

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

October 6, 2009

Docket No. 090172-EI – Petition to determine need for Florida EnergySecure Pipeline by Florida Power & Light Company.

Issue 1: Is FPL's forecast of future natural gas pipeline transmission capacity requirements reasonable for planning purposes?

Recommendation: Yes.

NO VOTE

Issue 2: Do existing transmission pipelines in Florida have sufficient excess capacity to fulfill the forecasted need for transmission capacity?

Recommendation: No. Although up to 214 MMcf/d of capacity may be available from the existing FGT system, incremental additions would still be required to supply the full forecasted need of 400 MMcf/d by 2014.

NO VOTE

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of majority commissioners

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

10299 OCT-6 8

FPSC-COMMISSION CLERK

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Issue 3: Is the proposed Florida EnergySecure Pipeline needed to improve or maintain natural gas delivery reliability and integrity within Florida?

Primary Recommendation: Yes. The proposed Florida EnergySecure Pipeline is necessary to improve natural gas delivery reliability and integrity to FPL's Cape Canaveral Energy Center and Riviera Beach Energy Center as well as long term natural gas delivery and integrity of FPL's future generation expansion plans.

Alternative Recommendation: No. The proposed Florida EnergySecure Pipeline is not needed to maintain natural gas delivery reliability and integrity within Florida. Further, the Florida EnergySecure Pipeline will not improve reliability and integrity within Florida.

NO VOTE

Issue 4: Does the planned construction and operation of the proposed Florida EnergySecure Pipeline meet industry and government standards for safety?

Recommendation: Yes. The construction and operation of the Florida EnergySecure Pipeline will meet industry and government standards for safety.

NO VOTE

Issue 5: Will the proposed Florida EnergySecure Pipeline improve the economics of natural gas transmission within Florida to assure the economic well-being of the public?

Primary Recommendation: Yes. FPL is Florida's largest electric utility as well as the state's largest natural gas consumer. FPL's ownership of a third pipeline into the state is likely to improve the economics of natural gas alternatives available to FPL in the future.

Alternative Recommendation: No. The Florida EnergySecure Pipeline, as designed, will not improve the economics of gas transmission within Florida to assure the economic well-being of the public.

NO VOTE

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Issue 6: Are the commencement and terminus of FPL's proposed facilities and laterals appropriate to serve the need identified in Issue 1?

Recommendation: Yes. The proposed commencement near FGT Station 16, in Bradford County, Florida, will allow for connection with "Company E's" proposed interstate pipeline which will originate at Transco 85, in Choctaw County, Alabama. The proposed terminus of the Florida EnergySecure Pipeline, near FPL's Martin Plant, will allow for FPL to use an existing lateral to deliver fuel to the company's Riviera Beach Energy Center. FPL is also proposing two new laterals, one which will facilitate natural gas delivery to FPL's Cape Canaveral Energy Center and one that will connect the Riviera Beach Energy Center with an existing FGT mainline.

NO VOTE

Issue 7: Are FPL's construction cost estimates reasonable for planning purposes?

Recommendation: Yes. FPL relied on a major pipeline engineering consultant to produce a preliminary scope and project cost estimate.

NO VOTE

Issue 8: Are FPL's economic assumptions reasonable for planning purposes?

Recommendation: No. The updated long-term financial assumptions used in FPL's economic analysis are not reasonable for planning purposes. However, the long-term financial assumptions included in the Company's original filing are reasonable.

NO VOTE

Issue 9: Are the fuel supply and transport costs used by FPL reasonable for planning purposes?

Recommendation: Yes.

NO VOTE

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Issue 10: Will the proposed Florida EnergySecure Pipeline, including its connection with the upstream pipeline, provide the most cost-effective and reliable source of natural gas supply, transport, and delivery?

Primary Recommendation: Yes. FPL's economic life-cycle analysis shows that the Florida EnergySecure Pipeline is the most cost-effective alternative, under a variety of assumptions, to meet the future natural-gas transmission needs of its customers.

Alternative Recommendation: FPL has not shown by a preponderance of the evidence that the proposed Florida EnergySecure Pipeline is the most cost-effective and reliable source of natural gas supply, transport, and delivery. Accordingly, as a prudent course of action, staff recommends that FPL be required to rebid the project consistent with the discussion in staff's memorandum dated September 24, 2009.

Primary Recommendation: **DENIED**

Alternative Recommendation: **APPROVED**

Issue 11: Is it appropriate for FPL to recover the costs associated with its proposed Florida EnergySecure Pipeline through its electric utility rate base?

Primary Recommendation: No. The costs associated with the proposed Florida EnergySecure Pipeline should not be included in FPL's rate base.

Alternative Recommendation: Yes. As addressed in Issue 14, the primary purpose of the Florida EnergySecure Pipeline is to provide natural gas to FPL's electric generation plant. As such, it is appropriate for FPL to recover the costs associated with the project as part of its electric rates pursuant to the Commission's ratemaking jurisdiction under Chapter 366, F.S. FPL should be required to develop and maintain the appropriate books, records, and sub-accounts to be able to determine and calculate the fully allocated cost of the Florida EnergySecure Pipeline. The methodology for determining fully allocated costs should be reviewed by the Commission as part of any docket requesting cost recovery for the Florida EnergySecure Pipeline.

NO VOTE

Issue 12: Should FPL be required to file a post-construction report that details the final cost of the Florida EnergySecure Pipeline within 90 days of completion?

Recommendation: This issue was stipulated at the Prehearing.

NO VOTE

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Issue 13: Should a separate entity be established to own and operate the pipeline?

Primary Recommendation: Yes. Consistent with prior Commission practice, FPL should establish a separate entity to own and operate the Florida EnergySecure Pipeline.

Alternative Recommendation: No. A separate entity is not needed to protect ratepayers. As discussed in Issue 11, however, FPL should be required to establish and maintain the books, records, and sub-accounts necessary for the Commission to determine the fully allocated cost of the Florida EnergySecure Pipeline used to make third-party transportation sales.

NO VOTE

Issue 14: If FPL owns and operates the Florida EnergySecure Pipeline as proposed, will it be subject to the Commission's jurisdiction as an intrastate pipeline company, pursuant to Chapter 368, F.S.?

Primary Recommendation: Yes. FPL has indicated that it intends to provide excess capacity on its proposed Florida EnergySecure Pipeline to third parties for compensation. Because it intends to provide excess capacity for compensation, the plain language of Section 368.103, F.S., indicates that FPL will be a natural gas transmission pipeline company subject to Commission regulation under Part II of Chapter 368, F.S.

Alternative Recommendation: No. The primary purpose of the Florida EnergySecure Pipeline is to provide natural gas to FPL's electric generation plant. As such, it is appropriate for FPL to recover the costs associated with the project as part of its electric rates pursuant to the Commission's ratemaking jurisdiction under Chapter 366, F.S. Whether FPL should establish a separate Commission regulated subsidiary to own and operate the Florida EnergySecure Pipeline is addressed in Issue 13.

NO VOTE

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Issue 15: If FPL owns and operates the Florida EnergySecure Pipeline as proposed, will it “provide transmission access, subject to available capacity, on a basis that is not unreasonably preferential, prejudicial, or unduly discriminatory,” as Section 368.105(6) requires?

Primary Recommendation: Yes. FPL has indicated that when it provides transmission capacity for compensation to third parties, it will file tariffs with the Commission, post its available capacity on an open access bulletin board, and sell the capacity at rates that: “would be regulated by the Commission, pursuant to Section 368.105(2), F.S. which requires the Commission ‘to ensure that all rates and services made, demanded, or received by any natural gas transmission company are just and reasonable and are not unreasonable preferential, prejudicial, or unduly discriminatory.’” The Commission will have jurisdiction to ensure compliance with this provision.

Alternative Recommendation: Yes. The Florida EnergySecure Pipeline will primarily be used to supply natural gas to FPL’s electric generating plant. To the extent that FPL derives revenues from the release or short term sale of gas transportation, such sales will be made pursuant to established FERC regulated non-discriminatory markets and the revenues derived from such sales will be credited to FPL’s ratepayers in the Fuel and Purchased Power Cost Recovery Clause.

NO VOTE

Issue 16: Based on the resolution of the previous issues, should FPL’s petition for determination of need for the Florida EnergySecure Pipeline, a natural gas transmission pipeline as defined in Section 403.9403(16), F.S., be approved?

Primary Recommendation: Yes.

Alternative Recommendation: No.

NO VOTE

Issue 17: Should this docket be closed?

Recommendation: Yes. Whatever decisions the Commission makes on the substantive issues and alternatives presented in this recommendation, this docket should be closed upon the expiration of the time for appeal.

APPROVED