. See Note 15 – Commitments.

During 2003, nuclear utilities other than FPL identified pressurizer heater sleeves made with a particular material (alloy 600) that were experiencing penetration cracks and leaks as a result of primary water stress corrosion cracking. As a result, in 2004, the NRC issued a bulletin requesting utilities to identify and inspect all alloy 600 and weld materials in all pressurizer locations and connected steam space piping. Due to the amount of time and cost associated with correcting potential leaks, FPL replaced St. Lucie Unit No. 1's pressurizer during its fall 2005 outage. FPL began the modification of St. Lucie Unit No. 1's non-pressurizer penetrations that have alloy 600 weld materials during its fall 2008 outage and expects to complete the modifications by 2010. The St. Lucie Unit No. 2 pressurizer has 30 heater sleeves as compared to 120 heater sleeves in the St. Lucie Unit No. 1 pressurizer. Accordingly, FPL has decided to modify rather than replace St. Lucie Unit No. 2's alloy 600 pressurizer heater sleeves during its fall 2010 outage. During St. Lucie Unit No. 2's scheduled refueling outage in the fall of 2007, FPL inspected the pressurizer heater sleeves and began modifications of other pressurizer and non-pressurizer penetrations that have alloy 600 weld materials. The modifications to St. Lucie Unit No. 2's other penetrations are scheduled to be completed by 2010. The estimated cost of modifications for the St. Lucie units is included in estimated capital expenditures set forth in Capital Expenditures below. See Note 15 – Commitments. All pressurizer penetrations and welds at Turkey Point Units Nos. 3 and 4 use a different material.

FPL leases nuclear fuel for all four of its nuclear units. See Note 1 – Nuclear Fuel. FPL Group and FPL consolidate the lessor entity in accordance with FIN 46, "Consolidation of Variable Interest Entities," as revised (FIN 46(R)). See Note 9 – FPL. The contracts for the supply, conversion, enrichment and fabrication of FPL's nuclear fuel have expiration dates ranging from 2009 through 2022. Under the Nuclear Waste Policy Act, the DOE is responsible for the development of a repository for the disposal of spent nuclear fuel and high-level radioactive waste. As required by the Nuclear Waste Policy Act, FPL is a party to contracts with the DOE to provide for disposal of spent nuclear fuel from its Turkey Point and St. Lucie nuclear units. The DOE was required to construct permanent disposal facilities and take title to and provide transportation and disposal for spent nuclear fuel by January 31, 1998 for a specified fee based on current generation from nuclear power plants. Through December 2008, FPL has paid approximately \$607 million in such fees to the DOE's nuclear waste fund. The DOE did not meet its statutory obligation for disposal of spent nuclear fuel under the Nuclear Waste Policy Act. In 1997, a federal appeals court ruled, in response to petitions filed by utilities, state governments and utility commissions, that the DOE could not assert a claim that its delay was unavoidable in any defense against lawsuits by utilities seeking money damages arising out of the DOE's failure to perform its obligations. In 1998, FPL filed a lawsuit against the DOE seeking damages caused by the DOE's failure to dispose of spent nuclear fuel from FPL's nuclear power plants. The matter is pending. In October 2006, a federal claims court ruled in another utility's case that the 1997 court decision regarding the DOE's unavoidable delay defense was not binding on that federal court. An appeal is pending in that case. The DOE filed a license application for a permanent disposal facility for spent nuclear fuel with the NRC in June 2008, and a licensing proceeding is ongoing before the NRC. However, it is uncertain when a permanent disposal facility will be constructed and when it would be ready to begin receiving spent nuclear fuel shipments.

FPL uses both on site storage pools and dry storage casks to store spent nuclear fuel generated by St. Lucie Units Nos. 1 and 2, which should allow FPL to store all spent nuclear fuel generated by these units through license expiration. FPL currently stores all spent nuclear fuel generated by Turkey Point Units Nos. 3 and 4 in on site storage pools. These spent nuclear fuel storage pools do not have sufficient storage capacity for the life of the respective units. Beginning in 2011, FPL plans to begin using dry storage casks to store spent nuclear fuel at the Turkey Point facility. Costs for the dry storage casks yet to be incurred are included in estimated capital expenditures set forth in Capital Expenditures below.

The NRC's regulations require FPL to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. FPL's current plans, under the operating licenses, provide for prompt dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2032 and 2033, respectively. Current plans provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 at the end of its useful life in 2043. See estimated decommissioning cost data in Note 1 – Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs – FPL.

**Solar Operations.** In 2008, the FPSC approved FPL's proposal to construct three solar generating facilities, which are expected to have a capacity totaling 110 mw. The solar generating facilities are expected to be placed into service by the end of 2010 at an estimated total cost (including carrying charges) of approximately \$728 million. The construction costs of these new solar generating facilities yet to be incurred as of December 31, 2008 are included in estimated capital expenditures set forth in Capital Expenditures below. See Note 15 – Commitments.

**Energy Marketing and Trading.** EMT, a division of FPL, buys and sells wholesale energy commodities, such as natural gas, oil and electricity. EMT procures natural gas and oil for FPL's use in power generation and sells excess natural gas, oil and electricity. EMT also uses derivative instruments, such as swaps, options and forwards, to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See Retail Ratemaking, Management's Discussion – Results of Operations – FPL and Energy Marketing and Trading and Market Risk Sensitivity and Note 3.

**Capital Expenditures.** Capital expenditures at FPL include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities. FPL's capital expenditures totaled \$2.3 billion in 2008 (including AFUDC of approximately \$53 million), \$1.9 billion in 2007 (including AFUDC of approximately \$36 million) and \$1.7 billion in 2006 (including AFUDC of approximately \$32 million). Planned capital expenditures that are conditional on obtaining regulatory approvals are not included in the table below until such approvals are received.

*Corporate and Other* – Corporate and Other is primarily comprised of interest expense, the operating results of FPL FiberNet and other business activities as well as corporate interest income and expenses. Corporate and Other allocates interest expense to NextEra Energy Resources based on a deemed capital structure at NextEra Energy Resources of 50% debt for operating projects and 100% debt for projects under construction. For these purposes, the deferred credit associated with differential membership interests sold by a NextEra Energy Resources subsidiary in December 2007 is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or detriments are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	Years Ended December 31,		
	2008	2007	2006
	(millions)		
Interest expense, net of allocations	\$ (103)	\$ (90)	\$ (97)
Interest income	22	22	6
FPL FiberNet impairment charges	-	(2)	(60)
Merger costs	-	-	(14)
Federal and state tax benefits	18	3	30
Other	(2)	3	4
Net loss	<u>\$ (65)</u>	<u>\$ (64)</u>	<u>\$ (131)</u>

The increase in interest expense in 2008 reflects additional debt outstanding partly offset by lower average interest rates of approximately 91 basis points. Interest expense decreased in 2007 primarily due to lower average debt balances. Interest income in 2008 reflects lower interest rates on temporary investments offset by additional earnings on energy-related loans made to third parties by FPL Group Capital subsidiaries. In the latter half of 2008, temporary investments were accumulated in response to volatility and disruption in the credit and capital markets while in 2007 temporary investments had been accumulated to purchase Point Beach. Interest income in 2007 reflects earnings on temporary investments accumulated to purchase Point Beach as well as interest recorded on unrecognized tax benefits in accordance with FIN 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109." For discussion of FPL FiberNet's impairment charges, see Note 5 – Corporate and Other. The 2006 merger costs represent costs associated with the proposed merger between FPL Group and Constellation Energy, which was terminated in October 2006. The federal and state tax benefits are primarily due to NextEra Energy Resources' growth throughout the United States and other consolidating income tax adjustments. Other includes all other corporate income and expenses, as well as other business activities.

### Liquidity and Capital Resources

FPL Group and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for working capital, capital expenditures, investments in or acquisitions of assets and businesses, to pay maturing debt obligations and, from time to time, to redeem or repurchase outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of internally generated funds, borrowings, and the issuance, from time to time, of debt and equity securities, consistent with FPL Group's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. FPL Group, FPL and FPL Group Capital access the credit and capital markets as significant sources of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group, FPL and FPL Group Capital to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

The global and domestic credit and capital markets have been experiencing unprecedented levels of volatility and disruption. This has significantly affected the cost and available sources of liquidity in the financial markets. FPL and FPL Group Capital have continued to have access to commercial paper and short- and long-term credit and capital markets. If capital and credit market conditions change, this could alter spending plans at FPL and NextEra Energy Resources.

**Available Liquidity** – At December 31, 2008, FPL Group's total net available liquidity was approximately \$4.6 billion, of which FPL's portion was approximately \$1.6 billion. The components of each company's net available liquidity at December 31, 2008 were as follows:

	FPL	FPL Group Capital (millions)	FPL Group Consoli- dated	Maturity Date	
				FPL	FPL Group Capital
Bank revolving lines of credit <sup>(a)</sup>	\$ 2,500	\$ 4,000	\$ 6,500	<sup>(a)</sup>	<sup>(a)</sup>
Less letters of credit	(545)	(316)	(861)		
	<u>1,955</u>	<u>3,684</u>	<u>5,639</u>		
Revolving term loan facility	250	-	250	2011	
Less borrowings	-	-	-		
	<u>250</u>	<u>-</u>	<u>250</u>		
Subtotal	2,205	3,684	5,889		
Cash and cash equivalents	120	415	535		
Less commercial paper and short-term notes payable	(773)	(1,092)	(1,865)		
Net available liquidity	<u>\$ 1,552</u>	<u>\$ 3,007</u>	<u>\$ 4,559</u>		

(a) Provide for the issuance of letters of credit up to \$6.5 billion (\$2.5 billion for FPL) and are available to support FPL's and FPL Group Capital's commercial paper programs and short-term borrowings and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss), as well as for general corporate purposes. FPL's bank revolving lines of credit are also available to support the purchase of \$633 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity. FPL's and FPL Group Capital's bank revolving lines of credit include commitments of approximately \$27 million and \$83 million, respectively, from Lehman Brothers Bank, FSB (Lehman). In September 2008, Lehman's parent, Lehman Brothers Holdings Inc., filed for protection under Chapter 11 of the U.S. Bankruptcy Code. As of late January 2009, Lehman must receive a notice of non-objection from the Office of Thrift Supervision before funding any commercial loan commitment, including this commitment.

(b) \$17 million of FPL's and \$40 million of FPL Group Capital's bank revolving lines of credit expire in 2012. The remaining portion of bank revolving lines of credit for FPL and FPL Group Capital expire in 2013.

At February 26, 2009, 38 banks participate in FPL's and FPL Group Capital's credit facilities, with no one bank providing more than 8% of the total in either credit facility. In order for FPL Group Capital to borrow under the terms of its credit facility, FPL Group (which guarantees the payment of FPL Group Capital's credit facility pursuant to a 1998 guarantee agreement) is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL Group Capital credit facility also contains default and related acceleration provisions relating to, among other things, failure of FPL Group to maintain a ratio of funded debt to total capitalization at or below the specified ratio. Similarly, in order for FPL to borrow under the terms of its credit facility and revolving term loan facility, FPL is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL credit facility and revolving term loan facility also contain default and related acceleration provisions relating to, among other things, failure of FPL to maintain a ratio of funded debt to total capitalization at or below the specified ratio. At December 31, 2008, each of FPL Group and FPL was in compliance with its respective required ratio.

In addition, at December 31, 2008, FPL had the capacity to absorb up to approximately \$188 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC. Also, an indirect wholly-owned subsidiary of NextEra Energy Resources has established a \$100 million letter of credit facility which expires in 2017 and serves as security for certain obligations under commodity hedge agreements entered into by the subsidiary.

In January 2009, FPL Group entered into an agreement under which FPL Group may offer and sell, from time to time, FPL Group common stock having a gross sales price of up to \$400 million. As of February 26, 2009, FPL Group had received proceeds of approximately \$40 million through the issuance of common stock under this agreement consisting of 760,000 shares at an average price of \$52.10 per share.

**Shelf Registration** – In September 2006, FPL Group, FPL Group Capital, FPL and certain affiliated trusts filed a shelf registration statement with the SEC for an unspecified amount of securities. The amount of securities issuable by the companies is established from time to time by their respective board of directors. As of February 26, 2009, securities that may be issued under the registration statement, as subsequently amended, which became effective upon filing, include, depending on the registrant, senior debt securities, subordinated debt securities, first mortgage bonds, preferred trust securities, common stock, stock purchase contracts, stock purchase units, preferred stock and guarantees related to certain of those securities. At February 26, 2009, FPL Group and FPL Group Capital had \$3.5 billion (issuable by either or both of them up to such aggregate amount) of board-authorized available capacity, and FPL had \$900 million of board-authorized available capacity.

**Credit Ratings** – At February 26, 2009, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) had assigned the following credit ratings to FPL Group, FPL and FPL Group Capital:

	<u>Moody's <sup>(a)</sup></u>	<u>S&amp;P <sup>(a)</sup></u>	<u>Fitch <sup>(a)</sup></u>
FPL Group: <sup>(b)</sup>			
Corporate credit rating	A2	A	A
FPL: <sup>(b)</sup>			
Corporate credit rating	A1	A	A
First mortgage bonds	Aa3	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	Aa3/VMIG-1	A	A+
Commercial paper	P-1	A-1	F1
FPL Group Capital: <sup>(b)</sup>			
Corporate credit rating	A2	A	A
Debentures	A2	A-	A
Junior subordinated debentures	A3	BBB+	A-
Commercial paper	P-1	A-1	F1

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.

(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.

FPL Group and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the credit facilities maintained by FPL and FPL Group Capital, the maintenance of a specific minimum credit rating is not a condition to drawing upon those credit facilities. Commitment fees and interest rates on loans under the credit facilities' agreements are tied to credit ratings. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper and other short-term debt issuances and additional or replacement credit facilities, and could result in the requirement that FPL Group subsidiaries, including FPL, post collateral under certain agreements, including those related to fuel procurement, power sales and purchases, nuclear decommissioning funding, debt-related reserves and trading activities. FPL's and FPL Group Capital's bank revolving lines of credit are available to support these potential requirements. See Available Liquidity above.

**Cash Flow** – The changes in cash and cash equivalents are summarized as follows:

	<u>FPL Group</u>			<u>FPL</u>		
	<u>Years Ended December 31,</u>					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	(millions)					
Net cash provided by operating activities	\$ 3,403	\$ 3,583	\$ 2,498	\$ 2,180	\$ 2,163	\$ 1,668
Net cash used in investing activities	(5,808)	(4,578)	(3,807)	(2,427)	(2,214)	(1,933)
Net cash provided by financing activities	2,650	655	1,399	304	50	273
Net increase (decrease) in cash and cash equivalents	<u>\$ 245</u>	<u>\$ (330)</u>	<u>\$ 90</u>	<u>\$ 57</u>	<u>\$ (1)</u>	<u>\$ 8</u>

FPL Group's cash and cash equivalents increased for the year ended December 31, 2008, reflecting cash generated by operating activities and net issuances of both long- and short-term debt. These inflows were partially offset by capital investments by FPL and NextEra Energy Resources, the payment of common stock dividends to FPL Group shareholders and the funding of a \$500 million loan.

FPL Group's cash flows from operating activities for the year ended December 31, 2008 reflect cash generated by net income, the receipt of distributions from equity method investees, the underrecovery by FPL of cost recovery clause costs and an increase in fuel inventory at NextEra Energy Resources.

FPL Group's cash flows from investing activities for the year ended December 31, 2008 reflect capital investments, including nuclear fuel purchases, of approximately \$2.4 billion by FPL to expand and enhance its electric system and generating facilities to continue to provide reliable service to meet the power needs of present and future customers and investments in independent power projects of approximately \$2.8 billion, and the funding of a \$500 million loan by an FPL Group Capital subsidiary to a third party for an energy-related project. FPL Group's cash flows from investing activities also include amounts related to the purchase and sale of restricted securities held in the special use funds, including the reinvestment of fund earnings and new contributions by NextEra Energy Resources, as well as other investment activity, primarily at FPL Group Capital.

During the year ended December 31, 2008, FPL Group generated proceeds from financing activities, net of related issuance costs, of approximately \$4.7 billion, including a net increase in short-term debt of \$848 million (comprised of \$917 million increase at FPL Group Capital and \$69 million decrease at FPL) and the following long-term debt issuances and borrowings:

Date Issued	Company	Debt Issued	Interest Rate(s)	Principal Amount (millions)	Maturity Date(s)
January 2008	FPL	First mortgage bonds	5.95%	\$ 600	2038
March 2008	FPL Group Capital	Term loans	variable	500	2009 – 2011
June 2008	FPL Group Capital	Debentures	5.35%	250	2013
June 2008	FPL Group Capital	Debentures	variable	250	2011
June 2008	NextEra Energy Resources subsidiary	Canadian dollar denominated term loan	variable	153	2011
July 2008	NextEra Energy Resources subsidiary	Limited-recourse senior secured notes	7.59%	525	2018 <sup>(*)</sup>
September 2008	FPL Group Capital	Term loans	variable	320	2011
December 2008	FPL Group Capital	Debentures	7 7/8%	500	2015
December 2008	FPL Group Capital	Japanese yen denominated term loan	variable	141	2011
December 2008	FPL Group Capital	Term loan	variable	50	2011
December 2008	NextEra Energy Resources subsidiary	Limited-recourse senior secured notes	7.5%	202	2013 <sup>(*)</sup>
December 2008	NextEra Energy Resources subsidiary	Limited-recourse senior secured notes	variable	373	2016 <sup>(*)</sup>
				<u>\$ 3,864</u>	

<sup>(\*)</sup> Partially amortizing with a balloon payment at maturity.

During the year ended December 31, 2008, FPL Group paid approximately \$2.1 billion in connection with financing activities, including \$506 million for FPL Group Capital debt maturities, \$327 million for a NextEra Energy Resources subsidiary construction term loan maturity, \$200 million for maturing FPL first mortgage bonds, \$284 million principal repayments on NextEra Energy Resources subsidiary debt, \$41 million principal repayment on FPL subsidiary storm-recovery bonds and \$714 million for the payment of common stock dividends to FPL Group shareholders. In January 2009, an indirect wholly-owned subsidiary of NextEra Energy Resources borrowed Canadian \$94.6 million (US \$75.4 million) under a limited-recourse senior secured variable rate term loan agreement maturing in 2023 and entered into an interest rate swap agreement to pay a fixed rate of 2.5775%, plus applicable margin, to limit cash flow exposure. The proceeds from the loan were used to repay a portion of the amount borrowed in June 2008 under the Canadian dollar denominated term loan included in the table above. Also, in January 2009, another indirect wholly-owned subsidiary of NextEra Energy Resources entered into an interest rate swap agreement to pay a fixed rate of 2.68%, plus applicable margin, until 2016 on its \$373 million variable rate limited-recourse senior secured note that is partially amortizing with a balloon payment due in 2016. This same wholly-owned subsidiary entered into a second interest rate swap agreement to pay a fixed rate of 3.725%, plus applicable margin, beginning in 2016 to limit the cash flow exposure of refinancing the balloon payment of approximately \$124 million due on this note in 2016. Additionally, in January 2009, FPL Group Capital borrowed \$72 million under a variable rate term loan agreement maturing in 2011.

FPL Group's cash and cash equivalents decreased for the year ended December 31, 2007, reflecting capital investments by FPL and NextEra Energy Resources, the payment of common stock dividends to FPL Group shareholders and an increase in customer receivables. These outflows were partially offset by cash generated by operating activities, net issuances of both long- and short-term debt, the sale of independent power investments, the return of margin cash collateral from counterparties and a distribution relating to an Indonesian project.

FPL Group's cash flows for the year ended December 31, 2006 benefited from net issuances of debt, the issuance of common stock and the recovery from customers of previously incurred fuel and storm costs at FPL, which were offset by an increase in FPL's customer receivables and the return of margin cash collateral to counterparties and payment of margin cash collateral to counterparties. The funds generated were used to pay for capital expenditures at FPL, additional investments at NextEra Energy Resources, common stock dividends, storm-related costs at FPL and to carry an increase in fossil fuel inventory.

*Contractual Obligations and Planned Capital Expenditures* – FPL Group's and FPL's commitments at December 31, 2008 were as follows:

	2009	2010	2011	2012	2013	Thereafter	Total
	(millions)						
Long-term debt, including interest: <sup>(a)</sup>							
FPL	\$ 542	\$ 311	\$ 312	\$ 314	\$ 705	\$ 9,354 <sup>(b)</sup>	\$ 11,538
NextEra Energy Resources	544	549	656	548	582	3,397	6,276
Corporate and Other	1,195	533	1,874	187	430	9,343	13,562
Purchase obligations:							
FPL <sup>(c)</sup>	6,270	5,425	4,120	3,360	2,920	7,545	29,640
NextEra Energy Resources <sup>(d)</sup>	1,760	120	75	75	60	665	2,755
Asset retirement activities: <sup>(e)</sup>							
FPL <sup>(f)</sup>	-	-	-	-	-	11,610	11,610
NextEra Energy Resources <sup>(g)</sup>	1	-	-	2	-	7,247	7,250
Other Commitments:							
NextEra Energy Resources <sup>(h)</sup>	-	-	-	-	69	260	329
<b>Total</b>	<b>\$ 10,312</b>	<b>\$ 6,938</b>	<b>\$ 7,037</b>	<b>\$ 4,486</b>	<b>\$ 4,766</b>	<b>\$ 49,421</b>	<b>\$ 82,960</b>

- <sup>(a)</sup> Includes principal, interest and interest rate swaps. Variable rate interest was computed using December 31, 2008 rates.
- <sup>(b)</sup> Includes \$633 million of tax exempt bonds that permit individual bond holders to tender the bonds for purchase at any time prior to maturity. In the event bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the tax exempt bonds. As of December 31, 2008, all tax exempt bonds tendered for purchase have been successfully remarketed. FPL's bank revolving lines of credit are available to support the purchase of tax exempt bonds.
- <sup>(c)</sup> Represents required capacity and minimum payments under long-term purchased power and fuel contracts, the majority of which are recoverable through various cost recovery clauses (see Note 15 – Contracts), and projected capital expenditures through 2013. See Note 15 – Commitments.
- <sup>(d)</sup> Represents firm commitments primarily in connection with the purchase of wind turbines and towers, natural gas transportation, purchase and storage, firm transmission service, nuclear fuel and a portion of its projected capital expenditures. See Note 15 – Commitments and Contracts.
- <sup>(e)</sup> Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.
- <sup>(f)</sup> At December 31, 2008, FPL had approximately \$2,035 million in restricted trust funds for the payment of future expenditures to decommission FPL's nuclear units, which are included in FPL Group's and FPL's special use funds.
- <sup>(g)</sup> At December 31, 2008, NextEra Energy Resources' 88.23% portion of Seabrook's and 70% portion of Duane Arnold's and its Point Beach's restricted trust funds for the payment of future expenditures to decommission its nuclear units totaled approximately \$789 million and are included in FPL Group's special use funds.
- <sup>(h)</sup> Represents estimated cash distributions related to certain membership interests. See Note 11 – Sale of Differential Membership Interests.

*Guarantees and Letters of Credit* – FPL Group and FPL obtain letters of credit and issue guarantees to facilitate commercial transactions with third parties and financings. At December 31, 2008, FPL Group had standby letters of credit of approximately \$1.2 billion (\$557 million for FPL) and approximately \$8.6 billion notional amount of guarantees (\$648 million for FPL), of which approximately \$6.6 billion (\$567 million for FPL) have expirations within the next five years. An aggregate of approximately \$861 million of the standby letters of credit at December 31, 2008 were issued under FPL's and FPL Group Capital's credit facilities. See Available Liquidity above. Letters of credit and guarantees support the buying and selling of wholesale energy commodities, debt and related reserves, nuclear activities, capital expenditures for wind development, the commercial paper program of FPL's consolidated VIE from which it leases nuclear fuel and other contractual agreements. Each of FPL Group and FPL believe it is unlikely that it would incur any liabilities associated with these letters of credit and guarantees. At December 31, 2008, FPL Group and FPL did not have any liabilities recorded for these letters of credit and guarantees. In addition, FPL Group has guaranteed certain payment obligations of FPL Group Capital, including most of its debt and all of its debentures and commercial paper issuances, as well as most of its payment guarantees, and FPL Group Capital has guaranteed certain debt and other obligations of NextEra Energy Resources and its subsidiaries. See Note 15 – Commitments.

Certain subsidiaries of NextEra Energy Resources have contracts that require certain projects to meet annual minimum generation amounts. Failure to meet the annual minimum generation amounts would result in the NextEra Energy Resources subsidiary becoming liable for liquidated damages. Based on past performance of these and similar projects and current forward prices, management believes that it is unlikely to experience a material exposure as a result of these liquidated damages.

*Covenants* – FPL Group's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of FPL Group to pay dividends on its common stock is dependent upon, among other things, dividends paid to it by its subsidiaries. During the first quarter of 2008, FPL Group increased its quarterly dividend on its common stock from \$0.41 to \$0.445 per share. In February 2009, FPL Group announced that it would increase its quarterly dividend on its common stock from \$0.445 to \$0.4725 per share. FPL pays dividends to FPL Group in a manner consistent with FPL's long-term targeted capital structure. The mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends to FPL Group and the issuance of additional first mortgage bonds. In light of FPL's current financial condition and level of earnings, management does not expect that planned financing activities or dividends would be affected by these limitations.

Under the mortgage, in some cases, the amount of retained earnings that FPL can use to pay cash dividends on its common stock is restricted. The restricted amount may change based on factors set out in the mortgage. Other than this restriction on the payment of common stock dividends, the mortgage does not restrict FPL's use of retained earnings. As of December 31, 2008, no retained earnings were restricted by these provisions of the mortgage.

FPL may issue first mortgage bonds under its mortgage subject to its meeting an adjusted net earnings test set forth in the mortgage, which generally requires adjusted net earnings to be at least twice the annual interest requirements on, or at least 10% of the aggregate principal amount of, FPL's first mortgage bonds including those to be issued and any other non-junior FPL indebtedness. As of December 31, 2008, coverage for the 12 months ended December 31, 2008 would have been approximately 6.4 times the annual interest requirements and approximately 3.7 times the aggregate principal requirements. New first mortgage bonds are also limited to an amount equal to the sum of 60% of unfunded property additions after adjustments to offset property retirements, the amount of retired first mortgage bonds or qualified lien bonds and the amount of cash on deposit with the mortgage trustee. As of December 31, 2008, FPL could have issued in excess of \$6.5 billion of additional first mortgage bonds based on the unfunded property additions and in excess of \$5.5 billion based on retired first mortgage bonds. As of December 31, 2008, no cash was deposited with the mortgage trustee for these purposes.

In September 2006, FPL Group and FPL Group Capital executed a Replacement Capital Covenant (September 2006 RCC) in connection with FPL Group Capital's offering of \$350 million principal amount of Series A Enhanced Junior Subordinated Debentures due 2066 and \$350 million principal amount of Series B Enhanced Junior Subordinated Debentures due 2066 (collectively, Series A and Series B junior subordinated debentures). The September 2006 RCC is for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness (covered debt) of FPL Group Capital (other than the Series A and Series B junior subordinated debentures) or, in certain cases, of FPL Group. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the September 2006 RCC. The September 2006 RCC provides that FPL Group Capital may redeem, and FPL Group or FPL Group Capital may purchase, any Series A and Series B junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price does not exceed a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the September 2006 RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the Series A and Series B junior subordinated debentures at the time of redemption or purchase, which are sold within 180 days prior to the date of the redemption or repurchase of the Series A and Series B junior subordinated debentures.

In June 2007, FPL Group and FPL Group Capital executed a Replacement Capital Covenant (June 2007 RCC) in connection with FPL Group Capital's offering of \$400 million principal amount of its Series C Junior Subordinated Debentures due 2067 (Series C junior subordinated debentures). The June 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of FPL Group Capital (other than the Series C junior subordinated debentures) or, in certain cases, of FPL Group. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the June 2007 RCC. The June 2007 RCC provides that FPL Group Capital may redeem or purchase, or satisfy, discharge or defease (collectively, defease), and FPL Group and any majority-owned subsidiary of FPL Group or FPL Group Capital may purchase, any Series C junior subordinated debentures on or before June 15, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series C junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the June 2007 RCC.

In September 2007, FPL Group and FPL Group Capital executed a Replacement Capital Covenant (September 2007 RCC) in connection with FPL Group Capital's offering of \$250 million principal amount of its Series D Junior Subordinated Debentures due 2067 and \$350 million principal amount of Series E Junior Subordinated Debentures due 2067 (collectively, Series D and Series E junior subordinated debentures). The September 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of FPL Group Capital (other than the Series D and Series E junior subordinated debentures) or, in certain cases, of FPL Group. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the September 2007 RCC. The September 2007 RCC provides that FPL Group Capital may redeem, purchase, or defease, and FPL Group and any majority-owned subsidiary of FPL Group or FPL Group Capital may purchase, any Series D and Series E junior subordinated debentures on or before September 1, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series D and Series E junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the September 2007 RCC.



**FPL GROUP, INC. AND FLORIDA POWER & LIGHT COMPANY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In 2005, the FPSC approved a stipulation and settlement agreement regarding FPL's retail base rates (2005 rate agreement), signed by FPL and all of the interveners in its 2005 base rate proceeding. FPL expects the 2005 rate agreement to be in effect through December 31, 2009; thereafter, it shall remain in effect until terminated on the date new retail base rates become effective pursuant to an FPSC order.

The 2005 rate agreement provides that retail base rates will not increase during the term of the agreement except to allow recovery of the revenue requirements of any power plant approved pursuant to the Florida Power Plant Siting Act (Siting Act) that achieves commercial operation during the term of the 2005 rate agreement. Retail base rates increased approximately \$86 million in 2007 when a 1,144 mw natural gas-fired plant at FPL's Turkey Point site (Turkey Point Unit No. 5) was placed in service on May 1, 2007. As approved by the FPSC, FPL's retail base revenues will increase in 2009 when two natural gas-fired combined-cycle units (West County Energy Center Units Nos. 1 and 2), each with approximately 1,220 mw of net generating capacity, are placed in service, which is expected to occur by the third quarter of 2009 and fourth quarter of 2009. The 2005 rate agreement also has a revenue sharing mechanism, whereby revenues from retail base operations in excess of certain thresholds will be shared with customers on the basis of two-thirds refunded to customers and one-third retained by FPL. Revenues from retail base operations in excess of a second, higher threshold (cap) will be refunded 100% to customers. The revenue sharing threshold and cap are established by increasing the prior year's threshold and cap by the sum of the following: (i) the average annual growth rate in retail kilowatt-hour (kwh) sales for the ten-year period ending December 31 of the preceding year multiplied by the prior year's retail base rate revenue sharing threshold and cap and (ii) the amount of any incremental base rate increases for power plants approved pursuant to the Siting Act that achieve commercial operation during the term of the 2005 rate agreement. The revenue sharing threshold and cap for 2009 are estimated to be \$4,534 million and \$4,713 million, respectively.

Under the 2005 rate agreement, the accrual for the refund associated with the revenue sharing mechanism is required to be computed monthly for each twelve-month period of the rate agreement. At the beginning of each twelve-month period, planned revenues are reviewed to determine if it is probable that the thresholds will be exceeded. If so, an accrual is recorded each month for a portion of the anticipated refund based on the relative percentage of year-to-date planned revenues to the total estimated revenues for the twelve-month period, plus accrued interest. In addition, if in any month actual revenues are above or below planned revenues, the accrual is increased or decreased as necessary to recognize the effect of this variance on the expected refund amount. Under the 2005 rate agreement, the annual refund (including interest) is required to be paid to customers as a credit to their February electric bill. For the years ended December 31, 2008, 2007 and 2006, there were no refunds due to customers.

Under the terms of the 2005 rate agreement: (i) FPL's electric property depreciation rates are based upon the comprehensive depreciation studies it filed with the FPSC in March 2005; however, FPL may reduce depreciation by up to \$125 million annually, (ii) FPL has the ability to recover prudently incurred storm restoration costs, either through securitization provisions pursuant to the Florida Statutes or through surcharges, and (iii) FPL will be allowed to recover through a cost recovery clause prudently incurred incremental costs associated with complying with an FPSC or FERC order regarding a regional transmission organization.

FPL does not have an authorized regulatory return on common equity (ROE) under the 2005 rate agreement for the purpose of addressing earnings levels. For all other regulatory purposes, FPL has an ROE of 11.75%. Under the 2005 rate agreement, the revenue sharing mechanism described above is the appropriate and exclusive mechanism to address earnings levels. However, if FPL's regulatory ROE, as reported to the FPSC in FPL's monthly earnings surveillance report, falls below 10% during the term of the 2005 rate agreement, FPL may petition the FPSC to amend its base rates.

In November 2008, FPL notified the FPSC that it intends to initiate a base rate proceeding in March 2009. In the notification, FPL stated that it expects to request an \$800 million to \$950 million annual increase in base rates beginning on January 1, 2010 and an additional annual base rate increase beginning on January 1, 2011. These amounts exclude the effects of depreciation, which depend in part on the results of a detailed depreciation study that FPL is currently finalizing. Further, FPL expects to request that the FPSC continue to allow FPL to use the mechanism for recovery of the revenue requirements of any new power plant approved pursuant to the Siting Act that was established in FPL's 2005 rate agreement. Hearings on the base rate proceeding are expected during the third quarter of 2009 and a final decision is expected by the end of 2009. The final decision may approve rates that are different from those that FPL will request.

NextEra Energy Resources' revenue is recorded as electricity is delivered, which is when revenue is earned. NextEra Energy Resources' retail energy business records unbilled revenues for the estimated amount of energy delivered to customers but not yet billed. Unbilled revenues are included in customer receivables and amounted to approximately \$41 million and \$26 million at December 31, 2008 and 2007, respectively.



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2.9M JOBS LOST FROM JANUARY THROUGH MAY

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	JOBS LOST	UNEMPLOYMENT RATE
JANUARY	741K	7.6%
FEBRUARY	681K	8.1%
MARCH	652K	8.5%
APRIL	504K	8.9%
MAY	345K	9.4%

BUREAU OF LABOR STATISTICS

## JUNE JOBS REPORT:

ACT. -467,000 VS EST. -363,000

UNEMPLOYMENT  
**RATE 9.5%**

HEALTH CARE

PFIZER INC (PFE)

14.90

0.10

OIL 67.83

1.48

GOLD 933.80

7.50

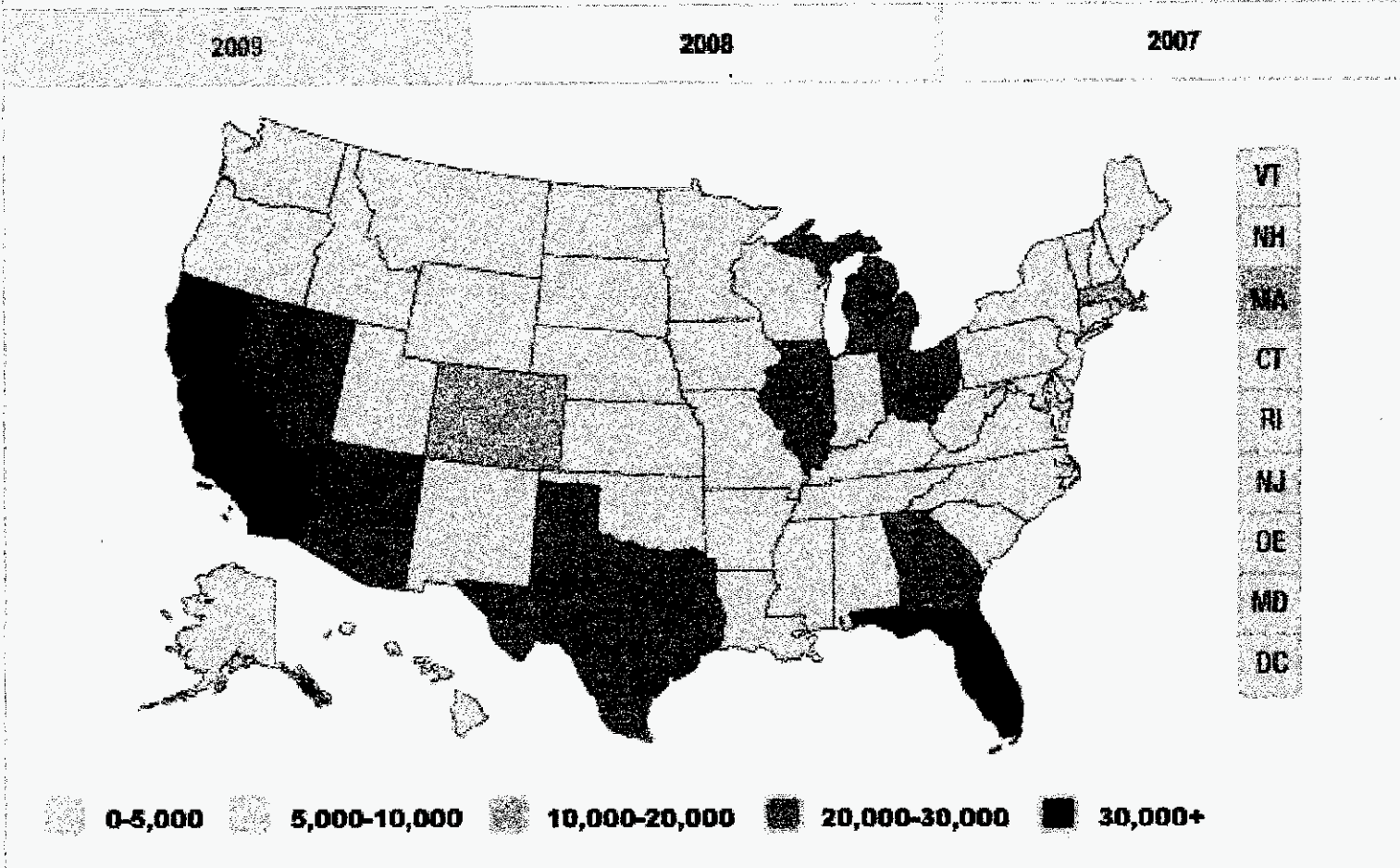
NASDAQ 1472.75

6.00



## U.S. foreclosures by state

There were more than 2.9 million home foreclosures in the U.S. in 2008. The maps below show the state-by-state numbers of foreclosures in 2007, 2008 and through the end of February 2009.



Source: RealtyTrac Inc.



07-03-2009

White House Foresees 10 Percent Une



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**White House Foresees 10 Percent Unemployment Before Year End**



7/2/2009 6:53 PM ET  
 (RTTNews) - With new labor department figures showing the unemployment rate creeping up to 9.5 percent, the White House said Thursday things are likely to get worse before it gets better.

Press Secretary Robert Gibbs said that although the President's economic stimulus and recovery package is working to slow the rate of job loss, unemployment was likely to hit 10 percent in the next few months.

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"In the next two to three months I think it's quite clear that we'll hit that number," Gibbs said. "You've got to create about 150,000 jobs a month simply to have the rate stay at the level that it was the previous month."

He added, "So, yes, I think we're definitely headed toward 10 percent."

Gibbs stressed the seriousness of the financial and economic crisis facing the country as he noted that it was likely to take time to recover.

"The recession we're in is statistically the worst since World War II," he said. "Adding in the financial situation, obviously this is the worst economic crisis that our country has dealt with since the Depression."

It has been almost 550 days since the last economic reports showed positive growth in the U.S. economy, Gibbs said.

And while the administration has pointed to signs of hope in the economy, such as Thursday's job loss figures falling well below the average of the previous quarter, Gibbs said it is likely to take a lot longer until employment, a lagging economic indicator, recovers fully.

"The President remains deeply concerned that we are losing jobs month to month," Gibbs said. "So I think there is a sense that the beginnings of stabilization are taking hold and hopefully the worst job loss is behind us."

Gibbs also deflected criticism that the \$787 economic stimulus and recovery act was not doing enough to improve the economy.

"We certainly never said, that a recovery plan in and of itself would solve our economic problems," he said. "I do think there's obviously evidence that the recovery plan is working. Last month personal incomes were up as a result of the recovery plan."

He added, "The stimulus plan is injecting money into the economy. The stimulus plan has obligated \$160 billion to deal with the dip in the amount of growth. The stimulus plan is creating 1,900 road and construction projects."

But President Barack Obama is still not satisfied, Gibbs said.

"The President sees this through the eyes of the American people. The American people are hurting," he said. "More and more people are losing

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### White House Foresees 10 Percent Une

their jobs, they're losing their health care, they're losing their hope and their opportunity. And that's what the President is focused on each and every day."

by RTT Staff Writer

For comments and feedback: contact [editorial@rttnews.com](mailto:editorial@rttnews.com)

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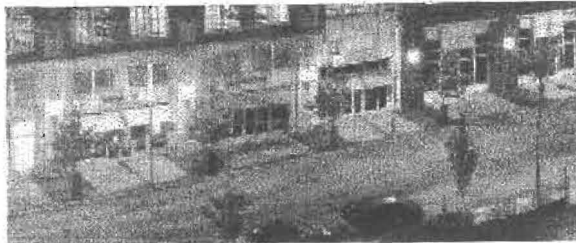
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# More cities tap stimulus package for LED streetlights

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Business Wire

As part of a pilot program, the city of Raleigh, N.C., last year replaced nine streetlamps in its downtown area with lights made by Beta LED.

By Judy Keen, USA TODAY

Cities across the USA are making their streetlights brighter and greener by switching to LEDs.

Light-emitting diodes produce light when exposed to an electrical charge. They cost more than traditional lights, but last longer because they don't have filaments and use less electricity.

Several cities, including Ann Arbor, Mich., and Anchorage, have installed LED streetlights, and dozens more are planning conversions. At least 30 cities have asked for more than \$104

million in federal stimulus funds to help them make the change.

Pittsburgh's City Council votes Wednesday on a bid deadline for test LEDs for its five-year, \$25 million plan to replace 40,000 streetlights.

Councilman William Peduto, a Democrat, says the city could cut its \$4 million annual tab for power and repairs. "Our goal is to become one of the leaders in a full transformation to LED technology," he says.

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San Jose will convert 100 lights this spring and is seeking \$20 million in stimulus money for up to 25,000 more. City Transportation director Jim Helmer hopes to change all 62,000 streetlights by 2022.

Besides cutting the \$4 million annual electric bill for streetlights, San Jose's LEDs will have transmitters and receivers so they can alert the city when maintenance is needed. They can be dimmed overnight, brightened when pedestrians are near and flash to guide first responders.

Solar panels could power them, Helmer says, so higher costs — about \$1,000 for an LED streetlight compared to \$250 for a traditional one — can be quickly offset and excess energy fed back into the power grid.

"City budgets are being squeezed ... and 50% energy savings is significant," says Christopher Ruud of Beta LED, a Racine, Wis., company that works with cities on LED projects.

Elsewhere:

- If Milwaukee gets \$14 million in stimulus funds it's seeking for the project, it will replace 6,700 of its 67,709 streetlights with LEDs, says Bob Bryson, chief street-lighting engineer.
- Missouri City, Texas, wants to convert 75% of its 31,000 streetlights to LEDs. Public Works director Scott Elmer says electricity for each would be about \$7.50 a month, compared with \$14.77 for incandescent lamps.
- Urbana, Ill., is testing LED streetlights. Public works director Bill Gray says their lifespan is about 14 years, compared with two years for current lights. "We need to be sold on the ... uniformity of the light," he says.
- Glendale, Ariz., isn't using LED streetlights, but it's the first U.S. city with an automatic system that monitors 19,270 streetlights and alerts the city when one is out. Transportation director Jamsheed Mehta says the result is "significant savings" in fuel and emissions.

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