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November 10, 2008

-VIA HAND DELIVERY -

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RECEIVED-FPSC
08 NOV 10 PM 3:13
COMMISSION
CLERK

**Re: Petition of Florida Power & Light Company
For Approval of Long-Term Agreement for Full
Requirements Electric Service with Lee County
Electric Cooperative**

Dear Ms. Cole:

I am enclosing for filing in the above docket the original and fifteen (15) copies of Florida Power & Light Company's ("FPL") Petition for Approval of Long-Term Agreement for Full Requirements Electric Service with Lee County Electric Cooperative, together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows XP, and the word processing software in which the document appears is Word 2003. Also enclosed for filing are the original and fifteen (15) copies of the prepared written testimony and supporting exhibits for FPL witness, Timothy Gerrish.

If there are any questions regarding this transmittal, please contact me at 561-304-5639.

Sincerely,

Terry J. Keith for
John T. Butler

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an FPL Group company

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Approval of Long-Term)
Agreement for Full Requirements)
Electric Service with Lee County)
Electric Cooperative.)

DOCKET NO. 080665
FILED: November 10, 2008

**PETITION OF FLORIDA POWER & LIGHT COMPANY
FOR APPROVAL OF LONG-TERM AGREEMENT FOR FULL REQUIREMENTS
ELECTRIC SERVICE WITH LEE COUNTY ELECTRIC COOPERATIVE**

Florida Power & Light Company ("FPL") hereby petitions the Commission for approval of FPL's Long-term Agreement for Full Requirement Electric Service with Lee County Electric Cooperative ("LCEC"), dated August 21, 2007, (the "Agreement") as prudent and consistent with the interests of FPL's retail customers. In support of this Petition, FPL incorporates the prepared written testimony and exhibits of FPL witness T.W. Gerrish and states as follows:

1. FPL is a public utility subject to the regulatory jurisdiction of the Commission under Chapter 366, Florida Statutes. The Company has offices located at 700 Universe Boulevard, Juno Beach, Florida.

2. All notices, pleadings and other communications required to be served on the petitioner should be directed to:

Jeffrey S. Bartel
Vice President - Regulatory Affairs
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859

-and-

R. Wade Litchfield
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3. FPL was contacted by LCEC and advised that they were interested in pursuing alternative power supply solutions to meet the needs of their customers. FPL negotiated the Agreement to sell Full Requirements Electric Service to LCEC. Under the Agreement, FPL would supply all of LCEC's electrical energy needs from January 1, 2014 until December 31, 2033. LCEC would pay FPL a monthly capacity and energy payment, both of which are derived through cost-of-service formulas that are tied to actual FPL System Capital and Operating costs. The Agreement has provisions that allow the term to extend an additional 20 years (to 2053) unless one of the parties terminates the agreement prior to December 31, 2026. The Agreement will allow LCEC and its customers to benefit from FPL's reliable and cost effective electrical service, in a manner that is not detrimental to FPL's retail customers.

4. Under the Agreement, FPL would serve the capacity and energy needs of LCEC just as it would serve FPL's retail load. FPL would forecast LCEC's load requirements and incorporate LCEC's load in its total load serving obligations. FPL would plan future generation additions around meeting this total load obligation. FPL would deliver the capacity and energy to LCEC's load through FPL's transmission system pursuant to FPL's Open Access Transmission Tariff. LCEC has requested and subsequently been granted firm Network Transmission Service for the term of the Agreement. LCEC is responsible for paying the Network Transmission Service Tariff Rate and is in the process of entering into Transmission Service Agreements with FPL Transmission.

5. On a monthly basis, LCEC would pay FPL for the capacity and energy that is required to meet LCEC's load. FPL has designed a cost-based formula rate that captures FPL system costs associated with providing the capacity and energy consistent with Federal Energy Regulatory Commission ("FERC") guidelines. These costs include but are not limited to capital, capital recovery, O&M, property taxes, emissions, corporate overhead, purchased power and fuel (nuclear, gas, coal and oil).

6. The Agreement represents a large, long-term, discretionary commitment of FPL's resources to serving load outside its own retail service territory. LCEC and FPL have concluded that the Agreement will be in the best interests of both utilities and their customers, and is consistent with Florida's interest in diversifying the access to and utilization of generating resources within the state. Because of the size and duration of the commitment, however, FPL respectfully requests the Commission to confirm that it concurs with our conclusions.

7. The Agreement offers several important benefits to both FPL and LCEC.

a. FPL will be able to leverage its economies of scale. The LCEC load will represent approximately 1,100 MW of additional capacity and energy to which FPL can allocate certain fixed costs (i.e. overhead) through the cost-of-service rate structure.

b. LCEC will receive reliable and cost effective electrical service from the largest utility in the State with a substantial number of generating resources and significant fuel diversity.

c. In view of the benefits both to LCEC customers and FPL customers, this Agreement will enhance the use of Florida's generating resources. FPL has demonstrated over time that we are an efficient, cost effective and environmentally friendly builder of new generation in Florida. The future generation that FPL builds to meet load growth, including

LCEC load, will leverage those core competencies to serve the greater needs of all Floridians and not just retail customers of FPL.

8. FPL's 2008 Ten Year Site Plan contemplates serving the LCEC load. Entering into the Agreement would be consistent with that plan. FPL also conducted an extensive analysis to determine the impact to FPL's retail customers as a result of serving LCEC load under this Agreement. This analysis showed a favorable impact to FPL's retail customers of approximately \$110 million (nominal) through 2020.¹ FPL's analysis was originally conducted in July 2007, as part of FPL's decision to enter into the Agreement. In August 2008, FPL updated the analysis for changes in load, fuel and generation plans. The updated analysis continues to show a favorable impact to FPL's retail customers, with the cumulative benefit increasing to approximately \$435 million (nominal) through 2020 from the \$110 million cumulative benefit shown in the July 2007 analysis. The results of these analyses are presented in Mr. Gerrish's testimony and exhibits.

9. The Agreement is thus a "win - win" proposition for LCEC, FPL's customers and the state of Florida as a whole. The Commission should confirm that it concurs with these conclusions so that FPL can move forward with implementing the Agreement.

10. The Agreement makes Commission approval of the Agreement a condition precedent. If the Commission does not grant approval satisfactory to FPL by December 31, 2009, then FPL will have the right to terminate the Agreement. There is also a condition

¹ Although the term of the Agreement extends out to 2033, there is considerable uncertainty beyond 2020 as to the amount and type of generation that will be needed to meet FPL's total load obligations. Thus, FPL focused its analysis on the years from 2010 to 2020 as a representative time period: it covers the full duration of the current (2008) Ten Year Site Plan; and it also includes all of FPL's currently identified unit additions (the last being the proposed Turkey Point nuclear generation additions in 2018 and 2020).

precedent relating to approval of the Agreement by the Federal Energy Regulatory Commission (“FERC”), which also gives FPL the right to terminate the Agreement if FERC does not grant satisfactory approval by December 31, 2009. FPL needs to secure this Commission’s final approval of the Agreement before seeking approval by FERC and expects that the process of FERC review and approval will take several months. To ensure that there is enough time for FERC’s review and approval, FPL respectfully requests that the Commission approve the Agreement as proposed agency action at or before the January 6, 2009 agenda conference and to proceed thereafter on a schedule that will permit the Commission to issue a final order approving the Agreement by no later than April 30, 2009 even in the event that the proposed agency action is protested and a hearing must be held.²

WHEREFORE, FPL respectfully requests that this Commission (1) find that FPL’s Long-Term Agreement for Full Requirement Electric Service, dated August 21, 2007 with Lee County Electric Cooperative is prudent and consistent with the interests of FPL’s retail customers; and (2) propose agency action approving said Agreement on or before January 6, 2009 on a procedural schedule that will permit the Commission to enter a final order approving said Agreement by no later than April 30, 2009.

² FPL initially petitioned for approval of the Agreement at the annual fuel adjustment clause hearing that will be held on November 4-6, 2008 (Docket No. 080001-EI). At the request of the Commission Staff, FPL withdrew its approval request from Docket No. 080001-EI and is seeking approval of the Agreement via this separate Petition.

Respectfully submitted,

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By: *Tony J. Keith for*
John T. Butler
Fla. Bar No. 283479