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December 4, 2009

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-VIA HAND DELIVERY -

Ms. Ann Cole, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Petition by Florida Power & Light Company to Include Costs Associated with the Extended Power Uprate Project in Base Rates

Dear Ms. Cole:

I am enclosing for filing an original and seven (7) copies of Florida Power & Light Company's Petition to Include Costs Associated with the Extended Power Uprate Project in Base Rates along with a CD containing the electronic version of same. The operating system is Windows XP, and the word processing software in which the documents appear is Word 2007.

If there are any questions regarding this transmittal, please contact me at 561-304-5253.

Sincerely,

Bryan S. Anderson
Bryan S. Anderson
Fla. Authorized House Counsel No. 219511

Enclosure

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Petition by Florida Power & Light)
Company to Include Costs Associated)
with the Extended Power Uprate)
Project in Base Rates)

Docket No. _____

Filed: December 4, 2009

**FLORIDA POWER & LIGHT COMPANY'S PETITION
TO INCLUDE COSTS ASSOCIATED WITH THE
EXTENDED POWER UPRATE PROJECT IN BASE RATES**

Florida Power & Light Company ("FPL"), pursuant to Section 366.93, Florida Statutes, Rule 25-6.0423(7), Florida Administrative Code, and Rule 28-106.201, Florida Administrative Code, hereby petitions the Florida Public Service Commission (the "Commission") to include the costs associated with the modifications of the turbine gantry crane at St. Lucie Unit 2 ("PSL2") in base rates. The modifications to the PSL2 turbine gantry crane are necessary in order to complete the Extended Power Uprate ("EPU" or "Uprate") project, and will be transferred to plant in service on approximately December 15, 2009. Attachment A to this petition shows the calculation of the associated revenue requirements for the PSL2 turbine gantry crane, as well as the adjustments associated with certain assets being retired. FPL requests that the revenue requirements associated with this in-service item be added to the approved revenue requirement amount in the pending base rate proceeding, Docket No. 080677-EI. In support of this Request, FPL states as follows:

INTRODUCTION

1. FPL is a corporation with headquarters at 700 Universe Boulevard, Juno Beach, Florida 33408. FPL is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes. FPL is a wholly-owned subsidiary of FPL Group, Inc., a registered holding company under the federal Public Utility

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Holding Company Act and related regulations. FPL provides generation, transmission, and distribution service to approximately 4.5 million retail customers.

2. Any pleading, motion, notice, order or other document required to be served upon FPL or filed by any party to this proceeding should be served upon the following individuals:

R. Wade Litchfield, Vice President of
Regulatory Affairs and Chief Regulatory Counsel
Wade.Litchfield@fpl.com
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561-691-7101
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Managing Attorney
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3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Blvd, Tallahassee, FL 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f) and (g) of subsection (2) of such rule are not applicable to this Petition. In compliance with subparagraph (d), FPL states that it is not known which, if any, of the issues of material fact set forth in the body of this Petition, or the supporting materials filed herewith, may be disputed by others planning to participate in this proceeding.

4. By Order No. PSC-08-0021-FOF-EI, issued January 7, 2008, the Commission made an affirmative determination of need for FPL's Uprate project. The Uprate project will be accomplished at FPL's four nuclear units located at two nuclear generating plant sites in Florida: Turkey Point Units 3 and 4, and St. Lucie Units 1 and 2. These units together have operated cleanly, safely, and reliably for more than a combined 125 years. The Uprates are going into commercial service at various points in time, with the majority of the costs anticipated to go into

plant in service when the modifications are completed in 2011 and 2012. There will also be interim in-service items, such as the modification to the PSL2 turbine gantry crane, which is the subject of this Petition.

5. The project qualifies for cost recovery pursuant to the Nuclear Power Plant Cost Recovery (“NPPCR”) process set forth in Section 366.93, F.S., and Rule 25-6.0423, F.A.C. (the “Rule”). In last year’s NPPCR proceeding, the Commission approved FPL’s then-projected 2009 construction costs as reasonable and allowed for the collection of carrying charges on those construction costs. (Docket No. 080009-EI, Order No. PSC-08-0749-FOF-EI, issued November 12, 2008.) This year in Docket No. 090009-EI, FPL petitioned this Commission for a prudence determination on its 2008 actual construction costs, a reasonableness determination on its 2009 actual/estimated construction costs, a reasonableness determination on its 2009 base rate revenue requirements, a reasonableness determination on its 2010 projected construction costs, a reasonableness determination of its 2010 base rate revenue requirements, and for recovery of its carrying charges on construction costs, recoverable O&M, and base rate revenue requirements. In support of those requests, FPL filed testimony and exhibits including appropriate Nuclear Filing Requirement (“NFR”) schedules.

6. In Docket 090009-EI, the Commission considered, among other things, the reasonableness of FPL’s actual/estimated 2009 PSL2 turbine gantry crane costs for the Uprate Project. On October 16, 2009, the Commission determined that FPL’s 2009 EPU costs, including the PSL2 turbine gantry crane costs, were reasonable. FPL’s 2009 PSL2 turbine gantry crane costs will be subject to a prudence review and determination in the 2010 NPPCR docket.

REQUIREMENT TO FILE FOR BASE RATE INCREASE

7. Section 366.93(4), F.S., establishes that when a nuclear power plant is placed in commercial service, “the utility shall be allowed to increase its base rate charges by the projected annual revenue requirements of the nuclear...power plant[.]” Rule 25-6.0423(7), F.A.C., requires the filing of a petition to seek such a base rate increase. Specifically, its states in relevant part as follows:

(7) Commercial Service. As operating units or systems associated with the power plant and the power plant itself are placed into commercial service:

(a) The utility shall file a petition for Commission approval of the base rate increase pursuant to Section 366.93(4), F.S., separate from any cost recovery clause petitions, that includes any and all costs reflected in such increase, whether or not those costs have been previously reviewed by the Commission[.]

The PSL2 turbine gantry crane is expected to go into service on about December 15, 2009. Accordingly, FPL is filing this Petition pursuant to the requirements set forth in Section 366.93(4), F.S. and Rule 25-6.0423(7), F.A.C. The revenue requirements associated with the PSL2 turbine gantry crane in-service amount equal less then \$0.01 (one cent) on a typical 1,000 kWh monthly bill. FPL seeks to include the revenue requirements associated with the PSL2 turbine gantry crane with the approved revenue requirement amount in the pending base rate proceeding, Docket No. 080677-EI.

CALCULATION AND ALLOCATION OF REVENUE REQUIREMENTS

8. The total amount being transferred to plant in service for the PSL2 turbine gantry crane is estimated to be \$2,455,535 (Total Company Net of Participants). The jurisdictional revenue requirements associated with this amount equal \$371,148. The calculation of these revenue requirements is reflected in Attachment A to this Petition. Consistent with Rule 25-6.0423(7)d, F.A.C., the revenue requirements were calculated using the rate of return reported in

FPL's most recent Earnings Surveillance Report. For the amortization of the net book value of existing plant being retired due to the PSL2 turbine gantry crane modifications, FPL used its current depreciation rates.

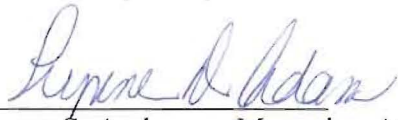

9. FPL should be allowed to include the PSL2 turbine gantry crane revenue requirements in base rates on the effective date for new base rates established in Docket No. 080677-EI. Further, FPL requests that these revenue requirements be allocated to retail rate classes and included in individual rates consistent with decisions made on cost of service, billing determinants, and rate design in Docket No. 080677-EI.

10. Under the ordinary operation of Rule 25-6.0423(7), FPL could seek implementation of a change in rates reflecting the placement in service of the plant components discussed in this Petition as of the beginning of 2010. However, for purposes of administrative efficiency, FPL requests the same effective date for recovery of the PSL2 turbine gantry crane revenue requirements as for its requested base rate increase in Docket No. 080677-EI. FPL plans to file one complete set of tariff sheets which include the increase requested herein and the new rates approved in Docket No. 080677-EI. These rates and tariff sheets will be filed for approval in compliance with final decisions related to cost of service, billing determinants, and rate design made in Docket No. 080677-EI.

CONCLUSION

11. WHEREFORE, consistent with Section 366.93(4), F.S. and Rule 25-6.0423(7), F.A.C., Florida Power & Light Company respectfully requests that the Commission enter an order approving the revenue requirements requested herein and approve of their inclusion in base rates effective on the same date new rates established by the Commission's decision in Docket No. 080677-EI become effective.

Respectfully submitted this 4th day of December, 2009,

By: 


Bryan S. Anderson, Managing Attorney
Fla. Auth. House Counsel No. 219511
Jessica A. Cano, Attorney
Fla. Bar No. 0037372
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Attachment A

Florida Power & Light Company
St. Lucie Unit 2 Turbine Gantry Crane Modifications
Base Rate Revenue Requirements
2010

Line No.		Generation		
		System	Separation Factor	Retail Jurisdictional
1	In-Service Date	12/15/2009		
2				
3	<u>Annualized Rate Base - 13 Month Average</u>			
4	Electric Plant In Service (Net of Joint Owners)	2,455,535	0.99648888	2,446,914
5	Accumulated Reserve for Depreciation	(23,328)	0.99648888	(23,246)
6	Fuel Inventory			
7	Working Capital - Income Taxes Payable			
8	Total Annualized Rate Base	<u>2,432,208</u>		<u>2,423,668</u>
9	Rate Base Exclusion (c)	(7,840)	0.988182	(7,747)
10	Net Annualized Rate Base	<u>2,424,368</u>		<u>2,415,921</u>
11				
12	<u>Annualized NOI</u>			
13	O&M			
14	Depreciation Expense	46,655	0.99648888	46,491
15	Depreciation Exclusion (c)	(154)	0.988182	(152)
16	Net Depreciation Expense	<u>46,501</u>		<u>46,339</u>
17	Property Taxes	46,497	0.99648888	46,334
18	Property Tax Exclusion (c)	(146)	0.988182	(144)
19	Net Property Tax Expense	<u>46,351</u>		<u>46,190</u>
20				
21	Payroll Taxes & Benefits			
22	Income Taxes			
23	Direct Current & Deferred	(35,818)		(35,693)
24	Imputed Interest	(16,411)		(16,354)
25	Total Annualized NOI (Line 16 + Line 19 + Line 23 + Line 24)	<u>(40,624)</u>		<u>(40,482)</u>
26				
27				
28	<u>Calculation of Revenue Requirement</u>			
29	Fully Adjusted Cost of Capital (a)	7.30%		7.30%
30	NOI Requirement (Line 10 * Line 29)	177,052		176,435
31	NOI Deficiency (Line 30 Less Line 25)	217,675		216,917
32	Net Operating Income Multiplier	1.63300		1.63300
33				
34	Revenue Requirement (Line 31 * Line 32)	<u>355,464</u>		<u>354,225</u>
35				
36	Annual Amort of Retired BV	40,485	0.99648888	40,343
37	Annual Deprec. Credit	(23,502)	0.99648888	(23,419)
38				
39	Net Revenue Requirement (Line 34 + Line 36 + Line 37)	<u>372,446</u>		<u>371,148</u>
40				
41	<u>Calculation of Taxes on Imputed Interest</u>			
42	Weighted Cost of Debt Capital (a):			
43	Long Term Debt Fixed Rate	1.52%		1.52%
44	Long Term Debt Variable Rate	0.00%		0.00%
45	Short Term Debt	0.03%		0.03%
46	Customer Deposits	0.20%		0.20%
47	JDIC	0.002%		0.002%
48		<u>1.75%</u>		<u>1.75%</u>
49				
50	Imputed Interest (Line 10 * Line 48)	42,543		42,395
51	Income Taxes on Imputed Interest at 38.575%	(16,411)		(16,354)

Notes.

- (a) Rate of return on capital investments is from FPL September 2009 Surveillance Report per Rule 25-6.0423 Section 7(d).
- (b) All costs net of participants (Orlando Utilities Commission of 6.0895% and Florida Municipal Power Agency of 8.806%).
- (c) To exclude from Rate Base, Depreciation and Property Tax Expense amounts included in base rates. Exclusions are at the jurisdictional separation factor of .988182 which is the rate at which they were included in FPL's base rate filing in Docket No. 080677-EI.
- (d) Federal Income Tax rate of 35% & State Income Tax rate of 5.5%.
- (e) Property Tax Rate is the projected 2010 rate received from FPL's property tax department for St. Lucie County.
- (f) Per Rule 25-6.0423 7(e), retirements associated with the Gantry Crane Modifications are to be recovered over 5 yrs.
- (g) Electric Plant In-Service Amount Net of Joint Owners is the same as the above noted 13 month average Electric Plant In-Service Amount Net of Joint Owners
- (h) May not foot due to rounding.

**FPSC SURVEILLANCE REPORT RATE OF RETURN
September 2009**

September 2009 Surveillance Report

JURIS ADJ UTILITY	AMOUNT	RATIO	COST RATE	WTD COC	PRE TAX COC
LONG TERM DEBT	4,436,415,920	28.84%	5.27%	1.52%	1.52%
PREFERRED STOCK	0	0.00%	0.000%	0.00%	0.00%
COMMON EQUITY	7,254,684,089	47.17%	11.75%	5.54%	9.02%
SHORT TERM DEBT	416,761,971	2.71%	1.28%	0.03%	0.03%
CUSTOMER DEPOSITS	523,414,262	3.40%	5.83%	0.20%	0.20%
INVESTMENT TAX CREDITS	12,406,925	0.08%	9.29%	0.01%	0.01%
DEFERRED INCOME TAX	2,736,636,332	17.79%	0.000%	0.00%	0.00%
WEIGHTED COST OF CAPITAL	15,380,319,499	100.00%		7.30%	10.79%

ITC WEIGHTED COC (JDIC)	AMOUNT	RATIO	COST RATE	WTD COC
LONG TERM DEBT	4,436,415,920	37.95%	5.27%	2.00%
PREFERRED STOCK	0	0.00%	0.00%	0.00%
COMMON EQUITY	7,254,684,089	62.05%	11.75%	7.29%
TOTAL	11,691,100,009	100.00%		9.29%

NON EQUITY COST RATE	1.76%
WEIGHTED DEBT COST	1.75%
PRE TAX COST OF CAPITAL	10.79%
Debt Portion of JDIC	0.002%

NOTES:

(1) INVESTMENT TAX CREDITS COST RATES ARE BASED ON THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY.

(2) MAY NOT FOOT DUE TO ROUNDING.

Florida Power & Light Company
 EPU Asset Retirements in 2009 (System)
 Summary Schedule

Asset Type	Original Cost	Accumulated Reserve	Net Book Value
323	1,236,948	1,034,524	202,424
Annual Amortization of Retired BV over 5 yrs.			40,485

Asset Type	Original Cost	Depreciation Rate	2010 Annual Depreciation
323	1,236,948	1.90%	23,502

Note: May not foot due to rounding.