

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: February 26, 2010
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Marshall W. Willis, Assistant Director, Division of Economic Regulation
RE: West County Energy Center Unit 3 and Modernizations of Cape Canaveral and Riviera Cost Update - Docket Nos. 080203-EI, 080245-EI and 080246-EI.

Please add the attached report from Florida Power & Light with respect to the budgeted and actual costs compared to the estimated total in-service cost of the West County Energy Center Unit 3, and modernization of FPL's Cape Canaveral and Riviera Units to the above docket files. Thank you.

MWW:kb

Cc: Bob Trapp
Tom Ballinger
John Slemkewicz

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CLERK

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FPSC-COMMISSION CLERK



February 25, 2010

Mr. Marshall Willis, Acting Director
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

FLORIDA PUBLIC SERVICE
10 FEB 25 PM 5:00
ECONOMIC REGULATION

Re: West County Energy Center Unit 3 and Modernizations of Cape Canaveral and Riviera Cost Update – Dockets 080203-EI, 080245-EI and 080246-EI

Dear Mr. Willis,

Please accept our apology for the delay in furnishing Florida Power & Light Company's (FPL's) report with respect to the budgeted and actual costs compared to the estimated total in-service cost of the West County Energy Center Unit 3 (WCEC 3), and modernization of FPL's Cape Canaveral and Riviera units.

1) WCEC 3:

As shown below, based on actual-to-date costs and forecasted remaining costs to complete the project, FPL is not projecting any change in the estimated total capital costs for WCEC 3.

Cost Category	WCEC 3 Estimate Approved in Need Determination (2011 \$MM)	WCEC 3 Actual-to-Date Cost and Forecast Cost-to-Complete as of December 2009 (2011 \$MM)
Power Block	735.8	745.7
Land	0.0	0.0
Transmission, Interconnection and Integration	41.6	42.6
AFUDC*	87.3	76.4*
Total Plant Cost	864.7	864.7

*AFUDC rates for WCEC 3 are based on FPSC approved rates effective in 2009 and revised project cash flows.

2) Modernizations of Cape Canaveral and Riviera Units:

For ease of reference, the costs upon which the Need Determinations for the Cape Canaveral and Riviera units were based are set forth below.

Cost Category	Cape Canaveral Estimate Approved in Need Determination (2013 \$MM)	Riviera Estimate Approved in Need Determination (2014 \$MM)
Power Block	963	997
Land	0	0
Transmission, Interconnection and Integration	33	132
AFUDC	119	147
Total Plant Cost	1,115	1,276

There have been movements in both the labor and materials markets since the Determinations of Need were issued that generally would suggest a lower estimated capital cost for the projects. In addition the projects are still in the development process. For these reasons, FPL has not revised its original cost estimates. Note, however, that FPL has signed a contract with Siemens that would allow FPL to use the "H" technology in connection with the projects. FPL's evaluation of Combustion Turbine ("CT") technologies indicates that, despite a higher capital investment, the "H" technology could be expected to produce customer savings relative to the use of the "G" technology, driven by the difference in heat rates between the two technologies. For planning purposes therefore, the "H" technology is being assumed at this time for the projects, pending an updated cost analysis. FPL will report the projected comparative cost advantage of any final CT design selection change for the Cape Canaveral and Riviera projects.

Please contact me if you have any questions.

Sincerely,



Amy S. Albury
Director, Regulatory Issues Management