BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 040001-EI ORDER NO. PSC-04-1276-FOF-EI ISSUED: December 23, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

APPEARANCES:

JOHN T. BUTLER, ESQUIRE, Steel, Hector & Davis LLP, 200 South Biscayne Blvd., Suite 4000, Miami, Florida 33131-2398 and R. WADE LITCHFIELD, ESQUIRE, and NATALIE F. SMITH, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408
On behalf of Florida Power & Light Company (FPL).

NORMAN H. HORTON, JR., ESQUIRE, Messer, Caparello & Self, P.A., Post Office Box 1876, Tallahassee, Florida 32302-1876
On behalf of Florida Public Utilities Company (FPUC).

RUSSELL A. BADDERS, ESQUIRE, Beggs & Lane, Post Office Box 12950, Pensacola, Florida 32591-2950
On behalf of Gulf Power Company (GULF).

JAMES A. MCGEE, ESQUIRE, Progress Energy Florida, Post Office Box 14042 St. Petersburg, Florida 33733 and BONNIE E. DAVIS, ESQUIRE, Progress Energy Florida, 106 East College Avenue, Suite 800, Tallahassee, Florida 32301
On behalf of Progress Energy Florida (PEF).

JAMES D. BEASLEY, ESQUIRE, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

JON C. MOYLE, JR., ESQUIRE, and WILLIAM H. HOLLIMON, ESQUIRE, Moyle, Flanigan, Katz, Raymond and Sheehan, P.A., The Perkins House, 118 North Gadsden Street, Tallahassee, Florida 32301
On behalf of Thomas K. Churbuck (CHURBUCK).

JOSEPH A. MCGLOTHLIN, ESQUIRE, VICKI GORDON KAUFMAN, ESQUIRE, and TIMOTHY J. PERRY, ESQUIRE, McWhirter, Reeves, McGlothlin, Davidson, Kaufman & Arnold, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301
On behalf of Florida Industrial Power Users Group (FIPUG).

PATRICIA A. CHRISTENSEN, ESQUIRE, Associate Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida (OPC).

ADRIENNE E. VINING, ESQUIRE, WM. COCHRAN KEATING, IV, ESQUIRE, and JENNIFER RODAN, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission.

FINAL ORDER APPROVING PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL ADJUSTMENT FACTORS; GPIF TARGETS, RANGES, AND REWARDS; AND PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

BY THE COMMISSION:

As part of this Commission's continuing fuel and purchased power cost recovery and generating performance incentive factor proceedings, a hearing was held on November 8-9, 2004, in this docket. The hearing addressed the issues set out in Order No. PSC-04-1087-PHO-EI, issued November 4, 2004, in this docket (Prehearing Order). Several of the positions on these issues were stipulated or not contested by the parties and presented to us for approval, but some contested issues remained for our consideration. As set forth fully below, we approve each of the stipulated and uncontested positions presented. Our rulings on the remaining contested issues are also discussed below.

We have jurisdiction over this subject matter pursuant to the provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

I. GENERIC FUEL COST RECOVERY ISSUES

A. Shareholder Incentive Benchmarks

The parties stipulated that the actual benchmark levels for calendar year 2004 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-00-1744-PAA-EI are as follows:

FPL: $15,133,577
Gulf: $2,415,211
PEF: $8,585,687
TECO: $1,178,388

Based on the evidence in the record, we approve these amounts as reasonable.

The parties also stipulated that the estimated benchmark levels for the calendar year 2005 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-00-1744-PAA-EI are as follows:

FPL: $13,270,095
Gulf: $2,524,525
PEF: $7,888,336
TECO: $1,222,083

Based on the evidence in the record, we approve these amounts as reasonable.

II. COMPANY-SPECIFIC FUEL COST RECOVERY ISSUES

A. Florida Power & Light Company

Exploration of Other Alternatives in the Wholesale Market Prior to Seeking Approval of the Purchased Power Agreements

Churbuck and FIPUG claim that FPL did not adequately explore other alternatives in the wholesale market prior to seeking approval in this proceeding of the purchased power agreements between FPL and Southern Company. Churbuck and FIPUG also contend that the Commission should require FPL to prove that it has fully reviewed and analyzed all options available to meet the capacity needs of its customers at the lowest possible cost. Both maintain that FPL failed to provide sufficient evidence that it explored other alternatives in the wholesale market before entering into the purchased power agreements with Southern Company. FPL contends that it did in fact explore the relevant wholesale alternatives.

The record demonstrates that FPL did make inquiries to potential providers in the wholesale market, but did not receive any satisfactory offers. In addition, Rule 25-22.082, Florida Administrative Code, ("the Bid Rule") does not require a utility to go through the request for proposals process when the utility extends a purchased power contract prior to these contracts going into effect. FPL plans to issue a request for proposals for its 2009 need, and at that time the wholesale power market will have an opportunity to submit alternatives. Based on the evidence in the record, we find that FPL shall not be required to explore other alternatives in the wholesale market prior to seeking approval of the purchased power agreements it entered into with Southern Company.

B. Progress Energy Florida, Inc.

Methodology Used to Determine Equity Component of Progress Fuels Corporation's Capital Structure for 2003

The parties stipulated that PEF has confirmed the validity of the methodology used to determine the equity component of Progress Fuels Corporation's capital structure for calendar year 2003. The parties also stipulated that PEF's Audit Services Department reviewed the analysis performed by Progress Fuels Corporation (PFC) and confirmed the appropriateness of the "short cut" method we previously approved. We approve these stipulations as reasonable.

Calculation of the 2003 Price for Waterborne Transportation Services Provided by Progress Fuels Corporation

The parties did not contest that PEF properly calculated the 2003 price for waterborne transportation services provided by PFC. Historically this issue has been taken to mean whether the coal transportation proxy price has been correctly updated. The evidence in the record indicates, and our staff has confirmed, that the 2003 proxy price was properly updated by PEF. Based on the evidence in the record, we find that PEF has properly calculated the 2003 price for waterborne transportation services provided by PFC.

Deferral of the Purchased Power Agreement Between PEF and Shady Hills Power Company, LLC to a Separate Docket

The parties stipulated that the Commission should not defer all issues related to the purchased power agreement between Progress Energy Florida and Shady Hills Power Company, LLC to a separate docket. We approve this stipulation as reasonable.

Approval of the Tolling Agreement Between PEF and Shady Hills Power Company, LLC for Cost Recovery Purposes

The parties stipulated that the Commission should approve the tolling agreement between Progress Energy Florida and Shady Hills Power Company, LLC, for cost recovery purposes for the reasons described in the testimony of PEF witness Samuel Waters. Based on the evidence in the record, we approve this stipulation as reasonable.

Adjustments to 2004 and 2005 Waterborne Coal Transportation Costs

PFC is an affiliate of PEF that arranges all purchases and transportation of coal and other solid fuels for use by PEF. By Order No. PSC-93-1331-FOF-EI, issued September 13, 1993, in Docket No. 930001-EI, and Order No. PSC-94-0390-FOF-EI, issued April 4, 1994, in Docket No. 940001-EI, we established market price proxies to determine the amount PEF would be permitted to recover from ratepayers for waterborne transportation provided by PFC for domestic and foreign coal, respectively.

In Docket No. 030001-EI, we voted to eliminate the existing market price proxies effective December 31, 2003, and directed that a new docket be opened for the purpose of establishing a new system for determining the just, reasonable, and compensatory amount for PEF to recover from ratepayers for waterborne coal transportation service (WCTS) provided by PFC in 2004 and beyond. As a result, Docket No. 031057-EI was opened. By Order No. PSC-04-0713-AS-EI, issued July 20, 2004, in Docket No. 031057-EI, we approved a stipulation which addresses the amounts PEF will be permitted to recover from ratepayers for WCTS provided by PFC in 2004 and the manner in which PEF will obtain WCTS from January 1, 2005, going forward. At issue here is whether PEF has made the appropriate adjustments to its 2004 and 2005 waterborne coal transportation costs for recovery purposes pursuant to the terms of Order No. PSC-04-0713-AS-EI. Based on the evidence in the record, it appears that PEF has made the appropriate adjustments for 2004; however, PEF has indicated that the cost projections for 2005 were too low and further adjustments will be needed in the future. Any further adjustments to the costs for 2005 shall be trued up in next year's fuel proceeding.

Adjustment to PEF's 2001-2003 Waterborne Coal Transportation Costs to Account for Transloading Costs for Coal Commodity Contracts Which Are Quoted FOB Barge

As stated above, Order No. PSC-94-0390-FOF-EI established a market price proxy to determine the amount PEF would be permitted to recover from ratepayers for waterborne transportation provided by PFC for foreign coal. The market price proxy for foreign coal is 50.2% of the domestic market proxy because the delivery of foreign coal only involves the last two segments of the waterborne transportation route for domestic coal, Gulf of Mexico (GOM) terminal storage and transloading, and cross-GOM transportation. We determined that these two segments constituted 50.2% of the total waterborne transportation costs for domestic coal. This foreign market proxy was in effect until 2003. At issue in this proceeding is whether the Commission should require PEF to make an adjustment to its 2001-2003 waterborne coal transportation costs to account for transloading costs for coal commodity contracts quoted FOB (Free on Board) Barge.

OPC contends that PEF improperly charged customers transloading expenses under the proxy for 2002-2003 for coal contracts that required delivery to Dixie Fuel barges. According to PEF witness Donna Davis, OPC's issue involves the situation where foreign coal has already been delivered to, and is in ground storage at, the GOM terminal, where it is then purchased by PFC FOB Dixie Fuels barges. Ms. Davis goes on to state that this means the seller has incurred the transloading costs required to deliver the coal aboard the Dixie Fuels vessel, in contrast to the usual situation where PFC takes title to foreign coal purchases before the coal has been unloaded to the GOM terminal, i.e. before the seller has incurred any transloading costs. According to Ms. Davis, PFC adjusts the commodity price to remove the seller's transloading costs in order to arrive at an adjusted commodity price equivalent to the more typical foreign coal purchases that are made before transloading occurs. Since the transloading rate charged to the seller by the terminal is not available publicly, PFC uses the rate it is charged for comparable transloading services by the terminal to adjust the commodity price of these on-the-ground foreign coal purchases. Ms. Davis states that PFC then charges PEF the lower, adjusted commodity price plus the foreign coal market price proxy once the coal has been delivered to the Crystal River plant. OPC argues that PFC should have charged PEF the actual amount it paid for the transloading of these on-the-ground foreign coal purchases, instead of backing out that amount and charging the market proxy, because that would result in a cost savings for PEF's ratepayers. PEF argues that it was simply applying the market proxy across the board as it was directed to do by this Commission.

Based on the evidence in the record, we find that no further adjustment to PEF's 2001-2003 waterborne coal transportation costs to account for transloading costs for coal commodity contracts which are FOB Barge is required. The evidence presented demonstrates that PEF made the proper adjustments to the commodity price to account for the transloading services that were provided. No evidence was presented to controvert that the adjustments were made. Witness Davis indicated that PEF provided a credit adjustment for transloading services, thereby offsetting the transloading costs which were part of the market price proxy for waterborne transportation of foreign coal. As a result, we decline to make any further adjustments to PEF's 2001-2003 waterborne coal transportation costs to account for transloading costs for FOB Barge contracts.

C. Tampa Electric Company

Benchmark Price for Waterborne Coal Transportation Services Provided by TECO Affiliates

The parties stipulated that the appropriate 2003 waterborne coal transportation benchmark price for transportation services provided by TECO affiliates is $22.96 per ton. Further, the parties stipulated that TECO's actual waterborne coal transportation costs were less than the 2003 waterborne transportation benchmark price. We approve these stipulations as reasonable.

Adjustments to 2004 and 2005 Waterborne Coal Transportation Costs

The parties stipulated that, pursuant to Order No. PSC-04-0999-FOF-EI, issued October 12, 2004, in Docket No. 031033-EI, TECO has made the appropriate adjustments to its 2004 and 2005 waterborne coal transportation costs for recovery purposes. Pursuant to the methodology set forth in Order No. PSC-04-0999-FOF-EI, TECO estimated an annual adjustment of $15,315,000 for 2004 and $15,315,000 for 2005 total jurisdictional fuel and net power transactions (fuel costs) for a two-year reduction of $30,630,000. TECO will true-up any difference, with interest, between the actual and estimated adjustment for 2004 in TECO's 2006 fuel rates. Based on the evidence in the record, we approve this stipulation as reasonable.

Review of Amounts Paid to Hardee Power Partners for 2005

Three years ago we determined that TECO's costs under its wholesale energy purchase contract with Hardee Power Partners were reasonable. TECO indicated in witness Benjamin Smith's direct testimony and in its response to FIPUG's Interrogatory No. 6 that no change to this contract occurred when TECO Power Services sold its Hardee Power Partners capacity last year. FIPUG has not raised any additional changed circumstances that would warrant any further analysis of TECO's contract. Based on the evidence in the record, we find that the fuel charges TECO expects to incur for its wholesale energy purchases from Hardee Power Partners for 2005 are reasonable.

Approval of Purchased Power Agreement

The parties stipulated that the Commission should approve TECO's purchased power agreement for 150 MW of non-firm energy referenced in TECO witness Benjamin F. Smith's direct testimony for cost recovery purposes. The parties also stipulated that the contractual charges associated with the non-firm energy purchase appear to be reasonable and should be approved for cost recovery purposes. Based on the evidence in the record, we approve these stipulations as reasonable.

III. APPROPRIATE PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL COST RECOVERY FACTORS

Based on the evidence in the record, we approve the following as the appropriate final fuel adjustment true-up amounts for the period January 2003 through December 2003:

FPL:	$41,808,676	over-recovery
FPUC-Fernandina Beach:	$535,273	over-recovery
FPUC-Marianna:	$280,576	under-recovery
Gulf:	$2,535,018	over-recovery
PEF:	$801,428	under-recovery
TECO:	$39,039,043	over-recovery

Based on the evidence in the record, we approve the following as the appropriate estimated/actual fuel adjustment true-up amounts for the period of January 2004 through December 2004:

FPL:	$182,196,299	under-recovery
FPUC-Fernandina Beach:	$1,907,817	under-recovery
FPUC-Marianna:	$230,633	under-recovery
Gulf:	$29,107,969	under-recovery
PEF:	$155,157,866	under-recovery
TECO:	$70,023,368	under-recovery

Based on the evidence in the record, we approve the following as the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2005 through December 2005:

FPL:	$140,387,623	under-recovery
FPUC-Fernandina Beach:	$1,372,544	under-recovery
FPUC-Marianna:	$511,209	under-recovery

Gulf:	$26,572,951 under-recovery
PEF:	$76,802,024 under-recovery, based on PEF's proposal to defer $79,157,270, the remainder of the total December 2004 under-recovery balance of $155,959,294
TECO:	$30,984,325 under-recovery

Based on the evidence in the record, we approve the following as the appropriate projected net fuel and purchased power cost recovery amounts to be included in the fuel cost recovery factors for the period January 2005 through December 2005:

FPL:	$4,056,267,250
FPUC-Fernandina Beach:	$16,513,476
FPUC-Marianna:	$13,266,718
Gulf:	$311,146,808
PEF:	$1,576,406,043
TECO:	$696,332,183

Based on the evidence in the record and stipulation of the parties we approve the following as the appropriate revenue tax factors to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2005 through December 2005:

FPL:	1.01597
FPUC-Fernandina Beach:	1.00072
FPUC-Marianna:	1.00072
Gulf:	1.00072
PEF:	1.00072
TECO:	1.00072

Based on the evidence in the record and the resolution of the generic and company-specific fuel cost recovery issues discussed above, we approve the following as the appropriate levelized fuel cost recovery factors for the period January 2005 through December 2005:

FPL:	4.001¢/kWh
FPUC-Fernandina Beach:	2.326¢/kWh
FPUC-Marianna:	2.681¢/kWh
Gulf:	2.822¢/kWh
PEF:	3.912¢/kWh
TECO:	3.776¢/kWh

Based on the evidence in the record and the stipulation of the parties, we approve the following as the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class:

FPL:

GROUP	RATE SCHEDULE	LINE LOSS MULTIPLIER
A	RS-1,GS-1,SL2	1.00201
A-1*	SL-1,OL-1,PL-1	1.00201
B	GSD-1	1.00194
C	GSLD-1 & CS-1	1.00097
D	GSLD-2,CS-2,OS-2 & MET	.99390
E	GSLD-3 & CS-3	.95678
	TIME OF USE RATES	
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 1.00201 1.00201
B	GSDT-1,CILC-1(G) ON-PEAK OFF-PEAK	 1.00194 1.00194
C	GSLDT-1 & CST-1 ON-PEAK OFF-PEAK	 1.00097 1.00097
D	GSLDT-2 & CST-2 ON-PEAK OFF-PEAK	 .99513 .99513
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 .95678 .95678
F	CILC-1(D) & ISST-1(D) ON-PEAK OFF-PEAK	 .99349 .99349

*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

FPUC-Fernandina Beach:	1.0000 All Rate Schedules
FPUC-Marianna:	1.0000 All Rate Schedules

GROUP	RATE SCHEDULE	LINE LOSS MULTIPLIER
	RS, GS, GSD, SBS, OSIII	1.00526
B	LP, LPT, SBS	0.98890
C	PX, PXT, RTP, SBS	0.98063
D	OSI/II	1.00529

PEF:

GROUP	DELIVERY VOLTAGE LEVEL	LINE LOSS MULTIPLIER
A	Transmission	0.9800
B	Distribution Primary	0.9900
C	Distribution Secondary	1.0000
D	Lighting Service	1.0000

TECO:

RATE SCHEDULE	FUEL RECOVERY LOSS MULTIPLIER
RS, GS and TS	1.0041
RST and GST	1.0041
SL-2, OL-1 and OL-3	N/A
GSD, GSLD, and SBF	1.0004
GSDT, GSLDT, and SBFT	1.0004
IS-1, IS-3, SBI-1, SBI-3	0.9754
IST-1, IST-3, SBIT-1, SBIT-3	0.9754

Based on the evidence in the record and the resolution of the generic and company-specific fuel cost recovery issues discussed above, we approve the following as the appropriate fuel recovery factors for each rate class/delivery voltage level class adjusted for line losses:

FPL:

GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
		(¢/kWh)
A	RS-1,GS-1,SL2	4.009
A-1*	SL-1,OL-1,PL-1	3.957
B	GSD-1	4.008
C	GSLD-1 & CS-1	4.004
D	GSLD-2,CS-2,OS-2 & MET	3.976
		3.828
	TIME OF USE RATES	
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 4.254 3.900
B	GSDT-1,CILC-1(G) ON-PEAK OFF-PEAK	 4.254 3.900
C	GSLDT-1 & CST-1 ON-PEAK OFF-PEAK	 4.250 3.896
D	GSLDT-2 & CST-2 ON-PEAK OFF-PEAK	 4.225 3.873
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 4.062 3.724
F	CILC-1(D) & ISST-1(D) ON-PEAK OFF-PEAK	 4.218 3.867

FPUC- Fernandina Beach:

RATE SCHEDULE	FUEL RECOVERY FACTOR (per kWh)
RS	$.03639
GS	$.03520
GSD	$.03405
GSLD	$.03332
OL	$.02561
SL	$.02584

FPUC-Marianna:

RATE SCHEDULE	FUEL RECOVERY FACTOR (per kWh)
RS	$.04355
GS	$.04303
GSD	$.04111
GSLD	$.03893
OL, OL1	$.03393
SL, SL2, SL3	$.03429

Gulf:

GROUP	RATE SCHEDULE*	FUEL RECOVERY FACTOR(¢/KWH)
A	RS, GS, GSD, GSDT, SBS, OSIII	Standard – 2.837 On-Peak – 3.322 Off-Peak – 2.631
B	LP, LPT, SBS	Standard – 2.791 On-Peak – 3.268 Off-Peak – 2.588
C	PX, PXT, RTP, SBS	Standard – 2.767 On-Peak – 3.241 Off-Peak – 2.567
D	OSI/II	Standard – 2.808 On-Peak – N/A Off-Peak – N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

PEF:

GROUP	DELIVERY VOLTAGE LEVEL	FUEL RECOVERY FACTOR (¢/kWh)
A	Transmission	Standard – 3.840 On-Peak – 4.946 Off-Peak – 3.368
B	Distribution Primary	Standard – 3.879 On-Peak – 4.996 Off-Peak – 3.402
C	Distribution Secondary	Standard – 3.918 On-Peak – 5.046 Off-Peak – 3.436
D	Lighting Service	Standard – 3.737 On-Peak – N/A Off-Peak –N/A

TECO:

RATE SCHEDULE	FUEL RECOVERY FACTOR (¢/kWh)
Average Factor RS, GS and TS RST and GST	3.776 3.791 On-Peak – 4.695 Off-Peak – 3.325
SL-2, OL-1 and OL-3 GSD, GSLD, and SBF GSDT, GSLDT, and SBFT	3.530 3.778 On-Peak – 4.678 Off-Peak – 3.312
IS-1, IS-3, SBI-1, SBI-3 IST-1, IST-3, SBIT-1, SBIT-3	3.683 On-Peak – 4.561 Off-Peak – 3.230

IV. COMPANY-SPECIFIC CAPACITY COST RECOVERY ISSUES

A. Florida Power & Light Company

The Nuclear Regulatory Commission (NRC) issued its Design Basis Threat Order EA-03-086 on April 29, 2003 (DBT Order). FPL is required by the DBT Order to modify its security systems at its nuclear units to defend against the DBT that has been defined in the DBT Order. In Docket No. 030001-EI, FPL projected it would spend $2 million in 2004 for compliance with the DBT Order. Since that time, the NRC has made numerous revisions and clarifications to the DBT originally described in the DBT Order, substantially increasing the scope of work required for compliance with the DBT Order. As a result, FPL now estimates that $40.4 million is required for compliance with the DBT Order, an increase of $38.3 million over the original estimate. FPL requested recovery of this additional cost through the 2005 capacity cost recovery factor. OPC raised concerns about FPL's use of the 2005 capacity cost recovery factor to recover this extraordinary level of incremental nuclear security costs associated with the DBT Order. As a result, OPC and FPL entered into a stipulation to resolve the treatment of these incremental nuclear security costs associated with the DBT Order. The stipulation is appended to this Order as Attachment B, which is incorporated herein by reference. The stipulation states that FPL will remove $38.3 million of DBT costs from the calculation of the 2005 capacity cost recovery factor and will treat that amount as a deferred debit. The deferred debit for 2005 will be reduced by the amount of any reduction in the annual decommissioning accrual that the Commission approves resulting from the decommissioning study that FPL is planning to file in 2005. The balance of the DBT deferred debit remaining after this adjustment will be amortized over a five-year period beginning January 1, 2006; however, if FPL enters into a settlement applicable to FPL's base rates commencing on January 1, 2006, then the amortization will be over the time period of the settlement. If there were to be an increase in the annual decommissioning accrual approved by the Commission, the DBT deferred debit would not increase. As a result, with the anticipation that FPL's nuclear decommissioning accrual will decrease by at least $10 million, it appears that the immediate deferral and subsequent amortization of $38.3 million of DBT costs will result in benefits to FPL's ratepayers. Based on the evidence in the record, we approve this stipulation as reasonable.

B. Progress Energy Florida, Inc.

The parties stipulated that PEF's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security measures are reasonable for cost recovery purposes. The parties further stipulated that the final recoverable amount is subject to our staff review and audit in the true-up process. We approve this stipulation as reasonable.

C. Tampa Electric Company

The parties stipulated that TECO's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security expenses are reasonable for cost recovery purposes; however, due to TECO's new disclosure that a few accounts were inadvertently excluded in the prior year audit, our staff will conduct a new audit for the 2003 incremental security costs in conjunction with the 2004 capacity cost audit to ensure that consistent accounts are used. Section IV of Order No. PSC-03-1461-FOF-EI, issued December 22, 2003, approved a process proffered by PEF witness Portuondo for determining the incremental costs of post-9/11 security measures. The order delineated a 3-step process that starts from budgeted or actual costs of each incremental project, then removes any related costs that are reflected in base rates from (or credits any offsetting savings to) the project to reduce the recoverable incremental security costs. In addition, the order approved an adjustment method proposed by staff witness Brinkley that requires an applicable base rate component be adjusted for growth or decline in energy sales. TECO identified an incremental project that requires armed security forces and quantified its associated savings in witness Jordan's testimony filed on August 10, 2004. TECO maintained that it is only seeking recovery of incremental guards service expenses of $508,553 for 2004 and $363,579 for 2005 that are based on projected armed guards expenses of $1,461,097 and $1,459,344 for 2004 and 2005, respectively. Further, TECO has clarified that the amounts of savings are actual current amounts for 2004. The final recoverable amount is based on actual incremental expenses which will be subject to our staff review and audit in the true-up process. We approve this stipulation as reasonable.

V. APPROPRIATE PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

Based on the evidence in the record and stipulation of the parties, we approve the following final capacity cost recovery true-up amounts for the period January 2003 through December 2003:

FPL:	$7,050,083 under-recovery
Gulf:	$1,053,779 over-recovery
PEF:	$9,395,829 over-recovery
TECO:	$296,014 under-recovery

Based on the evidence in the record and stipulation of the parties, we approve the following estimated/actual capacity cost recovery true-up amounts for the period January 2004 through December 2004:

FPL:	$35,909,913 under-recovery
Gulf:	$1,797,696 over-recovery
PEF:	$1,962,370 over-recovery
TECO:	$7,372,965 under-recovery

Based on the evidence in the record and stipulation of the parties, we approve the following total capacity cost recovery true-up amounts to be collected/refunded during the period January 2005 through December 2005:

FPL:	$42,959,996 under-recovery
Gulf:	$2,851,475 over-recovery
PEF:	$11,358,199 over-recovery
TECO:	$7,668,979 under-recovery

Based on the evidence in the record and stipulation of the parties, we approve the following projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2005 through December 2005:

FPL:	$650,425,012
Gulf:	$20,368,493
PEF:	$311,001,772
TECO:	$57,870,023

Based on the evidence in the record and stipulation of the parties, we approve the following jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January 2005 through December 2005:

FPL:	98.63289%
Gulf:	96.64872%
PEF:	Base – 95.957%, Intermediate – 86.574%, Peaking – 74.562%
TECO:	96.41722%

Based on the evidence in the record and stipulation of the parties, we approve the following projected capacity cost recovery factors for each rate class/delivery class for the period January 2005 through December 2005:

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR ($/KW)	CAPACITY RECOVERY FACTOR ($/KWH)
RS1/RST1	-	.00697
GS1/GST1	-	.00633
GSD1/GSDT1	2.51	-
OS2	-	.00473
GSLD1/GSLDT1/CS1 /CST1	2.53	-
GSLD2/GSLDT2/CS2 /CST2	2.48	-

GSLD3/GSLDT3/CS3 /CST3	2.53	-
CILCD/CILCG	2.64	-
CILCT	2.60	-
MET	2.62	-
OL1/SL1/PL1	-	.00121
SL2	-	.00458
ISST1D	.32	.15
SST1T	.30	.15
SST1D1/SST1D2 /SST1D3	.32	.15
ISST1T	.30	.15

RATE CLASS	CAPACITY COST RECOVERY FACTORS (¢/KWH)
GS	0.204
GSD, GSDT, GSTOU	0.180
LP, LPT	0.156
PX, PXT, RTP, SBS	0.131
OS-I/II	0.090
OSIII	0.135

PEF:

RATE CLASS	CAPACITY COST RECOVERY FACTOR
Residential	.875 cents/kWh
General Service Non-Demand @ Primary Voltage @ Transmission Voltage	.793 cents/kWh .785 cents/kWh .777 cents/kWh
General Service 100% Load Factor	.507 cents/kWh
General Service Demand @ Primary Voltage @ Transmission Voltage	.697 cents/kWh .690 cents/kWh .683 cents/kWh
Curtailable @ Primary Voltage @ Transmission Voltage	.630 cents/kWh .624 cents/kWh .617 cents/kWh
Interruptible @ Primary Voltage @ Transmission Voltage	.534 cents/kWh .529 cents/kWh .524 cents/kWh
Lighting	.156 cents/kWh

TECO:

RATE SCHEDULE	CAPACITY COST RECOVERY FACTOR (¢/kWh)
Average Factor	0.302
RS	0.377
GS and TS	0.338
GSD	0.278
GSLD and SBF	0.254
IS-1, IS-3, SBI-1, SBI-3	0.023
SL-2, OL-1 and OL-3	0.047

VI. GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

The parties stipulated that the appropriate Generation Performance Incentive Factor (GPIF) rewards/penalties for performance achieved during the period January 2003 through December 2003 are those set forth in Attachment A to this Order, which is incorporated herein by reference. We approve these stipulations as reasonable.

The parties stipulated that the appropriate GPIF targets/ranges for the period January 2005 through December 2005 for FPL, Gulf, and PEF are those set forth in Attachment A to this Order, which is incorporated herein by reference. We approve these stipulations as reasonable.

With regard to TECO, OPC and FIPUG took the position that the GPIF targets/ranges for the period of January 2005 through December 2005 should not be lower than the Commission-approved 2003 GPIF target/ranges and that TECO should not be awarded money for performance that two years before resulted in significant penalties. OPC and FIPUG also maintain that TECO's operating stations' performances and GPIF targets are unacceptably low when compared to the performance of similar operating stations, specifically the coal units of

PEF. We would note that OPC and FIPUG are correct that TECO's 2005 availability targets are lower than those set for 2003, but TECO's heat rate targets are generally higher and TECO's historical performance compares unfavorably with PEF's coal unit performance, so a direct comparison of GPIF targets is not appropriate. The purpose of GPIF is to provide an incentive for efficient performance. Goals and penalties are set based on historical performance, which changes from year to year. TECO is in an unusual situation here where the historical performance has the effect of resetting the GPIF target downward; however, TECO is doing what the accepted GPIF procedure calls for. In this instance, TECO has set its GPIF targets in accordance with the GPIF manual, and those targets are correctly set. We hesitate to deviate from the accepted GPIF procedures. If a review of the GPIF procedures is necessary, then that should be done on a prospective basis, not here with this fact scenario. Accordingly, based on the evidence in the record, we find that the appropriate GPIF targets/ranges for TECO for the period January 2005 through December 2005 are those set forth in Attachment A to this Order, which is incorporated herein by reference.

The parties stipulated that the generating units proposed by Gulf for the company's 2005 GPIF units should be approved as they represent all of Gulf's qualifying base and intermediate load units for GPIF. We approve this stipulation as reasonable.

The parties stipulated that the Commission should consider excluding the Daniel units from the 2004 GPIF reward/penalty calculation due to the burning of low Btu coal at those units in some months. In accordance with the GPIF Implementation Manual, the 2004 heat rate targets for the Daniel units were set based on those units' recent history of burning high-Btu bituminous coal. Due to economics and lower resulting costs to customers, the Daniel units switched from burning high-Btu bituminous coal to a low-Btu sub-bituminous coal blend during 2004. Because the 2004 heat rate targets are based on the units' burning high-Btu coal, the heat rate targets are not valid for the Daniel units while burning the low-Btu coal blend. Consequently, there is no reasonable way to determine what portions of the units' heat rates are due to actual unit performance and what portions are due to the lower-Btu fuel mix. The GPIF process was not established to reward or penalize units for fuel switching, and by excluding these units from the 2004 heat rate targets, Gulf will be neither rewarded nor penalized for this change in fuel. We approve this stipulation as reasonable.

The parties stipulated that the Commission should approve the exclusion of the Daniel units from the 2005 heat rate targets. The Daniel units are currently projected to burn a low-Btu coal blend for the 2005 time period. In accordance with the GPIF Implementation Manual, there is no historical data on which to set reasonable heat rate targets for this projected fuel burn. By excluding these units from the 2005 heat rate targets, Gulf is neither rewarded nor penalized for this projected fuel change. We approve this stipulation as reasonable.

VII. OTHER MATTERS

The parties stipulated that the new fuel adjustment charges and capacity cost recovery factors approved in this Order shall be effective beginning with the first billing cycle for January 2005, and thereafter through the last billing cycle for December 2005. The parties also stipulated that the first billing cycle may start before January 1, 2005, and the last billing cycle may end after December 31, 2005, so long as each customer is billed for twelve months regardless of when the factors became effective. We approve these stipulations as reasonable.

PEF's Motion for Protective Order, filed on November 4, 2004, pertaining to the confidential information contained in the transcript of the deposition of Javier Portuondo and Donna Davis, is hereby granted.

Upon review of the pleadings and consideration of the arguments espoused both in writing and orally, the Joint Motion, filed by Churbuck and FIPUG on October 29, 2004, for Reconsideration of Order No. PSC-04-1018-PCO-EI, which denied a joint motion to remove issues related to proposed unit power sales agreements from this year's fuel hearing, is denied. Churbuck and FIPUG have not met the standard for reconsideration. This is an attempt to reargue matters that were decided by the Prehearing Officer. The parties submitting the motion may not agree with the decision of the Prehearing Officer, but such disagreement is not a basis for reversal. Another person may or may not have reached the same result as the Prehearing Officer, but that is not the standard for reconsideration. As such, based on the facts before us and the arguments made at hearing, the Joint Motion for Reconsideration of Order No. PSC-04-1018-PCO-EI is hereby denied.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations and findings set forth in the body of this Order are hereby approved. It is further

ORDERED that Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, Progress Energy Florida, Inc., and Tampa Electric Company are hereby authorized to apply the fuel cost recovery factors set forth herein during the period January 2005 through December 2005. It is further

ORDERED that the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Florida Power & Light Company, Gulf Power Company, Progress Energy Florida, Inc., and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors as set forth herein during the period January 2005 through December 2005. It is further

ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Attachments A and B are incorporated herein by reference. It is further

ORDERED that Progress Energy Florida, Inc.'s Motion for Protective Order, filed November 4, 2004, is hereby granted. It is further

ORDERED that the Joint Motion for Reconsideration of Order No. PSC-04-1018-PCO-EI filed by Thomas K. Churbuck and the Florida Industrial Power Users Group is hereby denied.

By ORDER of the Florida Public Service Commission this 23rd day of December, 2004.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

GPIF REWARDS/PENALTIES
January 2003 to December 2003

Utility	Amount	Reward/Penalty
Florida Power and Light Company	$ 6,615,282	Reward
Gulf Power Company	$ 625,280	Reward
Progress Energy Florida	$ 2,139,695	Reward
Tampa Electric Company	$ 3,678,414	Penalty

Utility/ Plant/Unit	EAF		Heat Rate	
FPL	Target	Adjusted Actual	Target	Adjusted Actual
Cape Canaveral 2	89.5	89.5	9,030	9,044
Fort Lauderdale 4	91.7	93.3	7,435	7,454
Fort Lauderdale 5	90.3	92.7	7,366	7,416
Manatee 2	87.7	91.1	9,862	9,888
Martin 1	91.8	95.9	9,546	9,453
Martin 2	83.5	86.9	9,590	9,534
Martin 3	92.8	77.0	6,829	7,009
Martin 4	93.8	88.1	6,753	6,903
Turkey Point 1	85.1	86.3	9,128	9,191
Turkey Point 2	94.9	93.3	9,512	9,424
Turkey Point 3	85.4	88.0	11,148	11,084
Turkey Point 4	85.4	91.8	11,119	11,132
St. Lucie 1	93.6	100.0	10,834	10,824
St. Lucie 2	85.4	85.6	10,843	10,878
Scherer 4	93.6	93.9	9,992	9,958

Gulf	Target	Adjusted Actual	Target	Adjusted Actual
Crist 4	91.2	92.3	10,591	10,780
Crist 5	89.8	91.4	10,418	10,529
Crist 6	84.3	89.4	10,501	10,400
Crist 7	79.5	89.5	10,150	10,207
Smith 1	86.8	83.2	10,029	10,300
Smith 2	67.8	69.3	10,113	10,103
Daniel 1	70.1	73.4	10,042	9,821
Daniel 2	83.0	89.2	9,789	9,634

PEF	Target	Adjusted Actual	Target	Adjusted Actual
Anclote 2	89.8	90.1	10,091	10,179
Crystal River 1	90.8	91.3	9,742	9,965
Crystal River 2	62.6	70.1	9,566	9,672
Crystal River 3	89.0	89.5	10,327	10,249
Crystal River 4	91.6	96.8	9,323	9,341
Crystal River 5	94.6	95.5	9,340	9,391
Hines 1	85.8	86.6	7,259	7,314

GPIF REWARDS/PENALTIES
January 2003 to December 2003

Utility/ Plant/Unit	EAF		Heat Rate	
	Target	Adjusted Actual	Target	Adjusted Actual
TECO				
Big Bend 1	69.9	61.2	10,533	10,884
Big Bend 2	63.0	58.1	10,111	10,522
Big Bend 3	67.3	60.1	10,132	10,678
Big Bend 4	77.7	72.0	10,028	10,297
Gannon 5	71.9	78.3	10,862	11,400
Gannon 6	75.9	63.2	10,775	11,600
Polk 1	74.6	67.5	10,382	10,547

GPIF TARGETS
January 2005 to December 2005

Utility/ Plant/Unit	EAF	Company POF	EUOF	Staff	Heat Rate Company	Staff
FPL						
Lauderdale 4	92.7	3.3	4.0	Agree	7,515	Agree
Lauderdale 5	75.5	19.7	4.8	Agree	7,511	Agree
Manatee 1	74.6	20.5	4.9	Agree	10,274	Agree
Manatee 2	96.0	0.0	4.0	Agree	10,248	Agree
Martin 1	76.0	17.3	6.7	Agree	9,994	Agree
Martin 2	92.9	0.0	7.1	Agree	9,964	Agree
Martin 3	92.2	0.8	7.0	Agree	6,977	Agree
Martin 4	92.5	2.5	5.0	Agree	6,926	Agree
Scherer 4	95.5	0.0	4.5	Agree	10,151	Agree
St Lucie 1	77.2	16.4	6.4	Agree	10,846	Agree
St Lucie 2	93.6	0.0	6.4	Agree	10,866	Agree
Turkey Point 3	93.6	0.0	6.4	Agree	11,043	Agree
Turkey Point 4	75.8	17.8	6.4	Agree	11,078	Agree

Gulf	EAF	Company POF	EUOF	Staff	Company	Staff
Crist 4	98.8	0.0	1.2	Agree	10,610	Agree
Crist 5	96.9	0.0	3.1	Agree	10,548	Agree
Crist 6	72.9	19.7	7.4	Agree	10,416	Agree
Crist 7	70.9	21.6	7.5	Agree	10,340	Agree
Smith 1	90.0	8.2	1.8	Agree	10,273	Agree
Smith 2	72.2	19.7	8.1	Agree	10,213	Agree
Daniel 1	79.0	17.3	3.7	Agree	9,953	Agree
Daniel 2	88.2	8.2	3.6	Agree	9,742	Agree

PEF	EAF	Company POF	EUOF	Staff	Company	Staff
Anclote 1	94.7	0.0	5.3	Agree	10,117	Agree
Anclote 2	94.9	0.0	5.1	Agree	10,128	Agree
Crystal River 1	92.4	0.0	7.6	Agree	9,921	Agree
Crystal River 2	85.7	0.0	14.3	Agree	9,662	Agree
Crystal River 3	90.5	7.7	1.8	Agree	10,298	Agree
Crystal River 4	89.6	5.8	4.7	Agree	9,342	Agree
Crystal River 5	90.1	6.3	3.6	Agree	9,390	Agree
Hines 1	89.0	7.7	3.4	Agree	7,317	Agree
Tiger Bay	91.4	3.8	4.8	Agree	7,903	Agree

TECO	EAF	Company POF	EUOF	Staff	Company	Staff
Big Bend 1	52.6	15.3	32.0	Agree	10,853	Agree
Big Bend 2	61.6	3.8	34.5	Agree	10,672	Agree
Big Bend 3	60.6	3.8	35.6	Agree	10,663	Agree
Big Bend 4	78.7	3.8	17.5	Agree	10,350	Agree
Polk 1	79.8	3.8	16.5	Agree	10,342	Agree

PROPOSED RESOLUTION OF ISSUE
DOCKET NO. 040001-EI
NOVEMBER 1, 2004

Background of Issue:

The Nuclear Regulatory Commission ("NRC") issued its Design Basis Threat Order EA-03-086 on April 29, 2003 (the "DBT Order"). FPL is required by the DBT Order to modify its security systems at the St. Lucie and Turkey Point nuclear units to defend against the design basis threat that has been defined pursuant to that order. FPL included $12 million for incremental nuclear security costs in the 2004 projections that were filed in Docket No. 030001-EI, of which $2 million was projected for compliance with the DBT Order. Since that time, the NRC has made numerous revisions and clarifications to the design basis threat originally described in the DBT Order. As a result, the scope of work required to comply with the DBT Order has increased substantially. FPL's 2004 estimated/actual true-up that was filed on August 10, 2004 in this docket included incremental nuclear security costs of $50.2 million, of which $40.4 million is estimated for compliance with the DBT Order. This is an increase of $38.3 million over the original projection. Consistent with the Commission's usual procedures, FPL has proposed to recover its 2004 estimated/actual true-up of the incremental nuclear security costs through the 2005 capacity cost recovery ("CCR") factor.

The Office of Public Counsel ("OPC") does not dispute that the costs of complying with the DBT Order are incremental security costs. OPC also recognizes that the Commission's current policy is to allow recovery of necessary and prudent incremental security costs via the CCR clause. However, OPC has raised concerns about FPL's use of the 2005 CCR factor to recover the extraordinary level of incremental nuclear security costs associated with the DBT Order (the "DBT Costs"). Recovery in that manner, OPC believes, could result in an inappropriate one-time "spike" in FPL's CCR factor.

FPL and OPC have worked together to identify a mutually acceptable alternative to the CCR factor through which FPL may recover the DBT Costs. They have agreed on the proposed resolution outlined below.

Components of Proposed Resolution:

FPL will ask the Commission to approve the following, and OPC agrees to support FPL's request:

1. FPL will remove $38.3 million of DBT Costs from the calculation of its 2005 CCR factor and will treat that amount as a deferred debit (the "DBT Deferred Debit").

2. FPL will accrue interest on the outstanding balance of the DBT Deferred Debit at the currently approved AFUDC rate of 7.39%, commencing on January 1, 2005.

FPL recovers via base rates an annual accrual amount to fund the estimated decommissioning costs for its St. Lucie and Turkey Point nuclear units. FPL is presently authorized and directed by Order No. PSC-02-0055-PAA-EI to accrue $78.5 million per year for the decommissioning fund. The order directs FPL to file an updated decommissioning cost study on or before January 1, 2006, for the purpose of evaluating and adjusting, as appropriate, FPL's annual decommissioning accrual. FPL intends to file its updated decommissioning study during 2005 and to ask that the revised annual decommissioning accrual be made retroactive to January 1, 2005. FPL presently anticipates that the updated decommissioning cost study will support a reduction in the annual decommissioning accrual. For 2005, FPL will reduce the DBT Deferred Debit by the amount of any reduction in the annual decommissioning accrual that is approved by the Commission. As a simplified illustration, and ignoring the accrual of interest described in Section 2 above, if the annual decommissioning accrual were reduced by $10 million, then the DBT Deferred Debit would be reduced from $38.3 million to $28.3 million in 2005.

4. The balance of the DBT Deferred Debit remaining after the adjustment described in Section 3 above will be amortized over a five year period starting on January 1, 2006; provided, however, that if FPL enters into a settlement applicable to FPL base rates commencing on January 1, 2006, the amortization will be over the time period to which the settlement applies.

5. $40.4 million is only an estimate of the DBT Costs. The actual amount of those costs almost certainly will vary. In the event the Commission ultimately determines that the actual amount of FPL's prudent and necessary DBT Costs exceeds $40.4 million, then the variance will be recovered via FPL's CCR factor pursuant to the Commission's usual procedures. For example, if FPL ultimately incurs $41 million in prudent and necessary DBT Costs, then the CCR true-up will reflect an under-recovery of $.6 million which will be included in determining the CCR factor for the subsequent year. On the other hand, if the actual amount of prudent and necessary DBT Costs is determined to be less than $40.4 million, then the variance will reduce the amount of the DBT Deferred Debit outstanding at that time.

6. This proposed resolution is a one-time response to an extraordinary situation. FPL and OPC acknowledge, and the Commission finds, that approval of this proposed resolution will establish no precedent, and may not be used as evidence, with respect to (a) the appropriate mechanism for recovery of future incremental security costs, (b) the appropriate mechanism for recovery of any other costs through the CCR or other adjustment clauses, (c) the appropriate level of FPL's annual decommissioning accruals, or (d) the adequacy of FPL's decommissioning fund.

7. This proposed resolution may be executed in counterparts, and all such counterparts shall constitute one instrument binding on the signatories, notwithstanding that all signatories are not signatories to the original or the same

counterpart. Facsimile transmission of an executed copy of this proposed resolution shall be accepted as evidence of a party's execution of the proposed resolution.

Agreed and accepted on behalf of:

Florida Power & Light Company
Steel Hector & Davis LLP
Suite 4000
200 South Biscayne Boulevard
Miami, Florida 33131-2398

By: John T. Butler
John T. Butler

Date: 11/1/04

Office of Public Counsel
111 West Madison Street, Suite 810
Tallahassee, FL 32399

By:
Harold A. McLean, Esq.

Date: