

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: September 9, 2008
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Lisa C. Bennett, Senior Attorney, Office of the General Counsel
RE: DOCKET NO. 080009-EI - Nuclear cost recovery clause.

Please place the attached documentation in the above-referenced docket file. Thank you.

LCB/th

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Filed: August 21, 2008

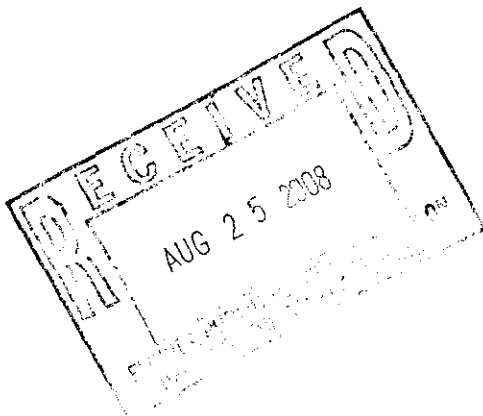
**NOTICE OF SERVICE
OF FLORIDA POWER & LIGHT COMPANY'S OBJECTIONS AND RESPONSES
TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S
AMENDED THIRD SET OF INTERROGATORIES (NOS. 35-41)**

Florida Power & Light Company hereby gives notice of service of its Objections and Responses to the Staff of the Florida Public Service Commission's Amended Third Set of Interrogatories (Nos. 35-41), to Lisa Bennett.

Respectfully submitted this 21st day of August, 2008.

R. Wade Litchfield, Vice President and
General Counsel
John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5253
Facsimile: (561) 691-7135

BY: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479



CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by United States mail this 21st day of August, 2008, to the following:

Lisa Bennett, Esquire
Keino Young, Esquire
Jennifer Brubaker, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

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By: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Served: August 21, 2008

**FLORIDA POWER & LIGHT COMPANY'S OBJECTIONS AND RESPONSES
TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S
AMENDED THIRD SET OF INTERROGATORIES (NOS. 35-41)**

Florida Power & Light Company ("FPL"), pursuant to Rules 1.340 and 1.350, Florida Rules of Civil Procedure, and Rule 28-106.206, Florida Administrative Code, submits the following objections and responses to the Staff of the Florida Public Service Commission's ("Staff's") Amended Third Set of Interrogatories (Nos. 35-41).

I. General Objections

FPL objects to each and every request for documents that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time response is first made or is later determined to be applicable for any reason. FPL in no way intends to waive such privilege or protection. The nature of the document(s), if any, will be described in a privilege log prepared by FPL.

In certain circumstances, FPL may determine, upon investigation and analysis, that information responsive to certain discovery requests to which objections are not otherwise asserted are confidential and proprietary and should not be produced without provisions in place to protect the confidentiality of the information, if at all. By agreeing to provide such information in response to such request, FPL is not waiving its right to insist upon appropriate protection of confidentiality by means of a protective order or other action to protect the confidential information requested. FPL asserts its right to require such protection of any and all

documents that may qualify for protection under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

FPL is a large corporation with employees located in many different locations. In the course of its business, FPL creates numerous documents that are not subject to Florida Public Service Commission or other governmental record retention requirements. These documents are kept in numerous locations and frequently are moved from site to site as employees change jobs or as business is reorganized. Therefore, it is possible that not every relevant document may have been consulted in developing FPL's response. Rather, these responses provide all the information that FPL obtained after a reasonable and diligent search conducted in connection with this discovery request. To the extent that the discovery requests propose to require more, FPL objects on the grounds that compliance would impose an undue burden or expense on FPL.

FPL objects to each request to the extent that it seeks information that is not relevant to the subject matter of this docket and is not reasonably calculated to lead to the discovery of admissible evidence.

FPL objects to each request to the extent it is vague, ambiguous, overly broad, imprecise, or utilizes terms that are subject to multiple interpretations but are not properly defined or explained for purposes of such discovery requests.

FPL also objects to these discovery requests to the extent they call for FPL to prepare information in a particular format or perform calculations or analyses not previously prepared or performed as purporting to expand FPL's obligations under applicable law. FPL will comply with its obligations under the applicable rules of procedure.

FPL objects to providing information to the extent that such information is already in the public record before the Florida Public Service Commission and available to Staff through normal procedures.

FPL objects to each discovery request and any definitions and instructions that purport to expand FPL's obligations under applicable law.

In addition, FPL reserves its right to count Interrogatories and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional requests served by any party.

Notwithstanding any of the foregoing general objections and without waiving these objections, FPL intends in good faith to respond to Staff's discovery requests.

II. Responses

Attached hereto are FPL's answers to Staff's Amended Third Set of Interrogatories (Nos. 35-41), consistent with its objections, together with the affidavits of the persons providing said answers.

Respectfully submitted this 21st day of August, 2008.

R. Wade Litchfield, Vice President and
General Counsel
John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5253
Facsimile: (561) 691-7135

BY: 

John T. Butler, Esquire
Fla. Bar No. 283479

CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by U.S. Mail this 21st day of August, 2008, to the following:

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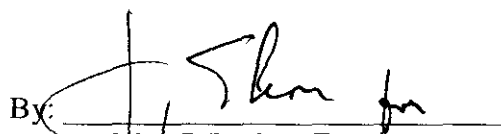
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Northbrook, IL 60062

By:


John T. Butler, Esquire
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Q.

In its need filing and testimony (Docket No. 070650-EI, document number 09461-07, pages 14-16) FPL noted that various Turkey Point Units 6&7 associated facility transmission activities are required for the addition of 2,200 MW of generation at the Turkey Point Site.

a. Please list each known Turkey Point Units 6&7 transmission line activity using the same format shown on Table 2 of the Review of 2007 Ten-Year Site Plans for Florida's Electric Utilities (<http://www.psc.state.fl.us/publications/pdf/electricgas/tysp2007.pdf>) including the approximate distance in miles from the Turkey Point site and whether cost recovery pursuant to 366.93 F.S. is anticipated.

A.

The table below provides the requested data. FPL anticipates cost recovery of all prudently incurred project costs pursuant to 366.93 F.S.

Proposed Transmission Lines Requiring Certification

OWNER	TRANSMISSION LINE	LINE LENGTH (MILES)	NOMINAL VOLTAGE (KV)	PROPOSED INSTALLATION
FPL	Clearsky-Davis	19	230	2016
FPL	Clearsky-Levee #1 & #2	43*	500	2016
FPL	Clearsky-Pennsuco	52*	230	2016
FPL	Clearsky-Turkey Point	0.5	230	2016
FPL	Davis-Miami	18*	230	2016

* Line length is approximate. Preferred corridors have not been selected.

Q.

Subsequent to filing its NCRC testimony and schedules for 2007, has FPL received internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.), or initiated or made plans to initiate any internal audits addressing FPL's site selection expenses and activities through December 31, 2007? If so, please provide the following:

- a. If audit results have been received are the internal audit results reflected in the 2006 and 2007 site selection testimony? Explain
- b. How does FPL plan to reflect any such internal audit results, including any reversals and associated carrying charges that may become known to FPL after it has filed the site selection testimony and exhibits?
- c. Is it appropriate for the Commission to make a final finding regarding prudence of the incurred expenses for the site selection filings prior to FPL completing and reflecting all audit results in testimony? If so, explain.

A.

- a. We expect the internal audit report to be issued by September 30, 2008.
- b. These internal audit results and any other adjustments will be reflected in the month they are recorded with a true-up of carrying costs in the March 1, 2009 true-up filing.
- c. Per the stipulation agreement between FPL and Office of Public Counsel, both parties agree that FPL may include those site selection and pre-construction costs in the calculation of the nuclear cost recovery amount that is to be recovered through the 2009 capacity cost recovery factor, and further agree that any finding as to the prudence of the cost and/or any determination that certain 2007 costs should be disallowed will be deferred until the 2009 nuclear cost recovery cycle. Assuming that Staff and other parties agree with this stipulation, FPL believes it would be appropriate for the referenced prudence finding for these particular expenses be made during the 2009 NCRC proceedings.

Q.

Subsequent to filing its NCRC testimony and schedules for 2007, has FPL received any internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.), or initiated or made plans to initiate any internal audits addressing FPL's uprate project expenses and activities through December 31, 2007? If so, please provide the following:

- a. If any internal audit results have been received, are the internal audit results reflected in the 2006-2007 uprate project testimony? Explain.
- b. How does FPL plan to reflect any such internal audit results, including any reversals and associated carrying charges that may become known to FPL after it has filed the 2006-2007 uprate project testimony and exhibits?
- c. Is it appropriate for the Commission to make a final finding regarding prudence of the incurred expenses for the 2006-2007 uprate project filings prior to FPL completing and reflecting all audit results in testimony? If so, explain.

A.

- a. Internal audit results were received on July 24, 2008, thus they are not incorporated into the uprate project testimony.
- b. Attached are the adjustments made as a result of the internal audit results regarding FPL's uprate project expenses through March 31, 2008 as identified in the internal audit report. Should any of the items listed as "adjustment yet to be determined" be finalized prior to hearings, FPL will file a supplemental response. When the NFR true-up schedules are filed on March 1, 2009, the adjustments below will show up in the months they were or will be made and will be reflected in the NFR revenue requirements as of the date of the adjustment.
- c. Yes, audit results will be reflected in the March True-Up filing effective from the month that each entry was made; therefore, the Commission can make a final determination of prudence of the incurred expenses for 2006-2007 uprate project.

Internal Audit Results Interrogatory -37 B
Interrogatory -37 B

Audit Issues	Document Reference	Remedy	Amount	Original Charge Year	Posted Month
Expense Reports					
Farewell Lunch	Page 2, Non EPU-Related	JV to Expense	\$607.60	2008	Jun-08
Duplicate Reimbursement	Page 4, Recommendation 1.	A/R Invoice to Employee	\$487.00	2008	Not Done (1)
Invoices					
Computer Hardware	Page 5, 3rd bullet from bottom	JV to Expense	\$7,966.20	2007	May-08
Computer Hardware	Page 5, 3rd bullet from bottom	JV to Expense	\$42,562.13	2008	May-08
			<u>\$50,528.33</u>		(2)
Computer Hardware	Page 5, 2nd bullet from bottom	JV to Amortizable Capital	\$19,925.07	2007	May-08
Computer Hardware	Page 5, 2nd bullet from bottom	JV to Amortizable Capital	\$18,427.38	2008	May-08
			<u>\$38,352.45</u>		(2) / (3)
Computer Software	Page 5, last bullet	JV to Expense	\$26,821.29	2007	May-08
Computer Software	Page 5, last bullet	JV to Expense	\$38,310.00	2008	May-08
			<u>\$65,131.29</u>		(4)
Unsupported Expenses for Contractors	Page 6, last bullet	No Entry Required			(5)
Propriety of contractor's charges &	Page 7, first paragraph	No Entry Required			(6)
Furniture	Page 6, first bullet	JV to Amortizable Capital	\$38,842.66	2008	Jun-08
Furniture	Page 6, 2nd bullet	JV to Expense	\$672.75	2008	Jun-08
Point Beach Conferencing	Page 8, first bullet	JV to Point Beach	\$631.00	2008	Not Done (1)
Point Beach Contractors	Page 8, last paragraph	JV to Point Beach	Pending (7)	Pending (7)	Not Done (1)
Payroll					
Project Staffing Ramp	Page 10, first paragraph	No Entry Required			(8)
Additional Reclass In	Page 11, Recommendation 1	JV from Expense	\$32,334.00 (9)	Pending (9)	Not Done (1)
Additional Reclass Out	Page 12, Recommendation 2	JV to Expense	\$42,897.02	2008	Not Done (1)
Backfill Reclass Out	Page 12, bullet	JV to Expense	\$4,231.80	2008	Not Done (1)
Backfill Reclass Out	Page 12, bullet	JV to Expense	\$13,868.75	2007	Not Done (1)
			<u>\$18,100.55</u>		
Point Beach	Page 12, last paragraph	JV to Point Beach	\$15,004.34	2008	Jun-08
Point Beach	Page 12, last paragraph	SAP Correction	\$15,990.45 (10)	2008	Jul-08
Additional Reclass Out	Page 13, FPSC Findings	JV to Expense	\$3,351.71	2007	May-08
Backfill Reclass Out	Page 13, FPSC Findings	JV to Expense	\$18,056.59	2007	May-08
			<u>\$21,408.30</u>		

Notes

- (1) The target date of completion is 9/30/08.
- (2) On page 5 of the Audit Report the amounts for the first two bullets of the "Computer hardware and software charges" paragraph are reversed. Hardware charges meeting the capitalization criteria totaled \$38,352.45 and \$50,528.33 did not meet the capitalization criteria.
- (3) The actual amount of the amortizable blanket ER (capitalized hardware) transfer is \$38,352.45. The Internal Audit report amount of \$38,265 was slightly lower due to the \$1,000.00 threshold applied while testing.
- (4) The actual amount of the software transfer to O&M is \$65,131.29. The Internal Audit report amount of \$64,694 was slightly lower due to the \$1,000.00 threshold applied while testing.
- (5) No entry required. As stated in the Internal Audit Report, management will ensure that all invoices paid to contractors and inter-company invoices charged to the EPU project are properly supported and maintained. An internal process was established and implemented at the end of June 2008.
- (6) No entry required. The charges were determined as proper expenses to be charged to the EPU project. Management will also communicate FPL's expectation to the vendor on reasonable reimbursable expenses.
- (7) Management is working with the staffing companies to credit the EPU project for time charges incorrectly invoiced. Contracts have been established with Point Beach to cover each individual. The adjustment amount has yet to be determined.
- (8) No entry required. As stated in the Audit Report, Project Management and Nuclear Business Operations will explore the best option for ensuring that both lists are current without duplicating efforts. The Ramp will also be updated for the 2 employee's erroneously identified.
- (9) Actual amount is yet to be determined. As stated in the Audit Report, management is investigating the potential use of the FMIP Summary Report to enable more accurate payroll treatment. At the completion of such analysis, the team will develop a procedure that determines the specific process for calculating payroll costs properly included in the EPU project and will make necessary correcting journal entries at the completion of the analysis.
- (10) Management has excluded time worked on the Point Beach EPU project charged to the FPL EPU Project for the past 6 pay periods. The amount indicated was identified from an FMIP report after posting. Management has also set up Point Beach SAP default time percentage for the employees.

Q.

Subsequent to filing its NCRC testimony and schedules for 2007, has FPL received internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.), or initiated or made plans to initiate any internal audits addressing FPL's Turkey Point Unit 6&7 project expenses and activities through December 31, 2007? If so, please provide the following:

- a. If any internal audit results have been received, are the internal audit results reflected in the 2006-2007 Turkey Point Unit 6&7 project testimony? Explain.
- b. How does FPL plan to reflect such internal audit results, including any reversals and associated carrying charges that may become known to FPL after it has filed the 2006-2007 Turkey Point Unit 6&7 project testimony and exhibits?
- c. Is it appropriate for the Commission to make a final finding regarding prudence of the incurred expenses for the 2006-2007 Turkey Point Unit 6&7 project filings prior to FPL completing and reflecting all audit results in testimony? If so, explain.

A.

- a. We expect the internal audit report to be issued by September 30, 2008.
- b. These internal audit results and any other adjustments will be reflected in the month they are recorded with a true-up of carrying costs in the March 1, 2009 true-up filing.
- c. Per the stipulation agreement between FPL and Office of Public Counsel, both parties agree that FPL may include those site selection and pre-construction costs in the calculation of the nuclear cost recovery amount that is to be recovered through the 2009 capacity cost recovery factor, and further agree that any finding as to the prudence of the cost and/or any determination that certain 2007 costs should be disallowed will be deferred until the 2009 nuclear cost recovery cycle. Assuming that Staff and other parties agree with this stipulation, FPL believes it would be appropriate for the referenced prudence finding for these particular expenses be made during the 2009 NCRC proceedings.

Q.

Based on FPL's current updated data, what are the NCRC estimated 1000 kwh residential average monthly bill impact amounts for 2009 through the estimated commercial operation date of Turkey Point Units 6 & 7.

A.

TURKEY POINT UNITS 6&7
PROJECTED INCREMENTAL IMPACT ON RESIDENTIAL 1,000 KWH BILL

2009 \$	2.29
2010 \$	1.52
2011 \$	1.52
2012 \$	0.55
2013 \$	1.36
2014 \$	2.39
2015 \$	3.64
2016 \$	5.07
2017 \$	6.29
2018 \$	6.66
2019 \$	6.16
2020 \$	2.83

Bill impacts assume in-service dates of June 1, 2018 and June 1, 2020 for Turkey Point Units 6&7 respectively.

Assumptions used in bill impacts:

- Updated sales forecast from the forecast used in the Need Study
- Updated discount rate from that used in the Need Study (8.35% vs. 8.40%)
- Capital revenue requirements based on \$3800/kW (2007\$). This information is based on a "mid-point" value from FPL's 2007 work based in the TVA Bellefonte study and has not been updated for current or projected market conditions. This estimate is highly dependent on assumptions regarding the timing of project expenditures - the schedule for which has not been established. FPL has not yet requested cost recovery for any amounts beyond 2009. A complete feasibility analysis with updated cost information for all generation alternatives will be required to determine project viability. The schedule for developing this information depends upon ongoing negotiations with Westinghouse/Shaw and additional engineering planning work being accomplished on balance of plant designs. The 2009 revenue requirements based on amount filed on August 6, 2008 in FPL's revised Nuclear Cost Recovery filing.
- For the years 2018 through 2020, total system variable O&M and fuel savings (based on medium fuel cost forecast and environmental II scenario) from the operation of Turkey Point Units 6&7 were calculated relative to a plan without nuclear, which included combined cycle units in 2018 through 2020.
- The methodology used in the bill impact calculation is consistent with the approach used in the Determination of Need filing, presented in the testimony of Steven R. Sim in Exhibit SRS-9.

Q.

In any year, does FPL's estimated 1000 kwh residential bill impact in response to question (FPL INT45) exceed 10% of the December 2008 1000 kwh residential bill amount? If so, what rate impact mitigation efforts, if any, is FPL considering?

A.

FPL's residential 1,000 kWh bill impacts calculated in response to Staff's Third Set of Interrogatories No. 39 do not exceed 10% of FPL's December 2008 1,000 kWh residential bill amount of \$110.77.

Q.

Please refer to the audit reports and finding by the Florida Public Service Commission, Division of Regulatory Compliance and Consumer Assistance, Bureau of Auditing, pursuant to Audit Control Number 08-065-4-1, including any supplemental reports.

- a. Assume FPL is required to implement (make reversals) all audit findings and all disclosures. For each disclosure and audit finding please provide the impact on FPL's requested 2007, 2008, and 2009 NCRC amounts.
- b. List each audit finding and disclosure which FPL disagrees with and explain why.

A.

- a. See Attachment 1.
- b.

Audit Finding No. 3:

Statement of Facts: Florida Power and Light will be incurring costs for new equipment and charging it to the clause long before the removal of old equipment during the outages. After the outages, several pieces of equipment will be retired and several may be sold for salvage. The retirements and salvage should be used to offset the costs recorded in this filing. This may cause a negative true up after the outages. FPL needs to maintain detailed records of the items removed, retired and sold. A methodology for recording these items should be determined.

FPL Response:

All of the existing equipment at the St. Lucie and Turkey Point units is recorded in Plant in Service and therefore is included in current rate base and the return on that rate base is reflected in the Company's base rates. Likewise, the associated depreciation of that equipment, which includes consideration of cost of removal and salvage, is reflected in current base rates. Therefore, neither the cost of old equipment nor the related depreciation expense is relevant to the NCRR projected recoveries. Any cost incurred for new equipment is clearly incremental and recovery of a return on those construction expenditures is precisely what the NCRR is intended to provide.

Furthermore, the retirement of equipment currently in service, less salvage, has no impact on rate base since any difference between accumulated depreciation and the gross plant value is recorded to accumulated depreciation as either an addition (credit) reflecting a deferred gain on the retirement or a reduction (debit) reflecting a deferred loss on the retirement.

Cost of removal does impact rate base as cash must be expended; however, that cost either has been previously considered in existing depreciation rates or will be considered in future rates. In neither case should the retirement, removal or salvage associated with current plant in service impact recoveries under the rule.

Lastly, the NCRR as applied to uprates considers only the recovery of a return on the cost of the uprates, not recovery of the expenditures themselves.

Audit Finding No. 5

Statement of Facts: An engineering evaluation for the extended power uprate project for St. Lucie Units 1 and 2 discusses the main transformer. The report states:

“Based on their relatively long lives to date together with a relatively more troublesome operating lifetime condition history, replace the PSL Unit 2 MT’s (Main Transformer) with new units. This plan to replace these two MTs is considered especially appropriate when considering that these relatively old units would, with the EPU, be loaded to their highest ever MVA levels at a time when end-of-useful-life is, by all industry measures, already approaching.”

Based on this report, it appears that the transformers may have needed to be replaced even if FPL was not doing the uprate.

An FPL representative responded that the transformers have 10 more years of useful life. They have been asked to provide support for this assertion to the analyst.

FPL Response:

The paragraph referenced above by the FPSC auditor is extracted from an engineering evaluation developed by the EPU Core Engineering Team as a means to formally document their evaluation of and agreement with a MT uprate strategy recommendation made by FPL’s Substation Technical Services Organization. That recommendation is included as Attachment 7.5 to this same Engineering Evaluation that was reviewed by the PSC Staff.

The EPU Core Engineering Team’s wording was intended to summarize the contents of Attachment 7.5 to the evaluation as relates to the proposed plan for the Saint Lucie Unit 2 MTs.

Large transformers like those in service in the MT application at both of the Saint Lucie Units, have a nominal life expectancy of some 35 to 45 years when properly applied and operated. Operating temperatures over the long term play the dominant role in determining where a particular transformer lies within this expected life range. This is especially the case when the transformer has not been subjected to damaging and life shortening events.

The Saint Lucie Unit 2 transformers have, at this time, accumulated some 25 years of in-service operation, and will, at the time of first operation of the generating unit at the new uprated level, have in-service lives of 29 years. FPL’s evaluation of these MTs supports a 2018 replacement date when applied at their current level of output. However, at the higher operating temperatures to be experienced at the uprated level of output beyond 2012, a 2015 replacement is suggested.

FPL determined, based on a remaining life of only three years beyond start of operation at the uprated level that the preferred approach is one of replacing the units with more capable transformers, as opposed to investing the costs and site-related modification activity required to uprate the units for such a short period of future operation.

Likewise, since the Saint Lucie Unit 1 MTs are newer units with estimated replacement dates some 10 to 11 years out beyond first operation at the uprated level, the preferred approach was deemed to be one of uprating the units.

Regarding the Unit 2 MTs, much historical data is available as relates to the state of these units' health. In the aggregate, when one considers their age, these MTs are in good condition and can be expected to continue operation at current levels with a high degree of reliability. That is why, without the uprate, these units are currently planned for removal from service some ten years from now. It is the uprate and operation of these units at a higher level of throughput (and temperature) late in their normal life expectancy that, we have estimated, gives rise to the shorter remaining life spans noted above, and which forms the basis for our decision to replace the units in time for the generating units' first operation at the uprated level of output.

The following table contains transformer age-related information essential to an understanding of the Saint Lucie MT plan.

ID	Manuf.	Date of Manuf.	ISD	Years in-Service	Projected Change-out without EPU	Projected Change-out with EPU	Useful Life at EPU Level (years subsequent to uprate)
U1A 49-2509	ABB	1997	1997	11	2032	2022	11.0 (1)
U1B 49-174	McGraw Edison	1988	1994	14	2029	2021	10.0 (1)
U2A 40-0920	McGraw Edison	1982	1983	25	2018 (2)	2015	3 (3)
U2B 49-0158	McGraw Edison	1980	1983	25	2018 (2)	2015	3 (3)

Notes:

- 1) The Saint Lucie Unit 1 MTs have a conservatively estimated remaining life of some 10 to 11 years beyond 2011 when first operated at the uprated power level.
- 2) The Saint Lucie Unit 2 MTs have an expected 2018 end-of-useful life span when operated at the current power level.
- 3) The Saint Lucie Unit 2 MTs have an expected 3 years of remaining useful life beyond 2012 when they would be first operated at the uprated power level. This is the reason we intend to replace this MT pair.

In summary, FPL's decision to replace the Saint Lucie Unit 2 transformers is as a result of FPL's evaluation of those units at the uprated power level. That evaluation shows that these units which have some (10) ten years of operating life remaining as of this date, would be expected to have a reduced life expectancy of only 3 (three) years beyond the time they first experience operation at the uprate power level in 2012. Without the uprate, they have a remaining life of six (6) years beyond the 2012 date.

Late Filed Audit Finding No. 1

Statement of Facts: FPL's internal audit department audited the costs charged to the uprate from June 1, 2007 through March 31, 2008. The internal auditors determined that since computer software, computer hardware and furniture could be re-used after the uprate project was over, that these costs should not be included in the uprate recovery. Most of these costs were incurred in 2008. We found \$54,713 of computer hardware and software costs in 2007. FPL removed these costs on May 30, 2008. Since FPL did not include any carrying costs in 2007, the removal

of these costs does not affect the calculation of carrying costs. In 2008, however, FPL needs to retroactively adjust the costs to correctly apply the carrying costs.

FPL Response:

The Company does not disagree with the general nature of the finding; however; some costs considered in this finding such as certain software license fees are incurred for the sole purpose of supporting this project and cannot be otherwise charged to a blanket capital work order. Therefore, the company reserves the opportunity to consider those dollars along with any other appropriately incurred recoverable O&M to be included in the NFR's and recovered as such.

Interrogatory - 41a

Audit Finding No. 1 - Payroll

FPL made the below journal entries in April and May of 2008 for the FPSC audit finding #1. The revenue requirement impact will be reflected in the March true-up filing effective from the month that each entry was made.

The total revenue requirement decrease of \$12,966 will be reflected in the March 1st True-Up.

Issue	Remedy	Amount	Original Charge Year	Posted Month
Initial Non-Incremental Payroll Reclass Out	JV to Expense	\$49,790.98	2007	Apr-08
Additional Non-Incremental Payroll Reclass Out	JV to Expense	\$3,351.71	2007	May-08
Positions not Backfilled Reclass Out	JV to Expense	\$18,056.59	2007	May-08

	Rev. Req. per Revised Filing 8/06/08	Rev. Req. with Payroll Adjustments	Difference - Decrease
2008 Uprate (Schedule AE-1, Line 6)	3,733,003	3,727,754	(5,249)
2009 Uprate (Schedule P-1, Line 6)	16,553,019	16,545,302	(7,717)
Total Revenue Requirements	20,286,022	20,273,056	(12,966)

Audit Finding No. 2 - Affiliate Overhead

No reversal required for this Audit finding as the fully loaded FPLE cost rate was lower than market.

Audit Finding No. 3 - Retirements

Please see response to 41b.

Audit Finding No. 4 - Over-Accrual

No action required. Accruals are removed from the calculation of revenue requirements until payment is made.

Audit Finding No. 5 - Transformers at the End of Useful Life

Please see response to 41b.

Audit Finding No. 1 - Supplemental Internal Audit Findings (Computer software, computer hardware and furniture)

FPL made the below journal entries in April and May of 2008 for the FPSC supplemental audit finding. The revenue requirement impact will be reflected in the March true-up filing effective from the month that each entry was made.

The total revenue requirement decrease of \$9,591 will be reflected in the March 1st True-Up.

Issue	Remedy	Amount	Original Charge Year	Posted Month
Computer Software	JV to Expense	\$26,821.29	2007	May-08
Computer Hardware	JV to Expense	\$7,966.20	2007	May-08
Computer Hardware	JV to Amortizable Capital	\$19,925.07	2007	May-08
Furniture	None in 2007	\$0.00	2007	N/A
		\$54,712.56		

	Rev. Req. per Revised Filing 8/06/08	Rev. Req. with Payroll Adjustments	Difference - Decrease
2008 Uprate (Schedule AE-1, Line 6)	3,733,003	3,729,325	(3,678)
2009 Uprate (Schedule P-1, Line 6)	16,553,019	16,547,106	(5,913)
Total Revenue Requirements	20,286,022	20,276,431	(9,591)

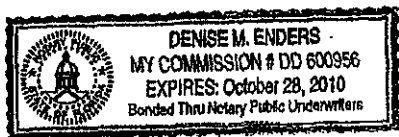
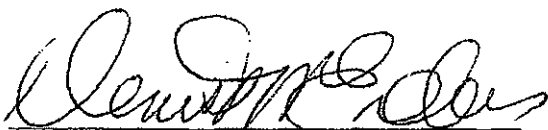
AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

I hereby certify that on this 15th day of August, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Steven D. Scroggs, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 35, 39, and 40 from STAFF'S THIRD SET OF INTERROGATORIES TO FLORIDA POWER & LIGHT COMPANY (NOS. 35 - 41) in Docket No(s). 080009-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 15th day of August, 2008.



Notary Public
State of Florida, at Large

My Commission Expires:

AFFIDAVIT

STATE OF FLORIDA)

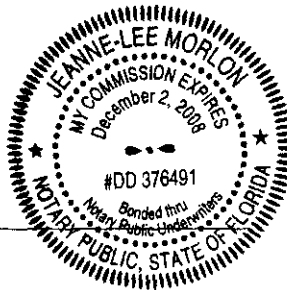
COUNTY OF PALM BEACH)

I hereby certify that on this 18 day of August, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kimberly Ousdahl who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 36, 37, 38 and 41 from STAFF'S THIRD SET OF INTERROGATORIES TO FLORIDA POWER & LIGHT COMPANY (NOS. 35 - 41) in Docket No(s). 080009-EI, and that the responses are true and correct based on his/her personal knowledge.

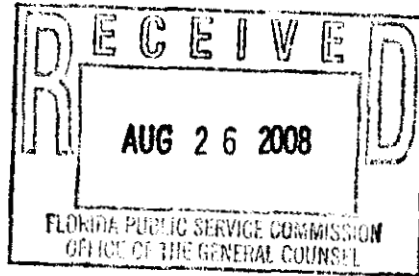
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 18 day of August, 2008.

Jeanne-Lee Morlon

Notary Public
State of Florida, at Large



My Commission Expires: 12/2/08



Law Department
(305) 552-3922
Fax: (305) 552-3865

August 22, 2008

Lisa Bennett, Senior Attorney
Florida Public Service Commission
Office of General Counsel
Gerald L. Gunter Building
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

**Re: PSC Docket No. 080009-EI
Staff's Amended Third Set of Interrogatories (Nos. 35-41)**

Dear Ms. Bennett:

Enclosed is the original Affidavit of Steven D. Scroggs, copy of which was served with FPL's Answers to Staff's Amended Third Set of Interrogatories (Nos. 35-41) on August 21, 2008.

If you have any questions, please feel free to contact me at (305) 552-3922.

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Leon'.

Joaquin E. Leon
Senior Attorney

JEL:alc
Enclosure

cc: John Butler

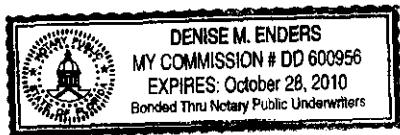
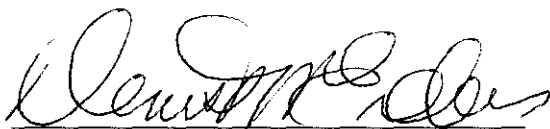
AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

I hereby certify that on this 15th day of August, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Steven D. Scroggs, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 35, 39, and 40 from STAFF'S THIRD SET OF INTERROGATORIES TO FLORIDA POWER & LIGHT COMPANY (NOS. 35 - 41) in Docket No(s). 080009-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 15th day of August, 2008.



Notary Public
State of Florida, at Large

My Commission Expires: