EXHIBIT 2

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- VIA ELECTRONIC DELIVERY –

R. Scheffel Wright, Esq.
Young van Assenderp, P.A.
225 South Adams Street, Suite 200
Tallahassee, FL 32301

Re: Underground Distribution Issues Raised by the Municipal Underground Utilities Consortium ("MUUC")

Dear Schef:

I am writing in response to your letter dated December 12, 2007 raising issues about underground conversions on behalf of your client, MUUC. For convenient reference, I will use the captions for those issues that appear in your letter, but this does not necessarily mean that FPL accepts the characterization of the issues in your captions.

Ensuring Eligibility of UG Projects for the GAF Credit

You have asked FPL to join MUUC in supporting a "revisitation" by the Florida Public Service Commission of the October 2008 deadline that the Commission set for reviewing the GAF Tariff, which it approved on a pilot basis. Specifically, MUUC envisions asking that the deadline be extended to December 31, 2009. At this point in time, FPL has not taken a position on a potential request to extend the October 2008 "revisitation." FPL appreciates the complex process that an underground conversion process can entail, but we do have concerns about seeking a lengthy extension of the review deadline. As the Commission observed in its order approving the GAF Tariff, the 25% GAF Waiver is based upon limited data that was available at the time and may need to be fine-tuned as more information on costs and benefits becomes available.

FPL is also unsure whether an extension of the "revisitation" date is truly necessary. As you know, the Commission approved the "grandfathering" provision for the GAF Tariff that FPL and MUUC proposed, which provides protection for multi-phase undergrounding projects that are commenced under the current GAF Tariff but may not

be completed until well after the tariff is subsequently modified. You have noted that many of the MUUC members have been involved in pursuing undergrounding projects for several years now, so it seems reasonable to expect in general that they could at least get started before October 2008 and thus would be protected by the "grandfathering" provision. Of course, if there are special circumstances in which particular projects have been especially delayed but are now firmly on track toward commencement, we would be happy to discuss how to seek special treatment for them from the Commission.

Corporate Overheads or "Direct Engineering, Supervision, and Support" Costs Where a Local Government Does All UG Work

First, let me say that I am disappointed in your comments on FPL's response to Mayor Falcone's questions about impact on Direct Engineering, Supervision, and Support ("DSS") charges in the event that the Town of Jupiter Island performs underground conduit and concrete work for its conversion project. FPL undertook a careful evaluation of every component of its DSS charges, and we then revised the Town's binding cost estimate to give full credit for reductions in all DSS components that would actually be affected by the Town's performing the underground conduit and concrete work rather than FPL.

FPL intends to apply that same good-faith approach to all underground conversion projects in which the applicant performs a portion of the direct work. FPL's position on your current issue – what reduction in DSS charges would result from an applicant's performing all of the direct work – would be guided by that approach. FPL expects that the DSS charges would be lower in the event that an applicant performed all direct work than if FPL performed the work. However, your comments on the issue seem to be predicated on an incorrect assumption that, if an applicant performs all direct work for a project, then there is no role for FPL in that project. This is clearly not the case. For obvious safety and reliability reasons, FPL needs to be actively involved in the engineering, inspection and approval of any work that is to become part of its electric distribution system. This is true regardless of whether the work is performed by FPL or others; in fact, it may be especially true if others perform the work because FPL needs to take particular care to ensure that such work meets FPL's standards. Thus, it is simply unrealistic to expect that FPL would not incur DSS expenses, and hence need to charge for DSS, in circumstances where an applicant performs all direct work.

I note that Rule 25-6.115(3), which you cited in your letter, directly supports FPL's position: subsection (c) provides that a utility and applicant may agree to have the applicant perform some or all of the conversion work when such "agreement is not expected to cause the general body of ratepayers to incur additional costs." If FPL were not reimbursed for its DSS expenses when an applicant performs the direct work, then FPL's other customers would end up improperly bearing that cost.

Removal Work

Rule 25-6.115(3) contemplates an applicant's "*constructing and installing* all or a portion of the *underground* distribution facilities." (Emphasis added). On its face, this language does not apply to the removal of existing overhead facilities. FPL is prepared, however, to explore this issue with MUUC, in order to determine whether we can agree on mutually acceptable procedures to coordinate FPL's de-energizing of overhead facilities for an applicant's subsequent removal and proper disposal of those facilities.

Town/City Purchase of Materials

FPL does not see the economic significance of this issue to MUUC. If FPL sold project materials to underground conversion applicants, it would be on the same "material cost plus handling" basis at which FPL would include the cost of the materials in its CIAC calculation. Ultimately, FPL is going to have to own the materials, because FPL retains ownership of the electric system. Therefore, assuming that materials are sold to an applicant, the applicant would then have to turn around and transfer ownership back to FPL. Whether FPL sells the materials to the applicant and then has them transferred back or simply provides them and then collects their cost through the CIAC that is charged to the applicant, the economic result for the applicant should be the same. Because the economic result is the same, FPL would prefer to provide the materials to applicants and then collect the cost for the materials through the CIAC, rather than selling them and having to get ownership transferred back by the applicant.

As to an applicant's buying the required project materials from other sources, FPL does not object in principle to that approach but notes that the Town of Palm Beach investigated privately purchasing materials meeting FPL's specifications for its proposed conversion and found that FPL's charges for material costs were *much* lower than the prices they were quoted from outside vendors. This was because FPL's large quantity purchases provide a significant discount in comparison to the relatively small purchases required for a single project.

Salvage Credits

Consistent with the discussion of the subject of salvage in the letter to Mayor Falcone, FPL is prepared in both of the instances you describe (*i.e.*, FPL performs the removal work, or the applicant performs that work) to transfer ownership and possession of removed copper wire to an applicant at no charge, so long as the applicant agrees to take full responsibility for its disposal. FPL's position with respect to copper wire is based in part on what we view as a relatively low likelihood that its disposal by an applicant could create environmental or other liabilities for FPL. FPL is less comfortable

about taking this approach for some of the other types of materials and equipment that would be removed. As I am sure you can appreciate, FPL's remedies against an applicant (especially a governmental applicant) for improper disposal may be limited. Therefore, FPL would have to review on a case-by-case basis the subject of what other types of material or equipment, if any, FPL would be prepared to transfer to an applicant for disposal.

Local Governments as Applicants for New UG Construction Projects

FPL does not restrict municipalities from being applicants for new underground service under the URD or UCD tariffs if they otherwise meet the tariffs' eligibility requirements. However, FPL's GAF Tariff applies only to underground conversions, not to new underground service. The 25% GAF Waiver that is available to qualifying governmental underground conversion projects under the GAF Tariff is simply inapplicable to new underground work under the URD and UCD tariffs, regardless of who is the applicant. As you know, FPL is presently finalizing its response to the requirements of Rule 25-6.078(4) and 25-6.115(11), F.A.C. for reflecting the net present value of the operational cost differential between overhead and underground systems into its CIAC calculations for those rules.

I trust that I have responded fully to your questions, but please feel free to call me at 561-304-5639 if you would like to discuss them further.

Sincerely,

John T. Butler

John T. Butler

cc: Jeffrey S. Bartel