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February 25, 2005

Ms. Blanca Bayo, Director
Division of Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

050153-E1

Re: Request to Change AFUDC Rate

Dear Ms. Bayo:

Florida Power & Light Company requests Commission approval to change its rate used to capitalize allowance for funds used during construction (AFUDC) from 7.29% to 7.42%, effective January 1, 2005. The 7.42% rate is calculated as of December 31, 2004 using 11.00% return on common equity as approved by the Commission in Order No. PSC-02-0501-AS-EI and is shown on the attached schedules.

Please forward this request to the appropriate Staff departments and let me know when this matter is scheduled for Commission consideration.

Sincerely,

H. Antonio Cuba
Director, Regulatory and Tax Accounting
Ph. 561-694-2358
Email: tony_cuba@fpl.com

Attachments

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EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

an FPL Group Company 01969 FEB 25 05

FPSC-COMMISSION CLERK

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2004

SCHEDULE A: PAGE 1 OF 1

| CAPITAL COMPONENTS | JURISDICTIONAL AVERAGE | CAPITAL RATIO | COST OF CAPITAL | AFUDC WEIGHTED COMPONENTS |
|------------------------|---------------------------|------------------|--------------------|---------------------------------|
| LONG TERM DEBT | \$ 2,890,461,088 | 27.07% | 5.30% | 1.43% |
| SHORT TERM DEBT | 239,604,929 | 2.24% | 2.05% * | 0.05% |
| PREFERRED STOCK | 21,788,111 | 0.20% | 4.50% | 0.01% |
| CUSTOMER DEPOSITS | 345,583,068 | 3.24% | 5.94% * | 0.19% |
| COMMON EQUITY | 5,574,422,793 | 52.20% | 11.00% | 5.74% |
| DEFERRED INCOME TAX | 1,522,967,993 | 14.26% | 0.00% | 0.00% |
| INVESTMENT TAX CREDITS | 84,138,635 | 0.79% | 0.00% | 0.00% |
| TOTAL | \$ 10,678,966,618 | 100.00% | | 7.42% |

* 13-MONTH AVERAGE

NOTE:
EFFECTIVE JANUARY 1, 2004 THE COMMISSION APPROVED AFUDC RATE IS 7.29%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2004

SCHEDULE B: PAGE 1 OF 3

| AVERAGE | SYSTEM PER BOOKS | RETAIL PER BOOKS | COMMISSION ADJUSTMENTS * | ADJUSTED RETAIL |
|------------------------|---------------------|---------------------|-----------------------------|--------------------|
| LONG TERM DEBT | \$ 2,695,694,828 | 2,672,461,424 | 217,999,664 | 2,890,461,088 |
| SHORT TERM DEBT | 213,439,358 | 211,549,130 | 28,055,799 | 239,604,929 |
| PREFERRED STOCK | 19,408,784 | 19,236,899 | 2,551,212 | 21,788,111 |
| COMMON EQUITY | 5,000,416,682 | 4,956,132,702 | 618,290,091 | 5,574,422,793 |
| CUSTOMER DEPOSITS | 305,445,522 | 305,118,086 | 40,464,982 | 345,583,068 |
| DEFERRED INCOME TAX | 1,356,655,357 | 1,344,640,758 | 178,327,234 | 1,522,967,993 |
| INVESTMENT TAX CREDITS | 74,950,446 | 74,286,682 | 9,851,954 | 84,138,635 |
| TOTAL | \$ 9,666,010,978 | 9,583,425,682 | 1,095,540,936 | 10,678,966,618 |

* FOR ADJUSTMENT DETAILS, SEE SCHEDULE B, PAGES 2 AND 3

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2004

SCHEDULE B: PAGE 2 OF 3

| RATE BASE ADJUSTMENTS | JURISDICTIONAL |
|--|---------------------------|
| PLANT IN SERVICE: | |
| ENVIRONMENTAL | \$ 54,028,255 |
| FUEL TRANSPORTATION EQUIPMENT | 56,156,510 |
| LOAD CONTROL | 51,311,984 |
| ASSET RETIREMENT OBLIGATION | 432,002,225 |
| TOTAL | \$ 593,498,974 |
| ACCUMULATED PROVISION FOR DEPRECIATION: | |
| ENVIRONMENTAL | \$ (20,060,054) |
| ACCUM PROV DECOMMISSIONING COSTS | (2,084,669,314) |
| ASSET RETIREMENT OBLIGATION | (214,283,088) |
| ASSET RETIREMENT OBLIGATION DECOMMISSIONING | 1,935,576,665 |
| FUEL TRANSPORTATION EQUIPMENT | (42,248,926) |
| LOAD CONTROL | (30,583,022) |
| TOTAL | \$ (456,267,740) |
| CONSTRUCTION WORK IN PROGRESS: | |
| CONSTRUCTION WORK IN PROGRESS | \$ 721,923,480 |
| TOTAL | \$ 721,923,480 |
| NUCLEAR FUEL: | |
| RB NUCL FUEL IN PROCESS | \$ 0 |
| NUCLEAR FUEL CAPITAL LEASES | 152,571,734 |
| TOTAL | \$ 152,571,734 |
| WORKING CAPITAL: | \$ (2,107,267,384) |
| (SEE SCHEDULE B, PAGE 3 OF 3) | |
| TOTAL ADJUSTMENTS | \$ (1,095,540,936) |

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2004

SCHEDULE B: PAGE 3 OF 3

| WORKING CAPITAL ADJUSTMENTS | JURISDICTIONAL |
|---|-------------------------------|
| ADJUSTMENTS TO ASSETS PER BOOKS: | |
| ACCOUNTS RECEIVABLE - ASSOC COS | \$ 21,232,720 |
| INTEREST & DIVIDENDS RECEIVABLE | 653,398 |
| RB WC A MERCH ENERGY STORE PRG | 0 |
| NET UNDERRECOVERED FUEL, CAPACITY,ECCR, ECRC | 195,915,779 |
| OKEELANTA SETTLEMENT | 109,962,849 |
| DBT DEFERRED SECURITY | 1,903,305 |
| POLE ATTACHMENTS RENTS RECEIVABLE | 10,331,388 |
| PREPAYMENTS - INTEREST ON COMMERCIAL PAPER | 2,338,043 |
| ##### | 6,616 |
| TEMPORARY CASH INVESTMENTS | 26,600,817 |
| ASSET RETIREMENT OBLIGATION | 0 |
| JOBGING ACCOUNTS | 5,488,827 |
| TOTAL ADJUSTMENTS TO ASSETS PER BOOKS | \$ 374,433,743 |
| ADJUSTMENTS TO LIABILITIES PER BOOKS: | |
| ACCUM DEFERRED RETIREMENT BENEFITS | \$ (3,667,091) |
| ACCUM. PROV. - PROPERTY & STORM INSURANCE | (271,004,199) |
| ACCUM. PROV. - RATE REFUNDS | (483,610) |
| GAIN ON SALE OF EMISSION ALLOWANCE | (1,646,606) |
| JOBGING ACCOUNTS | (7,597,824) |
| PAYABLE TO NUCLEAR DECOMMISSIONING FUND | (5,671,229) |
| POLE ATTACHMENT RENTS PAYABLE | (6,071,693) |
| PREFERRED STOCK DIVIDENDS ACCRUED | (30,092) |
| SJRPP ACCELERATED RECOVERY | (32,232,981) |
| ASSET RETIREMENT OBLIGATION | (2,153,295,801) |
| TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS | \$ (2,481,701,127) |
| NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS | \$ (2,107,267,384) |

FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES
 METHODOLOGY FOR MONTHLY COMPOUNDING
 OF THE AFUDC RATE
 DECEMBER, 2004

SCHEDULE C: PAGE 1 OF 1

| AFUDC COMPOUNDING | APPROVED RATE |
|-------------------------|---------------|
| $((1+R/12)^{**12})-1 =$ | |
| $((1+R/12)^{**12})-1 =$ | 7.42% |
| $((1+R/12)^{**12}) =$ | 1.074200000 |
| $(1+R/12) =$ | 1.005982507 |
| $(R/12) =$ | 0.005982507 |

| <u>MONTHS</u> | <u>AFUDC BASE</u> | <u>MONTHLY AFUDC</u> | <u>CUMULATIVE AFUDC</u> |
|---------------|-----------------------|--------------------------|-----------------------------|
| JAN | 1.000000000 | 0.005982507 | 0.005982507 |
| FEB | 1.005982507 | 0.006018298 | 0.012000805 |
| MAR | 1.012000805 | 0.006054302 | 0.018055107 |
| APR | 1.018055107 | 0.006090522 | 0.024145630 |
| MAY | 1.024145630 | 0.006126959 | 0.030272588 |
| JUN | 1.030272588 | 0.006163613 | 0.036436202 |
| JUL | 1.036436202 | 0.006200487 | 0.042636689 |
| AUG | 1.042636689 | 0.006237582 | 0.048874270 |
| SEP | 1.048874270 | 0.006274898 | 0.055149168 |
| OCT | 1.055149168 | 0.006312438 | 0.061461606 |
| NOV | 1.061461606 | 0.006350202 | 0.067811808 |
| DEC | 1.067811808 | 0.006388192 | 0.074200000 |