

Marguerite McLean

090505 - EI

From: Butler, John [John.Butler@fpl.com]
Sent: Wednesday, December 16, 2009 4:40 PM
To: Filings@psc.state.fl.us
Cc: Lisa Bennett; 'Kelly.jr@leg.state.fl.us'; Charles Rehwinkel; Charles Beck; 'cecilia.bradley@myfloridalegal.com'
Subject: Electronic Filing / Dkt #090505-EI / Proposed Resolution of Issues
Attachments: 12.16.09.FPL.N.Filing.PRI.pdf

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 090505 - EI
IN RE: Review of replacement fuel costs, associated with the February 26, 2008 outage on Florida Power & Light Company's electrical system

c. The Document is being filed on behalf of Florida Power & Light Company ("FPL").

d. There are a total of 4 pages

e. The document attached for electronic filing is a Proposed Resolution of Issues that has been executed on behalf of the Office of Public Counsel, the Office of the Attorney General and FPL, together with FPL's Notice of Filing for same.

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DOCUMENT NUMBER-DATE

12020 DEC 16 8

FPSC-COMMISSION CLERK

12/16/2009

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

IN RE: Review of replacement fuel costs,)
associated with the February 26, 2008 outage))
on Florida Power & Light Company's)
electrical system.)

Docket No: 090505-EI

Filed: December 16, 2009

**FLORIDA POWER & LIGHT COMPANY'S
NOTICE OF FILING PROPOSED RESOLUTION OF ISSUES**

Florida Power & Light Company ("FPL") hereby gives notice of filing on December 16, 2009 of the attached Proposed Resolution of Issues ("PRI") that has been executed on behalf of the Office of Public Counsel, the Office of the Attorney General, and FPL.

R. Wade Litchfield, Esq.
Vice President and Chief Regulatory Counsel
John T. Butler, Esq.
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By: s/ John T. Butler
John T. Butler
Fla. Bar No. 283479

CERTIFICATE OF SERVICE
Docket No. 090505-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery this 16th day of December, 2009, to the following:

Lisa Bennett, Esq.
Division of Legal Services
Florida Public Service Commission
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Tallahassee, Florida 32399-0850
LBENNETT@PSC.STATE.FL.US

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c/o The Florida Legislature
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Tallahassee, Florida 32399
Kelly.jr@leg.state.fl.us
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Cecilia Bradley
Senior Assistant Attorney General
Office of the Attorney General
The Capitol - PL01
Tallahassee, FL 32399-1050
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By: s/ John T. Butler
John T. Butler
Fla. Bar No. 283479

**PROPOSED RESOLUTION OF ISSUES ("PRI")
DOCKET NO. 090505-EI
DECEMBER 4, 2009**

Background

On February 26, 2008, a fault occurred at FPL's Flagami substation in connection with troubleshooting a switch used to connect a shunt inductor to FPL's transmission system. The fault created conditions that, among other things, caused three fossil-fueled generating units and Turkey Point Nuclear Units 3 and 4 to trip offline, which is how they are designed to operate in such a situation. This event is referred to herein as the "Flagami Transmission Event."

The Federal Energy Regulatory Commission ("FERC") and the North American Electric Reliability Council ("NERC") conducted investigations of the Flagami Transmission Event. On October 8, 2009, FPL agreed with FERC and NERC to settle claims that FPL allegedly violated certain FERC and NERC transmission-reliability standards. As part of the settlement agreement, FERC does not conclude that FPL violated any reliability standards or laws, and FPL does not admit any violations or liability in connection with the outage.

Docket 090001-EI contained the following issue: "With respect to the February 26, 2008 outages, should FPL or its customers be responsible for replacement power costs associated with the outages?" This docket was opened in November 2009 to address that issue by itself. In light of FPL's agreement herein to bear the cost of replacement power attributable to the Flagami Transmission Event, FPL proposes and the other parties to this PRI agree that the scope of this docket should now be limited to determining the appropriate measure of replacement power costs.

Components of the PRI

FPL will ask the Commission to approve the following, and the other parties to this PRI agree to support FPL's request:

1. FPL agrees to bear the cost of replacement power attributable to the Flagami Transmission Event; provided, however, that:
 - a. FPL does not admit imprudence or any other improper action or failure with regard to the Flagami Transmission Event and reserves all of its rights and defenses with respect to the propriety of its actions in connection with the Flagami Transmission Event; and
 - b. the appropriate measure of replacement power costs that are attributable to the Flagami Transmission Event remains an issue to be determined by the Commission in this docket.

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FPSC-COMMISSION CLEAR

2. All parties to this PRI and Staff may each take any position that it wishes concerning the proper measure of replacement power costs, if any, that FPL should refund to customers as a result of the Flagami Transmission Event. Testimony and discovery will be limited to the issue of the appropriate measure of replacement power costs.
3. This PRI is a one-time response to an extraordinary situation. All of the parties to this PRI acknowledge, and the Commission finds, that approval of this PRI will establish no precedent with respect to any matter resolved herein.
4. This PRI may be executed in counterparts, and all such counterparts will constitute one instrument binding on the signatories, notwithstanding that all parties may not be signatories to the original or the same counterpart. Facsimile transmission of an executed copy of this PRI will be accepted as evidence of a party's execution of the PRI.

Agreed and accepted on behalf of:

Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

By: Charlie Beck
Charlie Beck, Esq.

Office of the Attorney General
The Capitol - PL01
Tallahassee, FL 32399-1050

By: Cecilia Bradley
Cecilia Bradley, Esq.

Florida Power & Light Company
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By: John T. Butler
John T. Butler, Esq.