

REDACTED

Florida Power and Light Company
Docket No. 120001-EI
Staff's 8th Set of Interrogatories No. 58
Attachment I

	A	B	C	D	E	F	G	1 of 1
1	AUGUST 1, 2011 - JULY 31, 2012 HEDGING PROGRAM - FUEL OIL TRANSACTIONS							
2								
3								
4								
5								
6	Portfolio	Trade Date	Deal Start Date	Deal End Date	Fixed Price	NYMEX Closing Price	Fixed Price vs NYMEX Price	
7							1.0%	
8							1.1%	
9							0.2%	
10							1.1%	
11							0.1%	
12							1.1%	
13							-0.2%	
14							0.8%	
15							3.0%	
16							-1.0%	
17							0.4%	
18							0.0%	
19							-0.3%	
20							1.3%	
21							1.4%	
22							0.0%	
23							-0.4%	
24							-1.0%	
25							-0.2%	
26							0.0%	
27							0.4%	
28							0.0%	
29							2.1%	
30							1.0%	
31							3.7%	
32							1.7%	
33							0.7%	
34							4.7%	
35							2.2%	
36							0.4%	
37							0.1%	
38							0.4%	
39							1.0%	
40							-0.4%	
41							-0.3%	
42							-0.2%	
43							0.2%	
44							-0.2%	
45							0.1%	
46							-0.2%	
47							-0.3%	

COM _____
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DOCUMENT NUMBER-DATE

07270 OCT 25 09

FPSC-COMMISSION CLERK

	A	B	C	D	E	F	G
1							
2	AUGUST 1, 2011 - JULY 31, 2012 HEDGING PROGRAM - NATURAL GAS TRANSACTIONS						
3							
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5							
6	Portfolio	Trade Date	Deal Start Date	Deal End Date	Fixed Price	NYMEX Closing Price	Fixed Price vs NYMEX Price
7							0.1%
8							-0.9%
9							-0.8%
10							-0.2%
11							-2.2%
12							-0.9%
13							-1.0%
14							-0.7%
15							-0.4%
16							-0.1%
17							0.0%
18							0.6%
19							1.4%
20							0.2%
21							-0.6%
22							-0.6%
23							0.0%
24							-0.8%
25							-1.6%
26							0.1%
27							0.0%
28							-0.8%
29							1.1%
30							-0.3%
31							0.9%
32							0.2%
33							0.0%
34							-0.7%
35							0.0%
36							-0.5%
37							0.1%
38							0.9%
39							-0.1%
40							-0.3%
41							0.2%
42							-0.5%
43							0.0%
44							0.0%
45							-0.2%
46							-0.2%
47							-0.6%
48							-1.0%
49							-1.1%
50							0.7%
51							-0.5%
52							-2.3%
53							1.3%
54							0.1%
55							0.7%
56							-0.6%
57							-0.6%
58							1.2%
59							0.1%
60							0.1%
61							-0.7%
62							0.4%
63							-2.2%
64							-0.3%

	A	B	C	D	E	F	G
2	AUGUST 1, 2011 - JULY 31, 2012 HEDGING PROGRAM - NATURAL GAS TRANSACTIONS						
3							
4							
5							
6	Portfolio	Trade Date	Deal Start Date	Deal End Date	Fixed Price	NYMEX Closing Price	Fixed Price vs NYMEX Price
65							-0.3%
66							0.3%
67							-0.4%
68							0.6%
69							0.5%
70							-0.8%
71							-0.3%
72							-1.6%
73							0.0%
74							-0.1%
75							0.3%
76							1.0%
77							-0.5%
78							-0.2%
79							0.5%
80							-0.5%
81							0.6%
82							-0.2%
83							-0.1%
84							0.3%
85							-1.1%
86							-0.1%
87							0.7%
88							0.0%
89							0.1%
90							-0.6%
91							-0.5%
92							-0.6%
93							-0.9%
94							0.2%
95							2.3%
96							1.2%
97							-0.2%
98							-0.4%
99							-0.6%
100							0.1%
101							0.0%
102							0.7%
103							0.0%
104							0.2%
105							0.3%
106							0.0%
107							-1.1%
108							-0.9%
109							1.5%
110							0.6%
111							0.2%
112							-2.3%
113							-2.2%
114							-0.4%
115							-1.1%
116							-0.3%
117							0.1%
118							-0.6%
119							-0.3%
120							-0.1%
121							-0.8%
122							0.2%
123							0.2%

	A	B	C	D	E	F	G
2	AUGUST 1, 2011 - JULY 31, 2012 HEDGING PROGRAM - NATURAL GAS TRANSACTIONS						
3							
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5							
6	Portfolio	Trade Date	Deal Start Date	Deal End Date	Fixed Price	NYMEX Closing Price	Fixed Price vs NYMEX Price
124							-0.3%
125							1.7%
126							0.2%
127							-0.3%
128							-0.3%
129							0.6%
130							0.4%
131							-0.5%
132							-0.1%
133							0.2%
134							-0.4%
135							0.3%
136							-0.6%
137							1.4%
138							-0.2%
139							0.3%
140							-0.3%
141							-0.1%
142							0.8%
143							-0.4%
144							-0.3%
145							-0.7%
146							-0.6%
147							-0.7%
148							0.2%
149							-0.7%
150							-0.3%
151							-0.3%
152							-0.3%
153							-0.4%
154							-1.0%
155							0.1%
156							-0.2%
157							-0.9%
158							-1.0%
159							-1.7%
160							-0.6%
161							0.9%
162							0.5%
163							0.1%
164							0.0%
165							0.2%
166							-0.2%
167							0.7%
168							0.4%
169							0.4%
170							-0.2%
171							0.8%
172							0.2%
173							0.1%
174							0.2%
175							-1.0%
176							0.1%
177							-0.2%
178							-0.9%
179							-1.1%
180							-0.2%
181							-0.3%
182							-0.1%

	A	B	C	D	E	F	G
2	AUGUST 1, 2011 - JULY 31, 2012 HEDGING PROGRAM - NATURAL GAS TRANSACTIONS						
3							
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6	Portfolio	Trade Date	Deal Start Date	Deal End Date	Fixed Price	NYMEX Closing Price	Fixed Price vs NYMEX Price
183							0.7%
184							1.0%
185							-0.8%
186							0.6%
187							0.1%
188							0.0%
189							-0.6%
190							-0.6%
191							-0.6%
192							-0.2%
193							0.2%
194							0.5%
195							0.3%
196							0.3%
197							0.0%
198							-0.3%
199							-0.2%
200							0.4%
201							0.0%
202							0.8%
203							-0.7%
204							-0.7%
205							-1.2%
206							0.1%
207							0.2%
208							0.6%
209							-0.6%
210							-0.4%
211							0.0%
212							-0.4%
213							-0.2%
214							1.1%
215							2.3%
216							1.6%
217							1.7%
218							1.5%
219							1.1%
220							-0.1%
221							-0.5%
222							-1.4%
223							-1.0%
224							0.5%
225							-0.2%
226							-1.1%
227							-0.6%
228							-0.8%
229							-0.7%
230							-0.1%
231							0.8%
232							0.1%
233							-0.5%
234							-1.2%
235							0.8%
236							0.2%
237							-0.7%
238							0.2%
239							-0.3%
240							0.9%
241							0.5%

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2	AUGUST 1, 2011 - JULY 31, 2012 HEDGING PROGRAM - NATURAL GAS TRANSACTIONS						
3							
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6	Portfolio	Trade Date	Deal Start Date	Deal End Date	Fixed Price	NYMEX Closing Price	Fixed Price vs NYMEX Price
242							-0.3%
243							0.1%
244							-0.4%
245							-0.2%
246							-0.4%
247							-0.4%
248							0.6%
249							0.0%
250							0.0%
251							-0.8%
252							-0.7%
253							-0.7%
254							-0.2%
255							0.2%
256							0.0%
257							-0.6%
258							-0.6%
259							-0.1%
260							0.1%
261							-1.8%
262							-0.3%
263							-0.5%
264							-0.2%
265							-1.0%
266							0.4%
267							-1.9%
268							0.2%
269							1.4%
270							-0.6%
271							-1.2%
272							-1.5%
273							0.2%
274							0.4%
275							-0.7%
276							-0.3%
277							-0.3%
278							-0.5%
279							-0.2%
280							-1.3%
281							0.1%
282							0.7%
283							-0.5%
284							-0.7%
285							-0.5%
286							-0.4%
287							-0.7%
288							0.4%
289							0.0%
290							-0.8%
291							-0.3%
292							-0.2%
293							0.1%
294							3.6%
295							1.9%
296							0.7%
297							0.2%
298							0.5%
299							-0.2%
300							-1.0%

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Q. Please supply a comparison of FPL's Risk Management Plans for 2012 and 2013. Please explain or describe any changes between 2012 and 2013.

A.

The only major difference between the Risk Management Plans filed in 2011 and 2012 is FPL's decision to not hedge fuel oil consumption for 2014 in calendar year 2013. The discussion addressing the elimination of heavy oil hedging that was included in FPL's 2013 Risk Management Plan is shown below:

A number of factors have led to a large drop in FPL's heavy oil burn projections for 2014. Projections can vary drastically from actuals due to operational constraints, unit outages or unexpected weather conditions. However, with the modernized Cape Canaveral gas unit coming on line in 2013 and the modernized Riviera gas unit coming on line in 2014; it is reasonable to expect lower heavy oil consumption. FPL is currently estimating approximately 120,000 barrels of heavy oil consumption from May 2014 through October 2014. It is worth noting that 120,000 barrels of heavy oil consumption is equivalent to approximately 0.77 Bcf of natural gas consumption or, less than ½ day of typical gas usage in the summer period.

FPL currently hedges ■■■ of heavy oil burns and is required to keep hedges within a certain percentage band. However, with the projected heavy oil burns so low, small changes in projected fuel burns often require FPL to rebalance insignificant volumes because total hedges fall outside of the required band. Rebalancing such small volumes of heavy oil adds unnecessary transaction costs and does little to provide fuel price certainty.

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Q. Regarding hedging activities, how does FPL assess and evaluate counter-party credit risk?

A.
An initial, formal credit review is performed prior to entering into a new counterparty relationship. Based on the credit analysis, a credit rating is assigned using a scale identical to that used by Standard & Poor's. Follow-up credit reviews are performed on an annual basis for counterparties with ratings of "BBB" and below and for counterparties that are not externally rated. At least every other year, a credit review will be performed for those counterparties with ratings of "BBB" and above. Credit risk is assessed in accordance with an established risk policy approved by senior management. All counterparties are subject to the same review procedures.

In addition to formal periodic credit reviews, credit personnel monitor the credit quality of counterparties on a continuous basis. If a question arises regarding the credit quality of a counterparty, they are placed on a "watch list", along with details of the specific limitation.

[REDACTED]. For cases of increased credit concern, a summary of the credit exposure to a counterparty is reported to management on a daily basis: and alternatives to manage the exposure down to a more acceptable level, where necessary, are actively explored.

Credit management will approve a credit request after an acceptable review has been completed. Approval authority for setting credit limits is determined based on a preset delegated approval authority matrix, which takes into consideration the credit rating of the counterparty and the proposed limit size. Approval from the Exposure Management Committee (EMC) is required if the aggregated exposure to a counterparty family for all standard and nonstandard contracts exceeds the FPL Credit Matrix limits.