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September 30, 2014

-VIA HAND DELIVERY -

Ms. Carlotta S. Stauffer
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center, Room 110
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

REDACTED

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**Re: Florida Power & Light Company's Request for Confidential Classification of Certain Material Provided in Connection with its Petition for Prudence Determination Regarding Acquisition of Gas Reserves
Docket No. 140001-EI**

Dear Ms. Stauffer:

Enclosed for filing in the above referenced matter, please find the original and seven (7) copies of Florida Power & Light Company's ("FPL's") Request for Confidential Classification of Certain Information Contained in the Testimony and Exhibits of Daniel J. Lawton on behalf of The Office of Public Counsel. The original includes Exhibits A, B (two copies), C, and D. The seven copies do not include copies of the Exhibits.

Exhibit A consists of the confidential documents, and all the information that FPL asserts is entitled to confidential treatment has been highlighted. Exhibit B is an edited version of Exhibit A, in which the information FPL asserts is confidential has been redacted. Exhibit C is a justification table in support of FPL's Request for Confidential Classification. Exhibit D contains two affidavits in support of FPL's Request for Confidential Classification. Also included in this filing is a compact disc containing FPL's Request for Confidential Classification and Exhibit C, in Microsoft Word format.

In accordance with Rule 25-22.006(3)(d) and 25-22.006(3)(e), FPL requests confidential treatment of the information in Exhibit A pending disposition of FPL's request for Confidential Classification.

Please contact me if you have any questions regarding this filing

Sincerely,

Scott A. Goorland

COM _____
AFD 2+ *redacted*
APA 1
ECO 1
ENG 1
GCL 1
IDM 1
TEL _____
CLK _____
Ex B+ CD

Enclosure

cc: Parties of Record (without exhibits)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchase Power Cost
Recovery Clause with Generating Performance
Incentive Factor

Docket No: 140001-EI
Filed: September 30, 2014

**FLORIDA POWER AND LIGHT COMPANY'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION OF
CERTAIN INFORMATION CONTAINED IN THE TESTIMONY
AND EXHIBITS OF DANIEL J. LAWTON ON BEHALF OF
THE OFFICE OF PUBLIC COUNSEL**

Pursuant to Section 366.093, Florida Statutes (2013), and Rule 25-22.006, Florida Administrative Code (2013), Florida Power & Light Company ("FPL") requests confidential classification of certain information (the "Confidential Information") contained in the testimony and exhibits of Daniel J. Lawton ("Lawton") on behalf of The Office of Public Counsel ("OPC"). In support of its Request, FPL states as follows:

1. On September 22, 2014, FPL filed a Notice of Intent to Request Confidential Classification to the testimony and exhibits of OPC witness Daniel J. Lawton. Pursuant to Rule 25-22.006(3)(a)1, F.A.C., FPL is required to file a Request for Confidential Classification for the confidential information within 21 days. Accordingly, FPL is filing this Request for Confidential Classification to maintain continued confidential handling of the information contained in Lawton's testimony and exhibits.

2. The following exhibits are included with and made a part of this request:

a. Exhibit A is a copy of Lawton's Testimony and Exhibits in which all of the Confidential Information has been highlighted.

b. Exhibit B consists of two copies of Lawton's Testimony and Exhibits in which all the Confidential Information has been redacted (where entire pages are confidential, FPL includes only identifying cover pages in Exhibit B).

c. Exhibit C is a table that identifies the specific line and page references to the Confidential Information for which FPL seeks confidential treatment. The table also references the specific statutory basis for confidentiality and the affiant who supports the requested classification.

d. Exhibit D contains the affidavits of Melissa Linton and Sam Forrest.

3. FPL submits that the highlighted information in Exhibit A is proprietary confidential business information within the meaning of Section 366.093(3). This information is intended to be and is treated by FPL as private, and its confidentiality has been maintained. Pursuant to Section 366.093, such information is entitled to confidential treatment and is exempt from the disclosure provisions of the public records law. Thus, once the Commission determines that the information in question is proprietary confidential business information, the Commission is not required to engage in any further analysis or review such as weighing the harm of disclosure against the public interest in access to the information.

4. As the affidavits in Exhibit D indicate, certain documents contained in the Testimony and Exhibits contain proprietary confidential business information, including information concerning contractual data. Disclosure of this information would violate nondisclosure provisions of FPL's contracts with certain vendors and impair the efforts of FPL or its affiliates to contract for goods or services on favorable terms. This information is protected by Section 366.093(3)(d), Fla. Stat. In addition, this information relates to competitive interests, the disclosure of which would impair the competitive business of FPL, its affiliates or its vendors. Specifically, the documents contain information regarding gas reserves estimates, projected economics and other terms. The disclosure of this proprietary confidential business information would provide other participants in the fuel and financial markets insight into FPL's

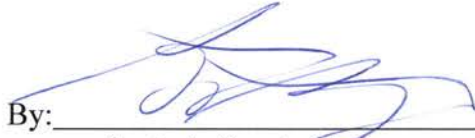
hedging practices that would allow them to anticipate FPL's trading decisions and impair FPL's ability to negotiate for these commodities, to the detriment of FPL and its customers. Disclosure of this information would also place FPL at a competitive disadvantage when coupled with other information that is publicly available. This information is protected by Section 366.093(3)(e), Fla. Stat.

5. Upon a finding by the Commission that the Confidential Information highlighted in Exhibit A and referenced in Exhibit C is proprietary confidential business information, the information should not be declassified for at least eighteen (18) months and should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business. *See* §366.093(4), Fla. Stat.

WHEREFORE, for the above and foregoing reasons, as more fully set forth in the supporting materials and affidavits included herewith, Florida Power & Light Company respectfully requests that its Request for Confidential Classification be granted.

Respectfully submitted,
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John T. Butler, Esq.
Assistant General Counsel – Regulatory
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Telephone: (561) 304-5633
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By: _____


Scott A. Goorland
Fla. Bar No. 0066834

CERTIFICATE OF SERVICE
Docket No. 140001-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing (*) has been furnished by electronic service this 30th day of September, 2014 to the following:

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By: 

Scott A. Goorland
Fla. Bar No. 0066834

* The exhibits to this Request are not included with the service copies, but copies of Exhibits B, C and D are available upon request.

EXHIBIT B

REDACTED COPIES

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5. While the conclusion of net savings is built on speculative and unsupported assumptions regarding the market price of gas, under its Petition FPL would be assured recovery of all of its costs, plus a handsome profit. FPL would bear zero risk; all risks of FPL's participation in the gas exploration and production business would be shifted to its customers. FPL's customers would effectively be required to become investors in a risky, unregulated industry.

6. If approved, FPL would earn approximately [REDACTED] of nominal after tax profits on the Woodford project while bearing zero risk.⁵ However, the severely skewed nature of the risk/reward aspects of the Petition come into focus only when FPL's proposed guidelines are taken into account. FPL proposes to spend as much as \$750 million annually on similar ventures in future years.⁶ Importantly, this is an annual spending limit, not a total cap: each year, under its proposed guidelines FPL could layer another \$750 million of capital investments in the gas industry on top of previous years.⁷ Each such annual outlay of \$750 million would yield approximately \$47 million of after-tax profits annually.⁸ In as little as ten

⁵ See FPL's Response to OPC's 4th Request for POD's No. 12, Attachment 1.
⁶ Direct Testimony of FPL witness Forrest at Exhibit SF-9, Guideline 1:D.
⁷ *Id.*
⁸ Calculated employing 10.5% equity return, 59.6% equity ratio or $(10.5\% * 59.6\%) = 6.258\%$ weighted cost of equity times \$750 million annual investment cap per Guidelines.

1 i. PetroQuest is a publicly traded independent oil and gas
2 company engaged in the acquisition, exploration, development,
3 and operation of oil and gas properties in Oklahoma, Texas,
4 and offshore Gulf Coast Basin.¹² FPL's affiliate, USG
5 Properties Woodford I, LLC, ("USG"), entered into a joint
6 venture with PetroQuest (the June 18, 2014 PetroQuest
7 Agreement). FPL proposes to acquire USG's interest and to
8 recover all the purchase investment, other capital expenditures,
9 and operating costs through the Fuel Clause.¹³ FPL's initial
10 buy in cost is estimated at \$68.4 million¹⁴;

11
12 ii. Under FPL's proposal, FPL would be a working interest
13 partner with PetroQuest. Thus, under the Woodford Project
14 FPL would pay a share of the cost for developing, drilling, and
15 operating natural gas wells in the Oklahoma Woodford Shale
16 Gas region. In return, FPL would receive a portion of the
17 PetroQuest interest in the gas produced by the wells¹⁵;

18
19 iii. FPL's obligations under the PetroQuest Agreement would be to
20 pay PetroQuest a carry or premium for its working interest.
21 Per the Agreement, FPL would be obligated to pay [REDACTED] and
22 PetroQuest would pay the remaining [REDACTED] of the capital

¹² Yahoo Finance at www.finance.yahoo.com

¹³ *Id.* at 5.

¹⁴ See FPL's Response To Staff's Second Set of Interrogatories No. 14.

¹⁵ Petition at 5.

1 expenditures for development and drilling costs for each well.¹⁶
2 FPL would be entitled to [REDACTED] of the PetroQuest output
3 entitlement and PetroQuest would be entitled to [REDACTED] of the
4 well output¹⁷;

5
6 iv. FPL would be obligated to participate in a minimum of 15
7 wells by the end of 2015 and up to 38 wells under the
8 Agreement¹⁸;

9
10 v. FPL estimates its initial capital cost for USG's current interest
11 at net book value would be \$68.4 million, assuming
12 Commission approval and transfer of interest from USG to
13 FPL on January 1, 2015¹⁹;

14
15 vi. The total project capital expenditures for FPL under the Project
16 Agreements are estimated to be approximately \$191 million²⁰;

17
18 vii. FPL would have to provide PetroQuest notice of consent or
19 non-consent for each proposed well²¹;

20

¹⁶ Direct Testimony S. Forrest at Exhibit SF-6, page 3, Confidential.

¹⁷ Direct Testimony S. Forrest at Exhibit SF-6, page 3, Confidential.

¹⁸ FPL's Response to Staff Request 2-79.

¹⁹ See FPL Petition at 17.

²⁰ *Id.*

²¹ FPL's Response to Staff Request 2-79.

1 estimated savings and potentially negative savings.³⁸ The only guarantee
2 under FPL's Woodford Project proposal is that no matter how the cost
3 projections or forecasts of natural gas prices turn out, FPL will collect its
4 investment, operating costs, and profits. In the current Woodford Project
5 proposal FPL will earn approximately [REDACTED]³⁹ in additional
6 nominal profits whether this project produces a dime of consumer savings,
7 over the 50-year life of the project.

8
9 FPL obviously has an economic incentive to get this proposed project
10 approved, up, and running. Further, FPL stands to gain additional annual
11 earnings or profits of approximately \$47 million per year if the maximum
12 investment level for each year is met under the proposed Guidelines for
13 future projects.⁴⁰ The \$47 million is not a total, cumulative figure; each
14 year, through additional joint ventures with gas production companies, this
15 level of profits could be added to prior profit levels. Because of the "true
16 up" feature of the fuel cost recovery clause, these project investment
17 amounts would be guaranteed recovery for FPL. The potential over the
18 next number of years for future guaranteed profits in the many hundreds of
19 millions of dollars is additional incentive for FPL to support this proposal.

20

³⁸ *Id.*

³⁹ See FPL Confidential Response to OPC 3rd Request, No. 37(c). Also, see Confidential Response to OPC 4th Request for POD's, Request No. 12, Attachment 1.

⁴⁰ Calculated as weighted equity return of (10.5% ROE * 59.6% Equity level) * \$750,000,000 Guideline maximum annual investment level.

1 a guaranteed profit no matter how these estimates turn out. As I discuss
2 above, in the scenario where one assumes all of FPL's assumptions are
3 correct except the low natural gas market price forecast assumption is
4 employed, customers would receive a net present value benefit of \$10.3
5 million. FPL will receive added nominal profits of about [REDACTED]
6 over the project 50-year life. No matter what happens regarding FPL's
7 assumptions, FPL would earn the guaranteed profit through the fuel
8 mechanism.

9
10 **Q. HAVE YOU REVIEWED OTHER FPL SENSITIVITY CASES?**

11 **A.** Yes, I have. Another example is the sensitivity case where FPL employs
12 its low market price forecast and its high estimate of Woodford natural gas
13 output. All other FPL assumptions remain as assumed in the Company's
14 projections. FPL concluded that customer net present value benefits from
15 the 50-year project would be \$34.1 million.⁵² This sensitivity case
16 demonstrates that the projected net benefits for customers would be about
17 68% lower than FPL's \$106.9 million base case projection under these
18 assumptions. What FPL and Mr. Forrest do not say is that consumers
19 must wait until 2020 before net benefits turn positive for customers. I
20 have included Schedule (DJL-3) showing these calculations. Under this
21 sensitivity scenario FPL will earn its guaranteed [REDACTED] equity
22 return.

23

⁵² Direct Testimony S. Forrest at 38:8-12.

1 carry was expanded to provide for development in
2 both the Mississippian Lime and Woodford Shale
3 plays whereby we will pay 25% of the cost to drill
4 and complete wells and receive a 50% ownership
5 interest.⁷⁴ (emphasis added)

6 Thus, risk shifting agreements such as the JDA for the Woodford Shale
7 reduce PetroQuest's risk, reduces PetroQuest's investments, and provide it
8 with liquidity and capital by limiting its capital outlays relative to overall
9 cost, while still providing PetroQuest significant output entitlements.

10 In terms of the impact of the JDA's on its operations, PetroQuest states:

11 As a result of the Woodford JDA and the success of our
12 drilling programs, we have grown our estimated proved
13 reserves by 18% and production by 10% since 2010,
14 while maintaining our long-term debt 28% below 2008
15 levels.⁷⁵

16 The bottom-line impact for PetroQuest resulting from entering into JDA's
17 with Next Era Energy Resources, LLC subsidiaries such as WSGP Gas
18 Producing LLC ("WSGP") is increased liquidity, lower risks, and lower
19 exposure to market price declines.

20
21 It is important to note that the Drilling and Development Agreement
22 ("DDA") that is the subject of FPL's proposal in this proceeding requires
23 that PetroQuest pay ██████ of drilling cost in return for ██████ of the
24 output entitlements.⁷⁶ This limits the PetroQuest investment risks to
25 ██████ and fits perfectly with the PetroQuest claimed strategy of pursuing
26 with increased emphasis *oil and natural gas liquids production* while

⁷⁴ PetroQuest Energy, Inc., Annual Report, (2013) Attached 10K at 5.

⁷⁵ PetroQuest Energy, Inc., Annual Report 2012, 10K Attachment at 4.

⁷⁶ Direct Testimony S. Forrest at Exhibit SF-6, page 3.

1 oil and natural gas prices may adversely affect our
2 financial condition, liquidity, ability to meet our
3 financial obligations and results of operations. Lower
4 prices have reduced and may further reduce the amount
5 of oil and natural gas that we can produce economically
6 and has required and may require additional ceiling test
7 write-downs and may cause our estimated proved
8 reserves at December 31, 2014 to decline compared to
9 our estimated proved reserves at December 31,
10 2013.⁸⁴(emphasis added)

11 PetroQuest makes clear to its investors that PetroQuest is not able to
12 predict future market prices. This inability to predict future market prices
13 is a significant risk factor in the oil and natural gas and exploration
14 industry.

15 **Q. HOW DOES THE JOINT VENTURE WITH FPL AFFECT**
16 **PETROQUEST'S RISK PROFILE?**

17 **A.** The deal that PetroQuest struck with FPL would allow PetroQuest to make
18 [REDACTED] of the investment, but retain [REDACTED] of the gas output.⁸⁵ PetroQuest
19 has made clear to its investors that 50% of the entire CAPEX budget will
20 be allocated to the Woodford Shale targeting liquids rich gas.⁸⁶ Further,
21 PetroQuest tells its investors it has managed risk exposure in the following
22 manner:

23 We plan to continue several strategies designed to
24 mitigate our operating risks. We have adjusted the
25 working interest we are willing to hold based on the
26 risk level and cost exposure of each project. For
27 example, *we typically reduce our working interests in*
28 *higher risk exploration projects* while retaining greater
29 working interests in lower risk development projects.
30 **Our partners often agree to pay a disproportionate**

⁸⁴ *Id.* at 20.

⁸⁵ Direct Testimony Sam Forrest at Confidential Exhibit SF-6.

⁸⁶ PetroQuest Energy, Inc. 2013 Annual Report, Attached 10K at 8.

1 share of drilling costs relative to their interests,
2 allowing us to allocate our capital spending to
3 maximize our return and reduce the inherent risk in
4 exploration and development activities.⁸⁷ (emphasis
5 added)

6 PetroQuest benefits by shifting the investment risk relative to its
7 entitlements and freeing up capital for other investments, which provides
8 an opportunity to maximize its return while reducing the inherent risk in
9 exploration and development activities. The risk PetroQuest avoids is
10 shifted through FPL down to FPL customers.

11

12 **Q. PLEASE SUMMARIZE YOUR APPRAISAL OF PETROQUEST**
13 **AND THE RISKS OF THE PROPOSED WOODFORD PROJECT.**

14 **A.** PetroQuest is a small firm involved in the risky and competitive natural
15 gas and oil exploration and drilling business. PetroQuest's bond rating is
16 below investment grade at single B relative to FPL's current investment
17 grade bond rating of single A.⁸⁸ PetroQuest's most recent borrowing cost
18 was at 10%, while FPL's current debt interest cost would be less than half
19 of the recent PetroQuest cost.⁸⁹

20

21 PetroQuest's current strategy and business plan for the Woodford shale
22 area is to shift the risk of drilling to FPL (and ultimately FPL customers)
23 through the DDA which require PetroQuest to pay [REDACTED] of drilling
24 expenditures but retain the right to [REDACTED] of output entitlements.

⁸⁷ *Id.* at 6.

⁸⁸ See AUS Utility Reports (August 2014) also see FPL Response to Staff 2nd Request for POD's, No. 4.

⁸⁹ PetroQuest Energy, Inc. 2013 Annual Report, Attached 10K at 6.

1 Q. EARLIER, YOU INDICATED FPL'S PETITION COULD HAVE
2 NEGATIVE POLICY IMPLICATIONS THAT WOULD PROVIDE
3 INCENTIVES TO FPL TO DISREGARD THE DISCIPLINE OF
4 THE COMPETITIVE MARKET IN A WAY THAT COULD
5 NEGATIVELY AFFECT CUSTOMERS. DOES YOUR
6 DISCUSSION OF THE RISKS FACED BY FPL, PETROQUEST,
7 AND OTHER DRILLERS IN THE WOODFORD AREA
8 ILLUSTRATE YOUR POINT?

9 A. Ycs. FPL in its Petition asks the Commission to guarantee full cost
10 recovery and fully guarantee profits no matter the market price for which
11 the natural gas products can be sold in the market place, or the amount of
12 gas ultimately produced. By having the Florida Commission authorize
13 FPL to direct all Woodford Project entitlements to its Florida generation
14 and requiring FPL customers to pay all Woodford Project operating cost,
15 investment cost, and profits on investment no matter the amount of gas or
16 the alternative market price, FPL would have a risk free investment
17 opportunity. For example, under FPL's Woodford Project proposal and
18 assumptions (if correct) the Company is guaranteed about [REDACTED] of
19 additional profit for shareholders.⁹⁰ Other investors in the competitive gas
20 exploration business that do not have a regulatory guarantee or risk free
21 opportunity to extract natural gas and oil products from the Woodford
22 Shale area would have to factor market data into a decision to produce or
23 not to produce.

⁹⁰ See FPL Confidential Response to OPC 3rd Question 37(c). Also see Confidential Response to OPC 4th Request for POD's, Request No. 12, Attachment 1.

Results of FPL's Economic Evaluation With Low Forecast Price Assumption

Period	Year	(A) Annual Production (BoF)	(C) Operating Expenses (\$MM)	(D) Depreciation (\$MM)	(E) Return Rate ⁽¹⁾ (\$/M)	(F) = C + D + E Revenue Requirement (\$MM)	(G) = F / B Effective Cost (\$/M/BoF)	(H) FPL Market Price Forecast (\$/M/BoF)	(I) = B x (H-G) Undiscounted Customer Savings (\$MM)	(J) FPL Discount Factor	(K) = I x J Discounted Customer Savings (\$MM)	(L) Cumulative Customer Savings (\$MM)
1	2015	15.6					\$3.48	\$3.14	-\$3.4	0.9302	-\$3.2	-\$3.0
2	2016	16.8					\$3.60	\$3.25	-\$3.5	0.8649	-\$3.0	-\$6.0
3	2017	11.3					\$4.00	\$3.67	-\$3.7	0.8043	-\$2.9	-\$11.0
4	2018	8.7					\$4.40	\$4.40	\$0.8	0.7480	\$0.8	-\$10.4
5	2019	7.1					\$4.88	\$4.80	-\$2.1	0.6958	-\$1.5	-\$12.2
6	2020	6.1					\$4.79	\$4.71	-\$0.4	0.6468	-\$0.3	-\$12.6
7	2021	5.3					\$4.94	\$4.78	-\$0.8	0.6016	-\$0.5	-\$13.0
8	2022	4.7					\$5.08	\$4.95	-\$0.6	0.5594	-\$0.3	-\$13.3
9	2023	4.3					\$5.21	\$5.18	-\$0.1	0.5202	-\$0.1	-\$13.4
10	2024	3.8					\$5.34	\$5.50	\$0.6	0.4837	\$0.3	-\$13.1
11	2025	3.8					\$5.24	\$5.73	\$1.8	0.4498	\$0.8	-\$12.3
12	2026	3.8					\$5.32	\$6.07	\$2.1	0.4183	\$0.9	-\$11.4
13	2027	3.1					\$6.28	\$6.20	\$2.5	0.3880	\$1.0	-\$10.4
14	2028	2.8					\$6.46	\$6.91	\$3.1	0.3617	\$1.1	-\$9.3
15	2029	2.8					\$6.62	\$6.76	\$3.4	0.3384	\$1.1	-\$8.1
16	2030	2.6					\$6.58	\$6.91	\$3.4	0.3128	\$1.1	-\$7.1
17	2031	2.4					\$6.65	\$7.17	\$3.7	0.2910	\$1.1	-\$6.0
18	2032	2.3					\$6.71	\$7.45	\$4.0	0.2705	\$1.1	-\$4.9
19	2033	2.2					\$6.80	\$7.73	\$4.2	0.2518	\$1.0	-\$3.8
20	2034	2.0					\$6.88	\$8.03	\$4.3	0.2340	\$1.0	-\$2.9
21	2035	1.9					\$6.97	\$8.33	\$4.8	0.2178	\$1.0	-\$1.9
22	2036	1.8					\$8.05	\$8.86	\$4.7	0.2023	\$0.9	-\$1.0
23	2037-65	23.1					\$7.85	\$13.43	\$128.0	0.0875	\$11.2	\$10.3
Totals ⁽²⁾		137.8	\$323.2	\$180.8	\$195.5	\$709.4			\$194.0		\$19.3	

Notes:
 (1) Totals apply for 2015-2035, an assumed 50 year project life. Totals may not add due to rounding.
 (2) Return rate includes return on the assets and return of financing costs.
 (3) Based on discount rate of 7.5%, which reflects FPL's weighted average cost of capital
 Florida Power & Light Company
 Docket No. 140001-EI
 OPC's 5th Request for FODs
 Attachment I / Request No. 34
 Entire workbook CONFIDENTIAL in its entirety
 Bates Nos. FCR-14-03400 through FCR-14-040

Results of FPL's Economic Evaluation With High Production Low Forecast Assumption

Period	(A) Year	(B) Annual Production (Bcf)	(C) Operating Expenses (\$MM)	(D) Depreciation (\$MM)	(E) Return Rate ⁽¹⁾ (\$MM)	(F=C+D+E) Revenue Requirement (\$MM)	G=F/B Effective Cost (\$/MMBtu)	H FPL Market Price Forecast (\$/MMBtu)	I = B x (H-G) Undiscounted Customer Savings (\$MM)	J FPL Discount Factor	K = J x I Discounted Customer Savings (\$MM)	L Cumulative Customer Savings (\$MM)
1	2015	17.2					\$3.25	\$3.44	-\$2.1	0.9302	-\$1.9	-\$1.9
2	2016	18.5					\$3.23	\$3.35	-\$0.5	0.8849	-\$0.4	-\$1.5
3	2017	12.4					\$3.74	\$3.67	-\$0.8	0.8043	-\$0.7	-\$2.2
4	2018	9.5					\$4.12	\$4.48	-\$3.5	0.7490	-\$2.6	-\$0.4
5	2019	7.8					\$4.67	\$4.60	-\$0.6	0.6858	-\$0.4	-\$0.0
6	2020	8.7					\$4.49	\$4.71	\$1.7	0.6468	\$1.1	\$1.1
7	2021	6.8					\$4.80	\$4.78	\$1.1	0.6015	\$0.7	\$1.8
8	2022	5.2					\$4.72	\$4.85	\$1.2	0.5594	\$0.7	\$2.4
9	2023	4.7					\$4.84	\$5.18	\$1.8	0.5202	\$0.8	\$3.3
10	2024	4.3					\$4.88	\$5.50	\$2.3	0.4837	\$1.1	\$4.4
11	2025	4.0					\$4.94	\$5.70	\$2.1	0.4498	\$1.4	\$5.8
12	2026	3.7					\$5.02	\$5.87	\$2.5	0.4183	\$1.5	\$7.3
13	2027	3.4					\$5.09	\$6.20	\$3.0	0.3890	\$1.5	\$8.7
14	2028	3.2					\$5.16	\$6.61	\$4.4	0.3617	\$1.6	\$10.3
16	2029	3.0					\$5.23	\$6.78	\$4.8	0.3364	\$1.6	\$11.9
16	2030	2.8					\$5.29	\$6.91	\$4.6	0.3128	\$1.4	\$13.3
17	2031	2.7					\$5.35	\$7.17	\$4.9	0.2810	\$1.4	\$14.7
18	2032	2.5					\$5.42	\$7.45	\$5.1	0.2705	\$1.4	\$16.1
19	2033	2.4					\$5.51	\$7.73	\$3.0	0.2518	\$1.3	\$17.4
20	2034	2.2					\$5.58	\$8.03	\$5.4	0.2340	\$1.3	\$18.7
21	2035	2.1					\$5.68	\$8.33	\$6.5	0.2178	\$1.2	\$19.9
22	2036	2.0					\$5.77	\$8.65	\$5.7	0.2023	\$1.2	\$21.1
2-3	2037-65	25.4					\$7.66	\$13.43	\$148.8	0.0966	\$13.0	\$34.1
	Totals	191.6	\$3523	\$190.8	\$198.6	\$738.3			\$148.8		\$34.1	

Notes:
 (1) Totals are for 2015-2065, an assumed 50 year project life. Totals may not add due to rounding.
 (2) Return rate includes return on the assets and return of investing costs.
 (3) Based on discount rate of 7.5%, which reflects FPL's weighted average cost of capital
 Florida Power & Light Company
 Docket No. 140001-EL
 FPL's 5th Request for POCs
 Attachment 1 / Request No. 24

Redacted, Public Version

CONFIDENTIAL FPL ANALYSIS OF WOODFORD PROJECT ASSUMING A 3.7% ANNUAL GROWTH IN MARKET PRICES

LINE NO.	YEAR	FPL BASE ECONOMIC ANALYSIS				ALTERNATIVE MARKET PRICE FORECAST @ 3.7% ANNUALLY				
		A ANNUAL PRODUCTION (MWH)	B WOODFORD REVENUE (\$MM)	C WOODFORD UNIT COST (\$/MWH)	D FPL MARKET PRICE FORECAST (\$/MWH)	E ANNUAL WOODFORD SAVINGS (COSTS)	F NET PRESENT VALUE SAVINGS (COSTS)	G ALTERNATIVE MARKET FORECAST AT 3.7% ANNUAL GROWTH RATE	H ALTERNATIVE ANNUAL WOODFORD SAVINGS (COSTS)	I ALTERNATIVE NET PRESENT VALUE SAVINGS (COSTS)
1	2015							\$4.02	\$8.41	\$7.82
2	2016							\$4.17	\$10.17	\$8.80
3	2017							\$4.33	\$12.50	\$11.14
4	2018							\$4.48	\$15.87	\$13.79
5	2019							\$4.65	\$19.21	\$16.54
6	2020							\$4.83	\$23.55	\$19.23
7	2021							\$5.00	\$28.95	\$22.20
8	2022							\$5.19	\$35.41	\$25.23
9	2023							\$5.38	\$42.95	\$28.45
10	2024							\$5.58	\$51.68	\$31.83
11	2025							\$5.79	\$61.71	\$35.39
12	2026							\$6.00	\$73.05	\$39.14
13	2027							\$6.23	\$85.80	\$43.19
14	2028							\$6.45	\$100.07	\$47.56
15	2029							\$6.69	\$115.97	\$52.27
16	2030							\$6.94	\$133.61	\$57.34
17	2031							\$7.20	\$153.11	\$62.79
18	2032							\$7.46	\$174.68	\$68.64
19	2033							\$7.74	\$198.44	\$74.91
20	2034							\$8.03	\$224.50	\$81.62
21	2035							\$8.32	\$252.97	\$88.79
22	2036							\$8.63	\$283.87	\$96.44
23	2037							\$8.95	\$317.31	\$104.59
24	2038							\$9.28	\$353.41	\$113.26
25	2039							\$9.62	\$393.28	\$122.47
26	2040							\$9.98	\$437.03	\$132.24
27	2041							\$10.35	\$484.78	\$142.59
28	2042							\$10.73	\$536.64	\$153.54
29	2043							\$11.13	\$592.73	\$165.10
30	2044							\$11.54	\$653.17	\$177.29
31	2045							\$11.97	\$718.08	\$190.13
32	2046							\$12.41	\$787.58	\$203.64
33	2047							\$12.87	\$861.79	\$217.84
34	2048							\$13.35	\$940.83	\$232.76
35	2049							\$13.84	\$1024.83	\$248.42
36	2050							\$14.35	\$1114.01	\$264.85
37	2051							\$14.88	\$1208.59	\$282.08
38	2052							\$15.43	\$1308.79	\$299.14
39	2053							\$16.01	\$1414.83	\$317.06
40	2054							\$16.60	\$1526.94	\$335.88
41	2055							\$17.21	\$1645.35	\$355.63
42	2056							\$17.85	\$1770.29	\$376.34
43	2057							\$18.51	\$1902.98	\$398.04
44	2058							\$19.19	\$2044.64	\$420.76
45	2059							\$19.90	\$2195.49	\$444.53
46	2060							\$20.64	\$2355.75	\$469.39
47	2061							\$21.40	\$2525.64	\$495.37
48	2062							\$22.20	\$2705.38	\$522.50
49	2063							\$23.02	\$2895.19	\$550.81
50	2064							\$23.87	\$3095.28	\$580.34
51	TOTAL							\$23.67	\$181.48	\$43.76

COLUMNS A-F: Florida Power & Light Company
 Docket No. 14001-EJ
 CPSC 6054 (Worksheet F04)
 Also See CPSC 6054 (Worksheet No. 12)
 Docket No. 14001-EJ, CPSC 6054, in the caption
 FPL-14-001-EJ through FPL-14-012-EJ.
 COLUMNS G-I: BASED UPON THE MARKET PRICE OF \$4.02 AT A 3.7% ANNUAL RATE
 CALCULATED THE SAME AS B-F

EXHIBIT C

JUSTIFICATION TABLE

EXHIBIT C

COMPANY: Florida Power & Light Company

DOCKET NO.: 140001

DATE: September 30, 2014

Description	Page No.	Conf. Y/N	Column/Line	366.093(3) F.S.	Affiant
OPC / Lawton Testimony	7 13 14 25 34 50 55 56 59	Y	Line 11 Line 21,22 Line 2,3 Line 5 Line 5, 21 Line 23,25 Line 18 Line 23,24 Line 18	(d)	Sam Forrest
OPC / Lawton Exhibit DJL-2 Exhibit DJL-3 Exhibit DJL-4	1 of 1 1 of 1 1 of 1	Y Y Y	Col. C-F, Line 1-23 Col. C-F, Line 1-23 Col. A,B,E,F, Line 1-51; Col. C,D, Line 1-50	(e)	Melissa Linton

EXHIBIT D

AFFIDAVITS

EXHIBIT D
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Fuel and purchased power cost recovery clause
with generating performance incentive factor

Docket No: 140001-EI

STATE OF FLORIDA)
)
COUNTY OF PALM BEACH)

AFFIDAVIT OF SAM FORREST

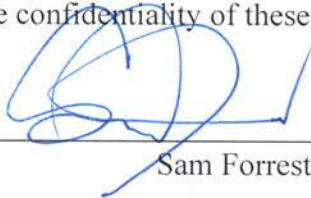
BEFORE ME, the undersigned authority, personally appeared Sam Forrest who, being first duly sworn, deposes and says:

1. My name is Sam Forrest. I am currently employed by Florida Power & Light Company ("FPL") as Vice President of the Energy Marketing and Trading ("EMT") Business Unit. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408. I have personal knowledge of the matters stated in this affidavit.

2. I have reviewed Exhibit C and the documents that are included in the testimony of Daniel J. Lawton filed on behalf of the Office of Public Counsel ("OPC") in regards to Florida Power & Light Company's ("FPL") Petition for Prudence Determination Regarding Acquisition of Gas Reserves for which I am identified on Exhibit C as the affiant. The documents and materials that I have reviewed contain proprietary confidential business information, including information concerning contractual data. Disclosure of this information would violate nondisclosure provisions of FPL's contracts with certain vendors and impair the efforts of FPL or its affiliates to contract for goods or services on favorable terms. In addition, this information relates to competitive interests, the disclosure of which would impair the competitive business of FPL, its affiliates or its vendors. Specifically, the documents contain information regarding gas reserves estimates, projected economics and other terms. The disclosure of this proprietary confidential business information would provide other participants in the fuel and financial markets insight into FPL's hedging practices that would allow them to anticipate FPL's trading decisions and impair FPL's ability to negotiate for these commodities, to the detriment of FPL and its customers. Disclosure of this information would also place FPL at a competitive disadvantage when coupled with other information that is publicly available. To the best of my knowledge, FPL has maintained the confidentiality of these documents and materials.

3. Consistent with the provisions of the Florida Administrative Code, such materials should remain confidential for a period of eighteen (18) months. In addition, they should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business so that FPL can continue to maintain the confidentiality of these documents.

4. Affiant says nothing further.



Sam Forrest

SWORN TO AND SUBSCRIBED before me this 29 day of September, 2014, by Sam Forrest, who is personally known to me or who has produced _____ (type of identification) as identification and who did take an oath.



Notary Public, State of Florida

My Commission Expires



EXHIBIT D
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Fuel and purchased power cost recovery clause
with generating performance incentive factor

Docket No: 140001-EI

STATE OF FLORIDA)
)
COUNTY OF PALM BEACH)

AFFIDAVIT OF MELISSA LINTON

BEFORE ME, the undersigned authority, personally appeared Melissa Linton who, being first duly sworn, deposes and says:

1. My name is Melissa Linton. I am currently employed by Florida Power & Light Company as Director of Finance, Forecast, Strategy and Analysis. My business address is 700 Universe Blvd., Juno Beach, Florida, 33408. I have personal knowledge of the matters stated in this affidavit.

2. I have reviewed Exhibit C and the documents that are included in the testimony of Daniel J. Lawton filed on behalf of the Office of Public Counsel ("OPC") in regards to Florida Power & Light Company's ("FPL") Petition for Prudence Determination Regarding Acquisition of Gas Reserves for which I am identified on Exhibit C as the affiant. The documents and materials that I have reviewed contain proprietary confidential business information, including information relating to competitive interests, the disclosure of which would impair the competitive business of FPL, its affiliates or its vendors. Specifically, the documents contain information regarding gas reserves estimates, projected economics and other terms. The disclosure of this proprietary confidential business information would provide other participants in the fuel and financial markets insight into FPL's hedging practices that would allow them to anticipate FPL's trading decisions and impair FPL's ability to negotiate for these commodities, to the detriment of FPL and its customers. Disclosure of this information would also place FPL at a competitive disadvantage when coupled with other information that is publicly available. To the best of my knowledge, FPL has maintained the confidentiality of these documents and materials.

3. Consistent with the provisions of the Florida Administrative Code, such materials should remain confidential for a period of not less than eighteen (18) months. In addition, they should be returned to FPL as soon as the information is no longer necessary for the Commission to conduct its business so that FPL can continue to maintain the confidentiality of these documents.

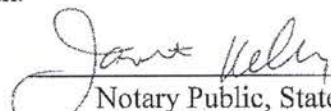
4. Affiant says nothing further.



Melissa Linton

SWORN TO AND SUBSCRIBED before me this 30th day of September 2014, by Melissa Linton who is personally known to me or who has produced drivers license (type of identification) as identification and who did take an oath.

My Commission Expires: 11/24/17



Notary Public, State of Florida

