

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

DOCKET NO. 110001-EI
ORDER NO. PSC-11-0581-PCO-EI
ISSUED: December 19, 2011

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER GRANTING FLORIDA POWER & LIGHT COMPANY'S
PETITION FOR MID-COURSE CORRECTION

BY THE COMMISSION:

On November 21, 2011, Florida Power & Light Company (FPL) filed a Petition for Mid-Course Correction to its 2012 Fuel Adjustment Factors (Petition). FPL seeks to reduce its 2012 fuel and purchased power cost recovery factors (fuel factors) that will be implemented in the first billing cycle in 2012. FPL's requested reduction is due to a decrease in projected 2012 natural gas prices.

Mid-course corrections are part of the fuel and purchased power cost recovery clause (fuel clause) proceeding, and we use such corrections between fuel hearings whenever costs deviate from revenues by a significant margin. Petitions for mid-course corrections to fuel factors are addressed by Rule 25-6.0424, Florida Administrative Code (F.A.C.). Under this rule, utilities must notify us whenever it expects to experience an under-recovery or over-recovery greater than 10 percent. FPL states that the projected 2012 year end over-recovery results in an 11.4 mid-course percent.¹

We will review the mid-course correction as a part of the November 2012 fuel hearings. Mid-course corrections are considered preliminary procedural decisions. Any over-recoveries or under-recoveries caused by or resulting from the new fuel factors adopted by the mid-course correction may be included in the following year's fuel factors.

Our jurisdiction to consider fuel clause proceedings derives from our authority to set fair and reasonable rates, found in Section 366.05, Florida Statutes.

¹ Based on Rule 25-6.0424, F.A.C., the mid-course percent is the estimated End-of-Period Total Net True-up divided by the current period's total actual and estimated Jurisdictional Fuel Revenue Applicable to Period.

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FPSC-COMMISSION CLERK

We originally set FPL's currently authorized 2012 fuel factors at the November 1, 2011 fuel hearing. The factors are based on projected fuel costs for 2012 plus true-up amounts for 2010 and 2011.

For the purpose of the November hearing, FPL based its original 2012 fuel cost projections on NYMEX futures contract prices for each month of 2012 (the forward curve) to project natural gas commodity prices for 2012. Forward curve prices represent the price of gas for delivery in a particular month in the future. Futures contracts are actively traded and the prices can change hour-by-hour throughout a trading day. These projections used a forward curve as of August 1, 2011. In its petition, FPL notes that projected gas prices have declined since that time and for the mid-course calculations, FPL used a forward curve of gas prices as of November 14, 2011. The decrease in 2012 gas prices from the original projections to the mid-course projections ranges from 18 to 22 percent.

In addition to using a later forecast, FPL updated its 2011 true-up amount by incorporating three additional months of actual data through October 2011. Originally, this true-up was an under-recovery of \$109,641,629. The mid-course filing shows an under-recovery of \$6,301,912. The reduction in the under-recovery is due to changes in revenues, gas usage, heavy oil usage, and lower natural gas prices.

For 2012, FPL projects its generation mix will be approximately 75 percent natural gas. Therefore, a decrease in the projected cost of gas for FPL can significantly decrease its fuel factors.

FPL's current 1,000 kWh residential bill is \$96.54 with a fuel component of \$38.00. With the original 2012 fuel factors the residential bill would have been \$99.26 with a fuel component of \$37.96. With the fuel factors from this mid-course correction, the residential bill will be \$94.62 with a fuel component of \$33.43.

Based on the foregoing, we approve FPL's mid-course petition and the fuel factors contained therein. The new factors are set forth in Attachment A. FPL requested that the revised fuel factors become effective with the first billing cycle in January 2012. FPL noted that cycle day 1 for the month of January 2012 falls on January 3, 2012. FPL stated that it will notify its customers of the proposed midcourse correction through a bill insert in December bills. Accordingly, the revised fuel factors shall be effective with the first billing cycle in January 2012.

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's Petition for Mid-Course Correction is granted. The new factors are set forth in Attachment A and shall be effective with the first billing cycle in January 2012. It is further

ORDERED that Fuel and Purchased Power Cost Recovery Clause is an on-going docket and shall remain open.

By ORDER of the Florida Public Service Commission this 19th day of December, 2011.



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Commission Clerk
Florida Public Service Commission
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LCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Attachment A

2012 Fuel Factors,
Revised on November 21, 2011

FPL - Fuel Recovery Factors – By Rate Group (Adjusted for Line / Transformation Losses) For the Period January 2012 – December 2012 Revised on November 21, 2011				
GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1 first 1,000kWh	3.679	1.00233	3.343
	RS-1 all additional kWh	3.679	1.00233	4.343
A	GS-1, SL-2, GSCU-1, WIES-1	3.679	1.00233	3.688
A-1*	SL-1, OL-1, PL-1	3.720	1.00233	3.729
B	GSD-1	3.679	1.00225	3.687
C	GSLD-1 & CS-1	3.679	1.00107	3.683
D	GSLD-2, CS-2, OS-2, MET	3.679	0.98972	3.641
E	GSLD-3, CS-3	3.679	0.95828	3.526
* Weighted Average 16 % on-Peak and 84 % off-Peak				

FPL - Seasonally Differentiated Time of Use Fuel Recovery Factors – By Rate Group (Adjusted for Line / Transformation Losses) For the Period January 2012 - March 2012 and November 2012 - December 2012 Revised on November 21, 2011				
GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RST-1, GST-1 On-Peak	4.518	1.00233	4.529
	RST-1, GST-1 Off-Peak	3.370	1.00233	3.378
B	GSDT-1, CILC-1 (G) On-Peak	4.518	1.00224	4.528
	HLFT-1 (21-499 kW) Off-Peak	3.370	1.00224	3.378
C	GSLDT-1, CST-1 On-Peak	4.518	1.00110	4.523
	HLFT-2 (500-1,999 kW) Off-Peak	3.370	1.00110	3.374
D	GSLDT-2, CST-2 On-Peak	4.518	0.99111	4.478
	HLFT-3 (2,000+ kW) Off-Peak	3.370	0.99111	3.340
E	GSLDT-3, CST-3 On-Peak	4.518	0.95828	4.330
	CILC-1(T), ISST-1(T) Off-Peak	3.370	0.95828	3.229
F	CILC-1(D), ISST-1(D) On-Peak	4.518	0.98992	4.472
	Off-Peak	3.370	0.98992	3.336

FPL - Seasonally Differentiated Time of Use Fuel Recovery Factors – By Rate Group (Adjusted for Line / Transformation Losses) For the Period April 2012 – October 2012 Revised on November 21, 2011				
GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RST-1, GST-1 On-Peak	5.816	1.00233	5.830
	RST-1, GST-1 Off-Peak	2.597	1.00233	2.603
B	GSDT-1, CILC-1(G) On-Peak	5.816	1.00224	5.829
	HLFT-1 (21-499 kW) Off-Peak	2.597	1.00224	2.603
C	GSLDT-1, CST-1 On-Peak	5.816	1.00110	5.822
	HLFT-2 (500-1,999 kW) Off-Peak	2.597	1.00110	2.600
D	GSLDT-2, CST-2 On-Peak	5.816	0.99111	5.764
	HLFT-3 (2,000+ kW) Off-Peak	2.597	0.99111	2.574
E	GSLDT-3, CST-3 On-Peak	5.816	0.95828	5.573
	CILC-1(T), ISST-1(T) Off-Peak	2.597	0.95828	2.489
F	CILC-1(D), ISST-1(D) On-Peak	5.816	0.98992	5.757
	Off-Peak	2.597	0.98992	2.571

FPL - Determination of Seasonal Demand Time of Use Rider (SDTR) Fuel Recovery Factors

On-Peak: June 2012 through September 2012

Weekdays 3:00 pm to 6:00 pm

Off-Peak: All Other Hours

Revised on November 21, 2011

GROUP	OTHERWISE APPLICABLE RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	SDTR FUEL RECOVERY FACTOR
B	GSD(T)-1 On-Peak	6.758	1.00225	6.773
	Off-Peak	3.123	1.00225	3.130
C	GSLD(T)-1 On-Peak	6.758	1.00114	6.766
	Off-Peak	3.123	1.00114	3.127
D	GSLD(T)-2 On-Peak	6.758	0.99154	6.701
	Off-Peak	3.123	0.99154	3.097