

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NOS. 050045-EI AND 050188-EI
FLORIDA POWER & LIGHT COMPANY**

JULY 28, 2005

**IN RE: PETITION FOR RATE INCREASE BY FLORIDA
POWER & LIGHT COMPANY
AND
IN RE: 2005 COMPREHENSIVE DEPRECIATION STUDY
BY FLORIDA POWER & LIGHT COMPANY**

REBUTTAL TESTIMONY & EXHIBIT OF:

NANCY A. SWALWELL

DOCUMENT NUMBER-DATE

07245 JUL 28 05

FPSC-COMMISSION CLERK

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **REBUTTAL TESTIMONY OF NANCY A. SWALWELL**

4 **DOCKET NOS. 050045-EI, 050188-EI**

5 **JULY 28, 2005**

6
7 **INTRODUCTION AND SUMMARY**

8 **Q. Please state your name and business address.**

9 A. My name is Nancy A. Swalwell. My business address is 700 Universe Boulevard,
10 Juno Beach, Florida, 33408-0420.

11 **Q. By whom are you employed and what is your position?**

12 A. I am employed by Florida Power & Light Company (FPL or the Company) as the
13 Director of Corporate Real Estate.

14 **Q. Please describe your duties and responsibilities in that position.**

15 A. I have overall responsibility for managing FPL's real estate acquisitions and
16 divestitures, FPL's facilities management and operations, and FPL's cafeteria
17 services functions.

18 **Q. Please describe your educational background and business experience.**

19 A. I received a Bachelors of Science degree in Systems Analysis from Miami University
20 in Oxford, Ohio in 1977. I have since attended the Executive Development Program
21 at Cornell, Financial Management for Non-Financial Managers at the Darden School
22 of Business at the University of Virginia, and the Advanced HR Executive Program at
23 the University of Michigan.

1 My experience began as a computer programmer working for Champion International
2 (now International Paper), Johns Manville Corporation, and I then joined Florida
3 Power & Light Company as a computer programmer in late 1980. Over a period of
4 several years, I held various positions in FPL's Information Management
5 organization eventually leading to leadership roles as Manager of Information
6 Management Planning, Director of Information Management Operations, and
7 Director of Applications Development. I was responsible for the Company's Y2K
8 program and managed several large systems development projects in support of most
9 major functions on the Company.

10
11 In 2002, I joined the Human Resources and Corporate Services business unit to lead a
12 corporate-wide effort to establish a corporate business continuity plan and to lead
13 select functions within the HR organization. In 2003, I became the Director of
14 Corporate Real Estate and have been managing the Corporate Real Estate function
15 since that time.

16 **Q. Are you sponsoring or co-sponsoring any MFRs in this case?**

17 A. Yes, I am co-sponsoring MFR B-15, Property Held for Future Use – 13-Month
18 Average.

19 **Q. What is the purpose of your rebuttal testimony?**

20 A. I will respond to portions of the testimony submitted on behalf of the Florida Office
21 of Public Counsel (OPC) by Hugh Larkin, Jr. which address the amount FPL has
22 forecasted in the Property Held for Future Use (PHFFU) account and the age of the
23 property in that account. I will also respond to a portion of the testimony submitted

1 on behalf of the Florida Office of Public Counsel (OPC) by Donna DeRonne
2 regarding FPL's forecast of gains on sales of property. Finally, I will also respond to
3 portions of the testimony submitted on behalf of the Florida Public Service
4 Commission Staff (Staff) by Kathy L. Welch which address allocation of costs to
5 affiliates for office space in our Juno Beach and Miami General Office buildings.

6 **Q. Are you sponsoring an exhibit to your rebuttal testimony?**

7 A. Yes. I am sponsoring an exhibit consisting of the following:

- 8 1. Document NAS-1 – Sites Under Contract, 1998 through June, 2005
- 9 2. Document NAS-2 – Transmission Easements Acquired, 1998 through June, 2005
- 10 3. Document NAS-3 – PHFFU as of December, 2004 – Analysis of in-service dates
- 11 4. Document NAS-4 – PHFFU as of December, 2004 – Age of properties going into
12 service within 5 years.
- 13 5. Document NAS-5 - Analysis which supports FPL's position that the market rate
14 being charged to affiliates for occupancy of Juno Beach recovers incremental costs.

15
16 **AMOUNT FORECASTED FOR PROPERTY HELD FOR FUTURE USE**

17 **Q. Mr. Larkin has challenged FPL's forecasted amount for Property Held for**
18 **Future Use. What is the process used to forecast the amount for Property Held**
19 **for Future Use?**

20 A. As indicated in the testimony of other FPL witnesses, FPL must make significant
21 investments in plant, transmission, and distribution infrastructure to serve Florida's
22 growth and FPL's reliability objectives. As a result of the forecasted infrastructure
23 plans, the need for land on which to build those facilities is identified. Future power

1 plant sites, transmission substation sites, distribution substation sites, and
2 transmission corridor needs are identified for the upcoming 10-year period. Our real
3 estate representatives located around the state know the local markets and provide
4 estimates for acquiring the land to meet the need. Acquisition of land must precede
5 the construction of the facilities, so acquisitions are planned and timed to ensure the
6 company acquires the sites in advance of the construction dates for these new
7 facilities.

8 **Q. Why is the forecasted amount for Property Held for Future Use so much higher**
9 **than historical trend, and why were historical trend data not used to formulate**
10 **the 2006 Test Year forecast?**

11 A. There are three primary drivers for the increase in the value of PHFFU for the 2006
12 test year. First, the cost of acquiring real estate in Florida, and especially South
13 Florida, is escalating rapidly and that escalation shows no sign of abating. The rising
14 cost of real estate is exacerbated by the fact that much of the load growth is in urban
15 areas of FPL's service territory where development and redevelopment have
16 exhausted much of the available and/or suitable land. Second, in the past five years,
17 FPL has seen an increase in the rate of acquisitions necessary to support growth and
18 reliability. As indicated in Document Nos. NAS-1 and NAS-2, the number of sites we
19 have placed under contract has been steadily increasing since 1998 and the number of
20 easements acquired each year has more than doubled in the past five years with
21 progress year-to-date indicating it is tripling this year. Third, the nature of our
22 acquisitions is changing. FPL has identified the need to purchase a power plant site
23 in western Palm Beach County and has included \$40 million by 2006 for the site

1 known as the Corbett site or the Western County Energy Center. This is the first time
2 FPL has purchased land for a power plant site in over thirty years. Finally, as older,
3 less expensive sites are put into service and the inventory is updated with newer,
4 more expensive sites, the effect on the 13-month average naturally increases.

5 **Q. In the 2002 Test Year filed in Docket 001148-EI, FPL forecasted PHFFU at**
6 **\$68.26 million while the Surveillance Report for the same period indicated the**
7 **actual was only \$62.77 million. Is this variance significant?**

8 A. This is less than a 10% variance which is not significant or unreasonable given the
9 variability in real estate dealings. Variations from plan can occur due to negotiation
10 of a different price from plan, changes in schedule due to time required to find a
11 suitable site, changes in schedule to allow the necessary time required to exercise
12 appropriate due diligence before closing the deal, or even the cancellation or addition
13 of sites from the original forecast.

14 **Q. Mr. Larkin asserts that, as of March, 2005, FPL's forecast for PHFFU is 75%**
15 **higher than actual and that FPL had not purchased approximately \$48 million**
16 **of property as planned between December, 2004 and March, 2005. What is your**
17 **response to Mr. Larkin's contention?**

18 A. Mr. Larkin's selective use of statistics is problematic. FPL had not purchased the full
19 \$48 million as of March, 2005, but is on track in acquiring the properties identified in
20 the forecast. As of March, 2005, FPL had purchased \$19.9 million (including
21 property mistakenly put into Construction Work in Progress but since moved to
22 PHFFU) and another \$7.7 million was under contract. Several additional sites were
23 in final negotiations at that point in time.

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The window of time upon which Mr. Larkin bases his conclusions is relatively short and does not account for the timing variations that can occur in real estate dealings. In reviewing the progress against plan through June 30, 2005, the results indicate FPL is tracking on plan when considering sites committed and under contract as well as closed sales.

Forecasted Balance in PHFFU for June 30, 2005: \$100.9 million

Actual Balance in PHFFU as of June 30, 2005: \$ 73.9 million

Properties under contract as of June 30, 2005: \$ 24.6 million

Total Acquired and/or under contract \$ 98.5 million

Difference as of June 30, 2005: \$ 2.4 million

Q. Does the age of the inventory in PHFFU indicate that this account does not experience dynamic growth?

A. No. Given that our planning process identifies sites needed for the upcoming ten years, it is to be expected that we would have a number of sites which range in age.

Of the balance in PHFFU as of December, 2004, 23% is in two older properties. One was recently placed into service (\$3.65M) and another is the DeSoto power plant site (\$9.57M) which is being held in support of future power generation needs on the west

1 coast of Florida. This site is identified in FPL's 10-Year Power Plant Site Plan. The
2 cost of replacing this site in today's market would be costly for the customer.

3
4 Excluding the Desoto site, 72% of the sites which represent 80% of the December
5 2004 balance will be placed into service between now and 2010 as indicated in
6 Document NAS-3. Some of the older properties are transmission corridors which
7 will connect existing corridors at the point in time when growth has made that a
8 requirement. It is more economical to establish transmission corridors prior to the
9 advent of urbanization.

10
11 Finally, as indicated in Document NAS-4, of the remaining properties, 48 of the
12 properties are planned to go into service within the next five years. Of these, 23 were
13 purchased in 1995 or before, and the remaining 25 were purchased since 1995. This
14 demonstrates that we are continuing to need both older properties as well as newer
15 properties to satisfy the demand, which represents both a balanced and dynamic flow
16 of properties through Property Held for Future Use.

17 **Q. Do you believe an adjustment to the forecast for Property Held for Future Use,**
18 **as recommended by Mr. Larkin, is warranted?**

19 **A.** No. In fact, if an adjustment is made, it could be argued that it should be higher given
20 the risk associated with the escalating real estate prices in Florida.

1 **Q. Is FPL charging affiliates for space occupied in the Juno Beach Office and, if so,**
2 **at what rate?**

3 A. Yes, FPL is charging affiliates a market rate of \$20 per square foot for space at the
4 Juno Beach Office. As indicated in Document NAS-5, the market rate of \$20 per
5 square foot enables FPL to recover more than the incremental cost of having affiliates
6 on the Juno Beach premises, lowering the cost for regulated operations, which
7 benefits customers.

8 **Q. How did FPL determine the market rate for the Juno Beach Office?**

9 A. In late 2002 FPL hired Jenkins Appraisal Services to conduct a market rent analysis
10 for Juno Beach. That market rent analysis evaluated 14 properties and concluded that
11 a market rental rate of anywhere from \$16 to \$20 per square foot was appropriate
12 given the nature, location, and condition of the space being rented. FPL adopted the
13 high end of this range which is the \$20 rate.

14 **Q. Do you believe this rate is still valid?**

15 A. Yes. In a commercial lease of this nature, a minimum of a 5-year term would be
16 typical. We, therefore, will use this rate for 5 years and then reevaluate the market
17 rates at the end of the 5-year period which will be in 2007.

18 **Q. Are operating costs included in the rental rate charged to affiliates for office**
19 **space?**

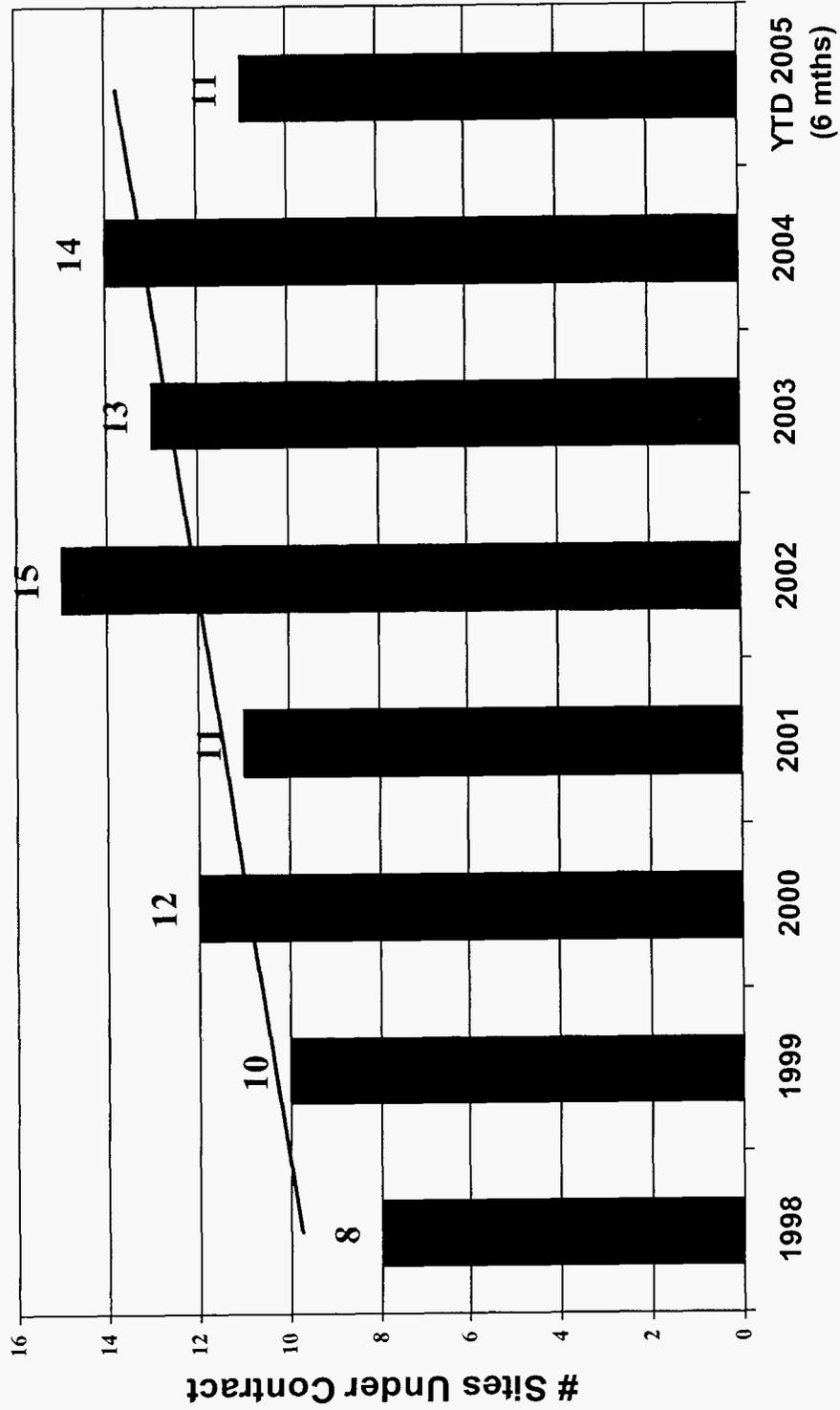
20 A. Yes. In both Juno Beach and General Office, the market rate being charged is
21 representative of Base Rent and Operating Costs. Operating Costs include all
22 property management costs (maintenance and projects), utilities, insurance, and taxes
23 necessary to keep the facility operating and in good repair. Specific project costs in

1 any given year will vary by facility, but the operating cost portion of market rate
2 includes the type of maintenance and project costs any landlord would need to incur
3 to keep a facility in good condition.

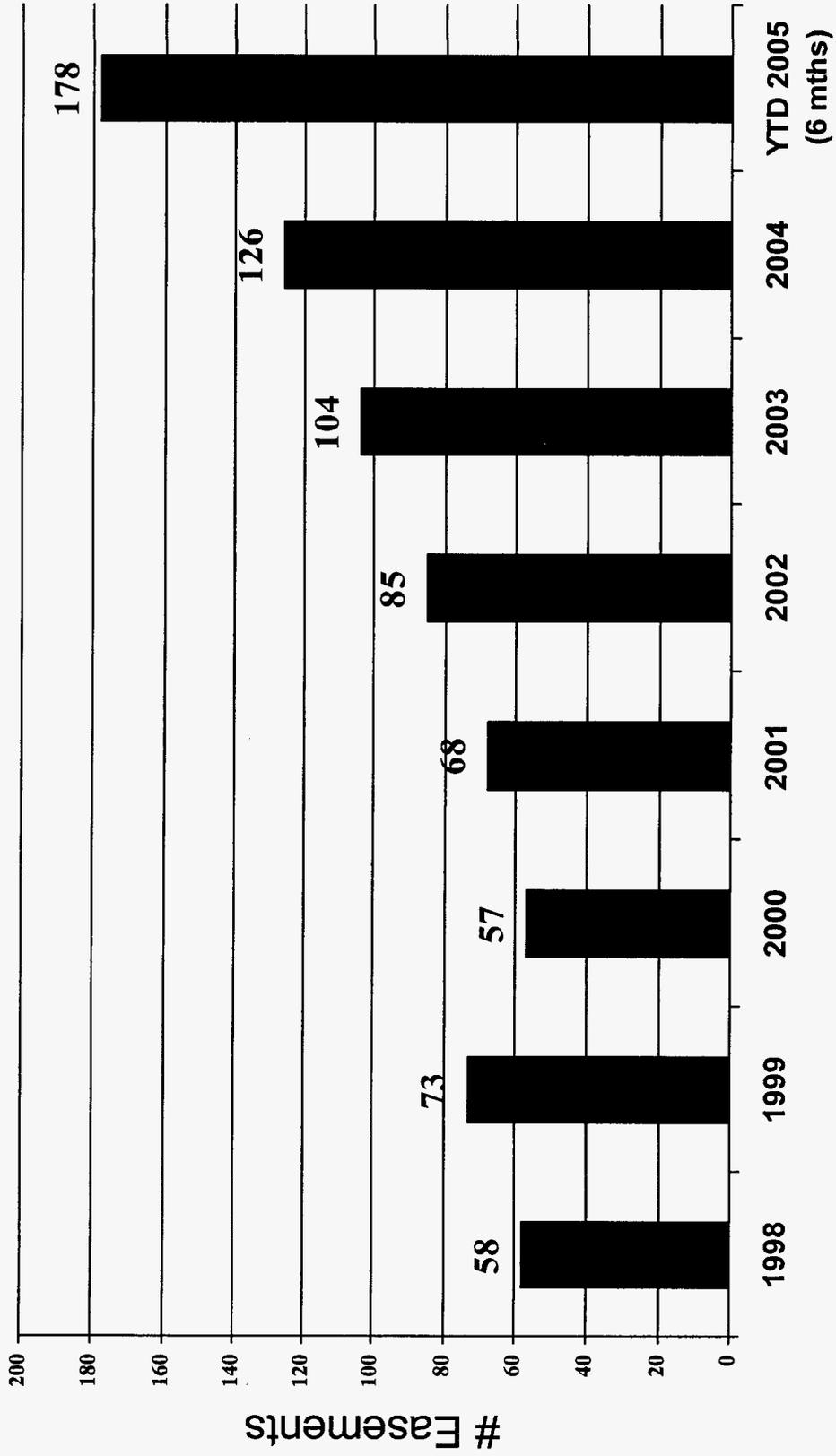
4 **Q. Does this conclude your rebuttal testimony?**

5 **A. Yes.**

Florida Power and Light Company
Plant, Substation, & Service Center Sites Placed Under Contract



Florida Power and Light Company Transmission Easements Acquired



**Florida Power and Light Company
Property Held for Future Use
Analysis of In-Service Dates
December 2004
(Excluding DeSoto Site)**

<u>Asset Location</u>	<u>Balance</u>	<u>Total for Year</u>	<u>Cum Total</u>	<u>Planned Use</u>	<u>In Service Date</u>	<u>Total Props</u>	<u>Cum Total Props</u>	<u>Cum % Total Props</u>	<u>Cum % Total Dollars</u>
1 BUTTERFLY (Formerly QUIET WATERS) - 1070500016	\$2,652,951.42			Substation	2005				
2 CLARK-VENICE - 2053014034	\$8,255.07			Transmission Line	2005				
3 DURBIN - 1013200003	\$679,248.00			Substation	2005				
4 HAMPTON - 1030333080	\$300,810.21			Substation	2005				
5 PANACEA DIST SUB - SARASOTA CO - 1053091100	\$484,592.34			Substation	2005				
6 RATTLESNAKE SUB-COLLIER COUNTY - 1050890400	\$187,328.04			Substation	2005				
7 RYE DISTRIBUTION SUB - MANATEE CO - 1052095700	\$58,375.62			Substation	2005				
8 SILVERLAKES - 1070581360	\$443,987.69			Substation	2005				
9 SOUTH DADE POWER PLANT COMMON - 5081019000	\$3,650,985.31			Mitigation Bank	2005				
10 SOUTHWEST SUB - DADE COUNTY - 1081049520	\$219,910.39			Substation	2005				
11 T EAU GALLIE-MELBOURNE LOOP TO APOLLO - 2020400011	\$52,760.59			Transmission Line	2005	11	11	14%	18%
		\$8,739,204.68	\$8,739,204.68						
12 AIRPORT-RIVERSIDE (FRONTON-LEJEUNE SECTION) - 2081001058	\$366,607.03			Transmission Line	2006				
13 APOLLO - 1020400800	\$276,588.83			Substation	2006				
14 CONGRESS - 1042814020	\$151,381.89			Substation	2006				
15 EAGLE - 1011300001	\$243,231.64			Substation	2006				
16 FIREHOUSE - 1081000007	\$1,677,023.88			Substation	2006				
17 GATEWAY DIST SUB - LEE COUNTY - 1051995600	\$406,262.84			Substation	2006				
18 MCCALL DIST SUB - CHARLOTTE CO - 1050676800	\$870,340.98			Substation	2006				
19 OSTEEN - 1023664140	\$32,015.89			Substation	2006				
20 WILCOX SUB - DADE COUNTY - (formerly Intermodal) 1081049510	\$1,025,623.83			Substation	2006				
21 WRIGHT (FKA FLOMICH) - 1013625300	\$15,910.64			Substation	2006				
22 DERBY (FKA RANTOUL & CAMELOT) - 1023186300	\$929,351.93			Substation	2006	11	22	28%	31%
		\$5,994,339.38	\$14,733,544.06						
23 CENTER - 1053011180	\$92,469.88			Substation	2007				
24 MARYMOUNT - 1042849370	\$9,383.81			Substation	2007				
25 PACETTI - 1013277900	\$204,487.15			Substation	2007				
26 POWERLINE SUBSTATION - 1070500014	\$1,449,311.82			Substation	2007				
27 SPEEDWAY (FKA PELICAN) - 1013600001	\$520,184.92			Substation	2007				
28 T CELERY-GENEVA LOOP TO OSTEEN (SEMINOLE) - 2023100004	\$468,768.85			Transmission Line	2007				
29 T CELERY-GENEVA LOOP TO OSTEEN (VOLUSIA) - 2013600008	\$468,768.81			Transmission Line	2007				
30 T DELTONA-OSTEEN 230KV - 2013600007	\$381,259.24			Transmission Line	2007				
31 VOLUSIA-SMYRNA #2 115KV - 2013623171	\$566,375.75			Transmission Line	2007				
32 WOLFSON - 1081000009	\$759,442.08			Substation	2007				
33 PELICER - 1013200004	\$249,489.01			Substation	2007	11	33	42%	41%
		\$5,169,941.32	\$19,903,485.38						

Docket Nos. 050545-EI, 050188-EI
 Nancy A. Swailwell, Exhibit No. _____
 Document No. NAS-3, Page 1 of 2
 PHFFU - Analysis of In-Service Dates

**Florida Power and Light Company
Property Held for Future Use
Analysis of In-Service Dates
December 2004
(Excluding DeSoto Site)**

<u>Asset Location</u>	<u>Balance</u>	<u>Total for Year</u>	<u>Cum Total</u>	<u>Planned Use</u>	<u>In Service Date</u>	<u>Total Props</u>	<u>Cum Total Props</u>	<u>Cum % Sites</u>	<u>Cum % Total Dollars</u>
34 BARNES - 1020402830	\$45,352.01			Substation	2008				
35 HIGHRIDGE - 1013634750	\$78,780.80			Substation	2008				
36 T ENGLEWOOD-PLACIDA-MYAKKA (CHARLOTTE CO) - 2050600001	\$145,223.31			Transmission Line	2008				
37 T ENGLEWOOD-PLACIDA-MYAKKA R/W(SARASOTA CO) - 2053000002	\$142,190.69			Transmission Line	2008				
38 RIVERBEND - 1042800005	\$186,335.15			Substation	2008				
39 ALTON - 1081000008	\$765,867.23			Substation	2008	6	39	50%	44%
		\$1,363,749.19	\$21,267,234.57						
40 ELY - 1070523000	\$507,655.71			Substation	2009				
41 GREEN FROG (SITE) - 1081032180	\$232,103.88			Substation	2009				
42 HYPERNAP - 1070500015	\$3,156,226.74			Substation	2009				
43 LINE TO PORTSAID SUBSTATION (EASEMENTS) - 2081000014	\$27,177.02			Transmission Line	2009				
44 OYSTER - 1050600002	\$468,604.85			Substation	2009				
45 PORT SAID (SITE AS OF 1994) - 1081071700	\$487,193.81			Substation	2009				
46 RINKER - 1081075110	\$601,807.93			Substation	2009				
47 T EDGEWATER-SCOTTSMORE 115KV - 2013600010	\$585,187.56			Transmission Line	2009				
48 ZILADEN (formerly DILLARD) - 1070500017	\$1,659,443.68			Substation	2009	9	48	62%	60%
		\$7,725,401.18	\$28,992,635.75						
49 ADMINISTRATIVE SERVICES - 6081000140	\$524,013.04			Office Expansion	2010				
50 ARCH CREEK - TRANS 1081001500	\$682,809.49			Substation	2010				
51 HENRY - 1020400005	\$970,021.95			Substation	2010				
52 LEVEE SUBSTATION - 1081044850	\$789,029.68			Substation	2010				
53 MANOR SUB (FKA - MIDDLE RIVER) - 1070554940	\$65,543.30			Substation	2010				
54 T LEVEE-CONSERVATION 500KV (BROWARD CO) - 2070500015	\$3,800,064.20			Transmission Line	2010				
55 T LEVEE-CONSERVATION 500KV (DADE CO) - 2081000005	\$1,871,673.47			Transmission Line	2010				
56 WELLEBY (SITE) - 1070592200	\$788,112.46			Substation	2010	8	56	72%	80%
		\$9,491,267.59	\$38,483,903.34						
Total Population on which percentages are based			\$48,257,086.40				78		

Docket Nos. 050545-EI, 050188-EI
 Nancy A. Swaiwell, Exhibit No. _____
 Document No. NAS-3, Page 2 of 2
 PFFFU - Analysis of In-Service Dates

Florida Power and Light Company
Property Held for Future Use (Using December 2004 report)
Age of Properties Going into Service within 5 years

Docket No. 050045-EI, 050188-EI
 Nancy A. Swalwell, Exhibit No. ____
 Document No. NAS-4, Page 1 of 1
 Age of Properties Going into Service

Properties Purchased In Or Prior To 1995 Going into Service Within 5 Years (By End Of 2009)

Number	Property	Balance	Planned Use	In Service	Purchase
				Date	Date
1	APOLLO - 1020400800	\$276,588.83	Substation	2006	1973
2	BARNES - 1020402830	\$45,352.01	Substation	2008	1973
3	CENTER - 1053011180	\$92,469.88	Substation	2007	1976
4	CLARK-VENICE - 2053014034	\$8,255.07	Transmission Line	2005	1994
5	CONGRESS - 1042814020	\$151,381.89	Substation	2006	1994
6	HAMPTON - 1030333080	\$300,810.21	Substation	2005	1990
7	HIGHRIDGE - 1013634750	\$78,780.80	Substation	2008	1992
8	LINE TO PORTSAID SUBSTATION (EASEMENTS) - 2081000014	\$27,177.02	Transmission Line	2009	1995
9	MARYMOUNT - 1042849370	\$9,383.81	Substation	2007	1971
10	OSTEEN - 1023664140	\$32,015.89	Substation	2006	1991
11	PACETTI - 1013277900	\$204,487.15	Substation	2007	1994
12	PORT SAID (SITE AS OF 1994) - 1081071700	\$487,193.81	Substation	2009	1995
13	RINKER - 1081075110	\$601,807.93	Substation	2009	1994
14	RYE DISTRIBUTION SUB - MANATEE CO - 1052095700	\$58,375.62	Substation	2005	1974
15	SOUTH DADE POWER PLANT COMMON - 5081019000	\$3,650,985.31	Mitigation Bank	2005	1972
16	T CELERY-GENEVA LOOP TO OSTEEEN (SEMINOLE) - 2023100004	\$468,768.85	Transmission Line	2007	1993
17	T CELERY-GENEVA LOOP TO OSTEEEN (VOLUSIA) - 2013600008	\$468,768.81	Transmission Line	2007	1993
18	T DELTONA-OSTEEEN 230KV - 2013600007	\$381,259.24	Transmission Line	2007	1993
19	T EAU GALLIE-MELBOURNE LOOP TO APOLLO - 2020400011	\$52,760.59	Transmission Line	2005	1994
20	T EDGEWATER-SCOTTSMORE 115KV - 2013600010	\$585,187.56	Transmission Line	2009	1993
21	T ENGLEWOOD-PLACIDA-MYAKKA (CHARLOTTE CO) - 2050600001	\$145,223.31	Transmission Line	2008	1974
22	T ENGLEWOOD-PLACIDA-MYAKKA R/W(SARASOTA CO) - 2053000002	\$142,190.69	Transmission Line	2008	1973
23	WRIGHT (FKA FLOMICH) - 1013625300	\$15,910.64	Substation	2006	1974

Properties Purchased After 1995 Going into Service Within 5 years (By End Of 2009)

Number	Property	Balance	Planned Use	In Service	Purchase
				Date	Date
1	AIRPORT-RIVERSIDE (FRONTON-LEJEUNE SECTION) - 2081001058	\$366,607.03	Transmission Line	2006	2003
2	BUTTERFLY (Formerly QUIET WATERS) - 1070500016	\$2,652,951.42	Substation	2005	2002
3	DURBIN - 1013200003	\$679,248.00	Substation	2005	2003
4	EAGLE - 1011300001	\$243,231.64	Substation	2006	2001
5	ELY - 1070523000	\$507,655.71	Substation	2009	2001
6	FIREHOUSE - 1081000007	\$1,677,023.88	Substation	2006	2003
7	GATEWAY DIST SUB - LEE COUNTY - 1051995600	\$406,262.84	Substation	2006	2003
8	GREEN FROG (SITE) - 1081032180	\$232,103.88	Substation	2009	2002
9	HYPERNAP - 1070500015	\$3,156,226.74	Substation	2009	2004
10	MCCALL DIST SUB - CHARLOTTE CO - 1050676800	\$870,340.98	Substation	2006	2003
11	OYSTER - 1050600002	\$468,604.85	Substation	2009	2004
12	PANACEA DIST SUB - SARASOTA CO - 1053091100	\$484,592.34	Substation	2005	2003
13	POWERLINE SUBSTATION - 1070500014	\$1,449,311.82	Substation	2007	2002
14	RATTLESNAKE SUB-COLLIER COUNTY - 1050890400	\$187,328.04	Substation	2005	2002
15	SILVERLAKES - 1070581360	\$443,987.69	Substation	2005	2000
16	SOUTHWEST SUB - DADE COUNTY - 1081049520	\$219,910.39	Substation	2005	2004
17	SPEEDWAY (FKA PELICAN) - 1013600001	\$520,184.92	Substation	2007	2001
18	VOLUSIA-SMYRNA #2 115KV - 2013623171	\$566,375.75	Transmission Line	2007	2001
19	WILCOX SUB - DADE COUNTY - (formerly Intermodal) 1081049510	\$1,025,623.83	Substation	2006	2003
20	WOLFSON - 1081000009	\$759,442.08	Substation	2007	2003
21	ZILADEN (formerly DILLARD) - 1070500017	\$1,659,443.68	Substation	2009	2002
22	RIVERBEND - 1042800005	\$186,335.15	Substation	2008	2004
23	PELICER - 1013200004	\$249,489.01	Substation	2007	2004
24	ALTON - 1081000008	\$765,867.23	Substation	2008	2004
25	DERBY (FKA RANTOUL & CAMELOT) - 1023186300	\$929,351.93	Substation	2006	2004

**Florida Power and Light Company
Incremental Cost Analysis
Juno Beach**

Building Size (includes outside walls)	183,750	sq feet built		Allocation of Common Area:	
- Allocation for FPL	96,750	sq feet	52.65%	- Allocation of Common to E Bldg	29,170
- Allocation to Affiliates	87,000	sq feet	47.35%	- Allocation of 52.65% to FPL	15,359
Building Size (net rentable)	176,937	sq feet		- Allocation of 47.35% to Affiliates	13,811
- Net rentable allocation to FPL	93,163	sq feet	52.65%		
- Net rentable allocation to Affiliates	83,774	sq feet	47.35%		

	<u>Gross Plant</u>	<u>Reserve</u>	<u>Net Book Value</u>	<u>Depreciation</u>
Juno E if built just for FPL	\$15,388,802	-\$4,015	\$15,384,787	\$536,058
Juno E - Incremental portion for FPLE	\$9,611,198	-\$2,508	\$9,608,690	\$334,799
Total	\$25,000,000	-\$6,523	\$24,993,477	\$870,857

	<u>Total</u>	<u>Bldg E Op Cost/SF</u>
<u>Bldg E Operating Expenses</u>		
Property Management	\$325,564	\$1.84
Tax	\$458,267	\$2.59
Insurance	\$15,924	\$0.09
Electricity	\$337,950	\$1.91
Total Operating Expenses	\$1,137,705	\$6.43

Incremental Cost for FPLE

Operating Expenses	\$538,668	(83,774 square feet which is 47.35% of net rentable for bldg E)
Depreciation	\$334,799	(from above - depreciation for portion of bldg E for FPLE)
ROI	\$1,069,447	(11.13% times net book value of portion of bldg E for FPLE)
Annual Revenue Requirement FPLE	\$1,942,915	

Rent Charges

For square footage used	\$1,675,480	(83,774 square feet which is 47.35% of net rentable for bldg E)
Allocation of JB common area	\$276,222	(13,811 allocation of common area for JB complex)
	\$1,951,702	

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 Nancy A. Swailwell, Exhibit No. _____
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 Incremental Cost Analysis for Juno Beach