City and Utilities Commissions Joint Workshop

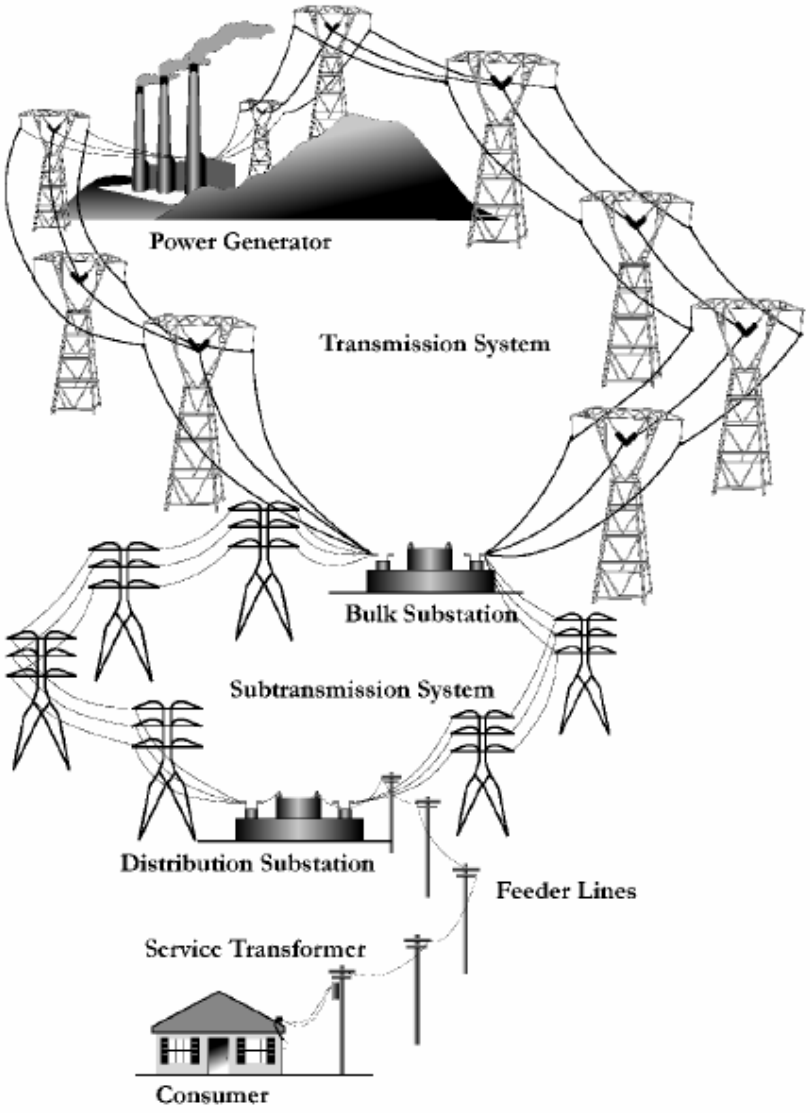
January 11, 2007

Generation and Supply Discussion

Coronado Civic Center, 223 Flagler Avenue

Draft Information--Validation in Process

An Electric Power System

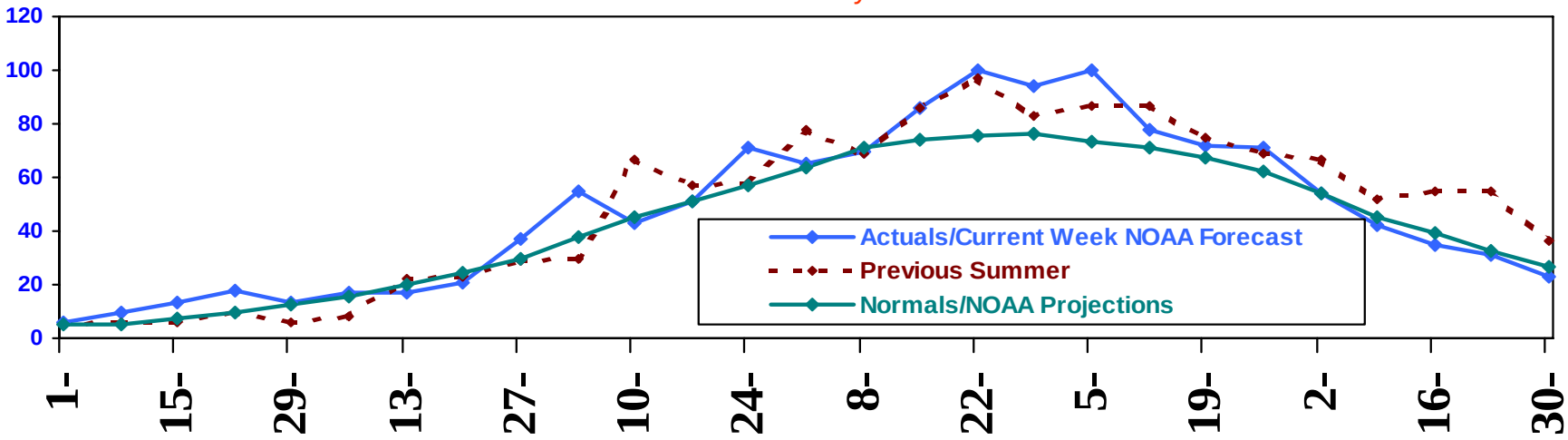


Source: Congressional Budget Office based on a figure from EPRI PEAC Corporation.

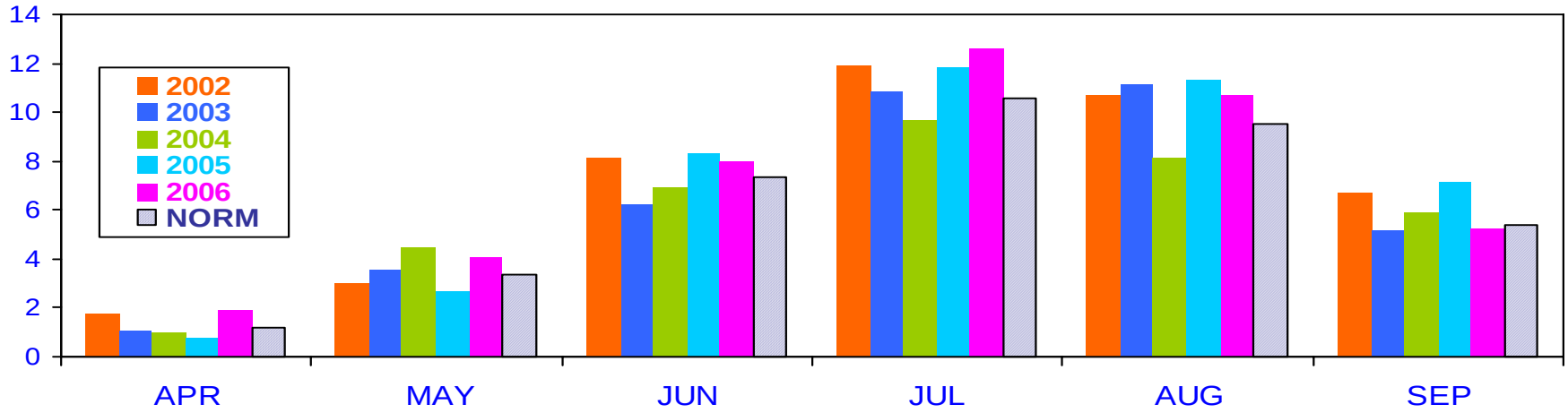
Weather - U.S. Cooling Degree-Days

(Daily average population-weighted)

Summer Season by Week



Summer Season by Month

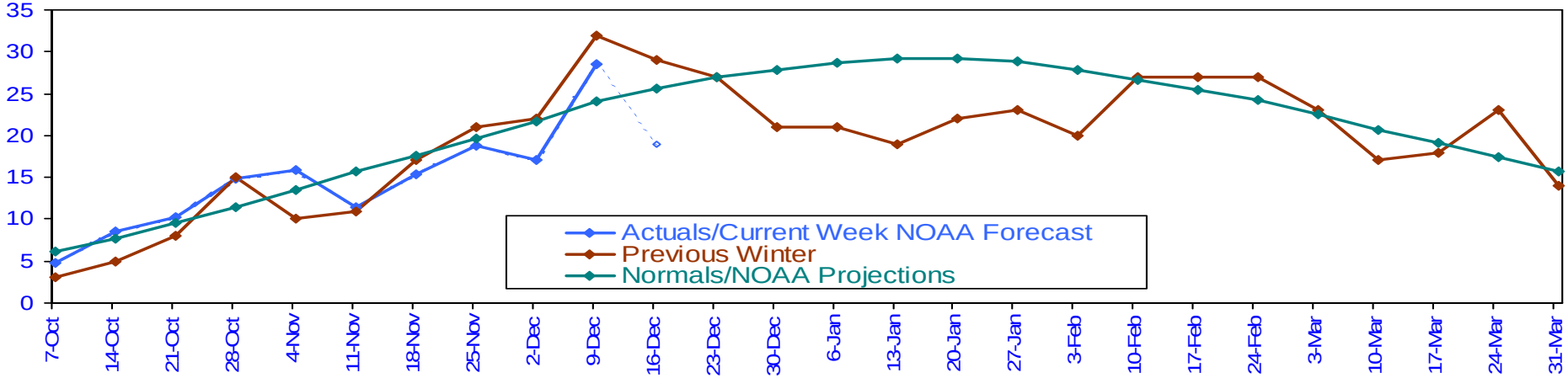


Source: National Oceanic and Atmospheric Administration, National Weather Service
http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/cdus/degree_days/

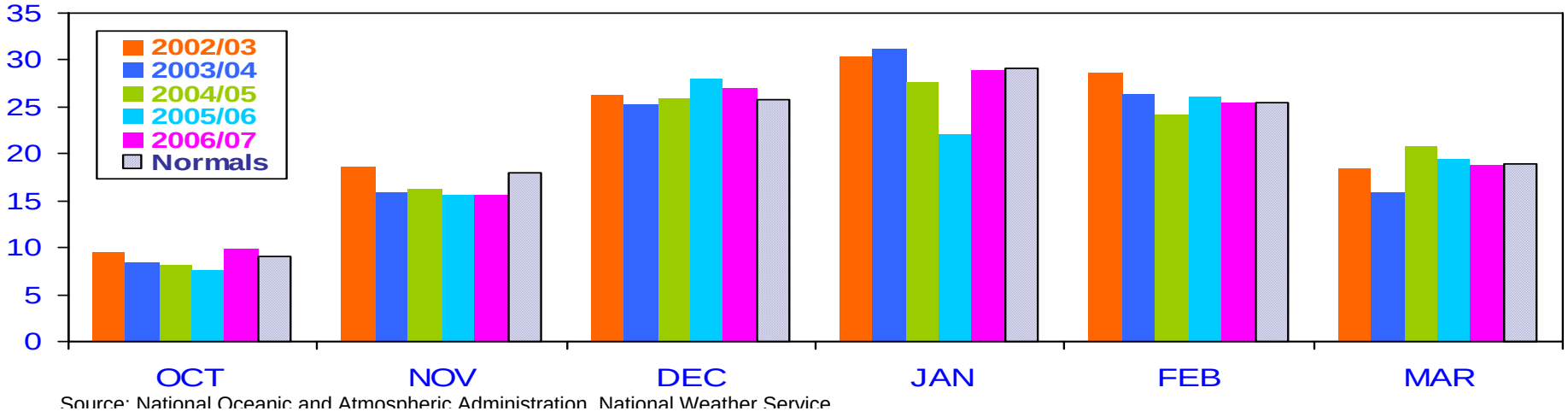
www.eia.doe.gov

Population-Weighted
Heating Degree Days – Daily Average Basis

Winter Season by Week



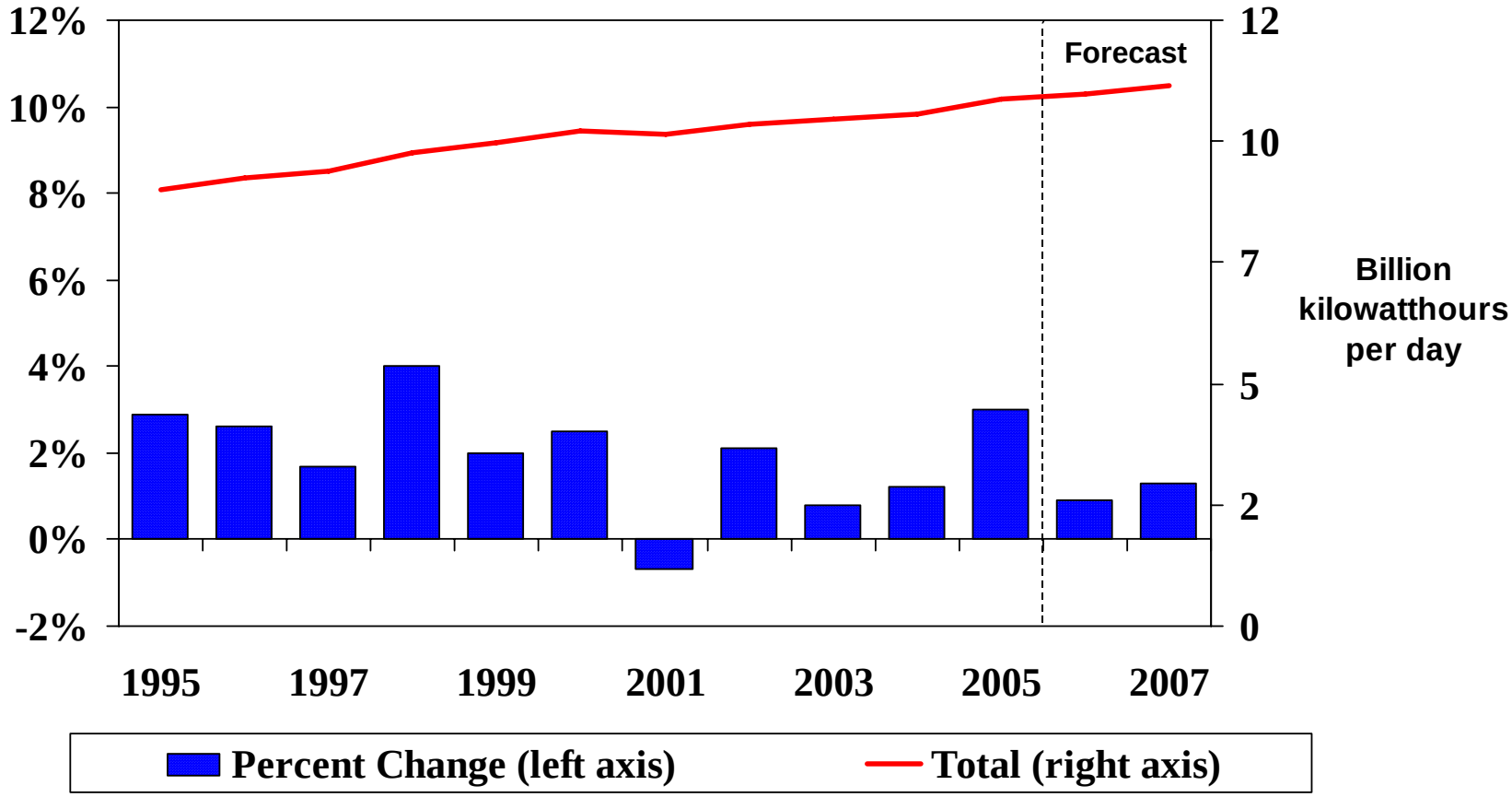
Winter Season by Month



Source: National Oceanic and Atmospheric Administration, National Weather Service

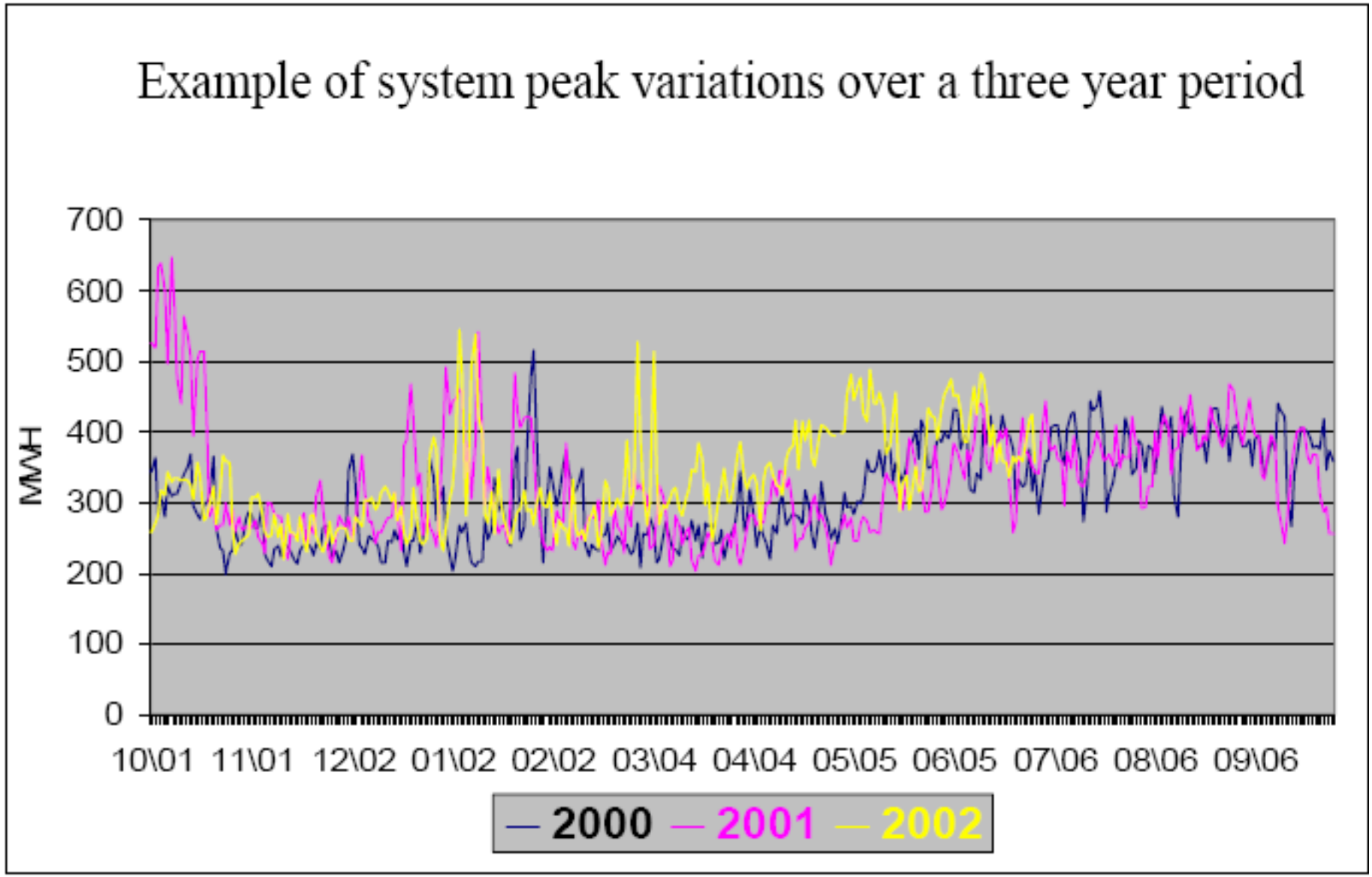
www.eia.doe.gov

Total U.S. Electricity Consumption Growth
(Change from Previous Year)

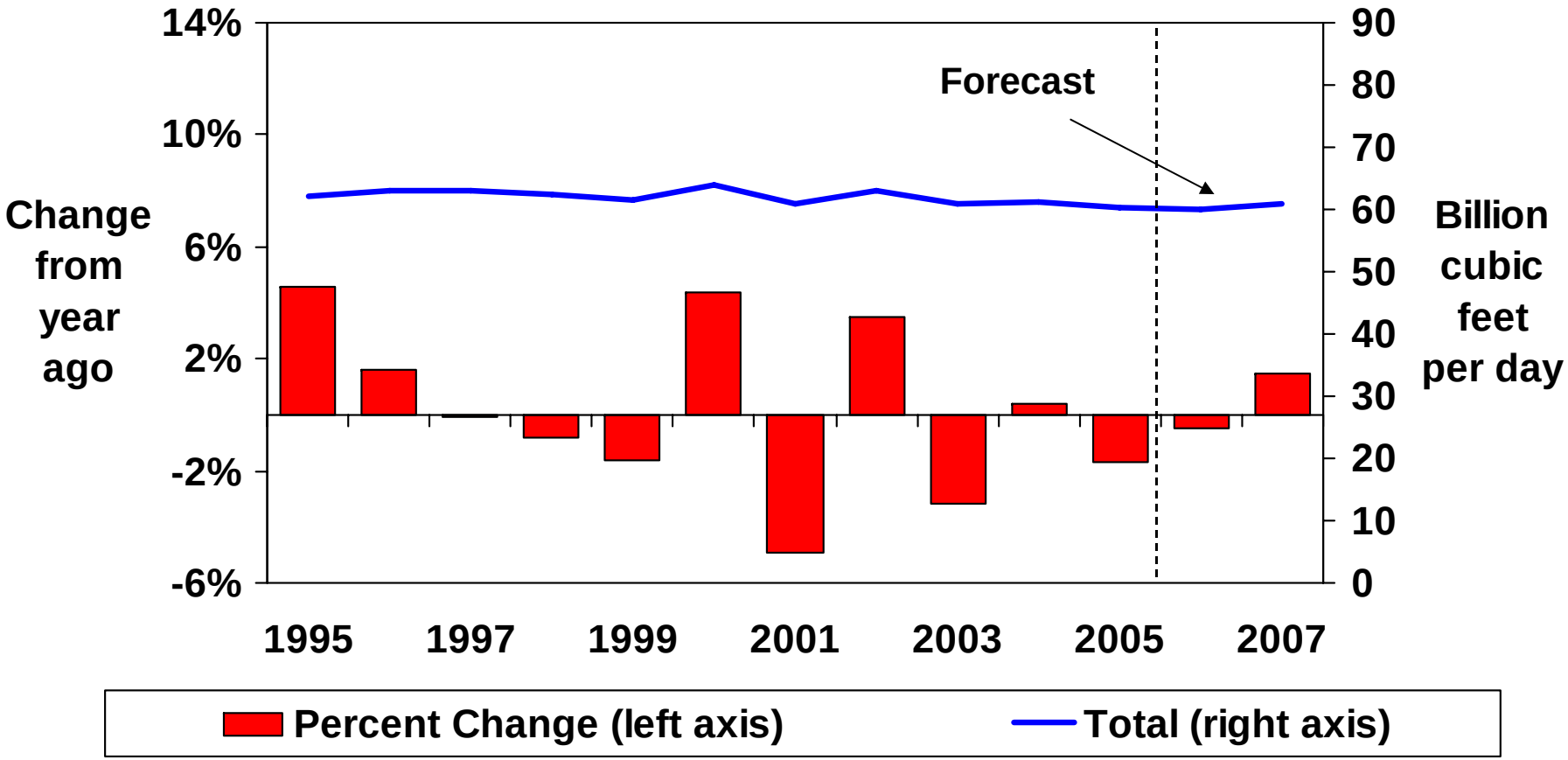


Short-Term Energy Outlook, December 2006

www.eia.doe.gov


Example of system peak variations over a three year period
700
600
500
400
300
200
100
0
MWH
10\01 11\01 12\02 01\02 02\02 03\04 04\04 05\05 06\05 07\06 08\06 09\06
2000
2001
2002

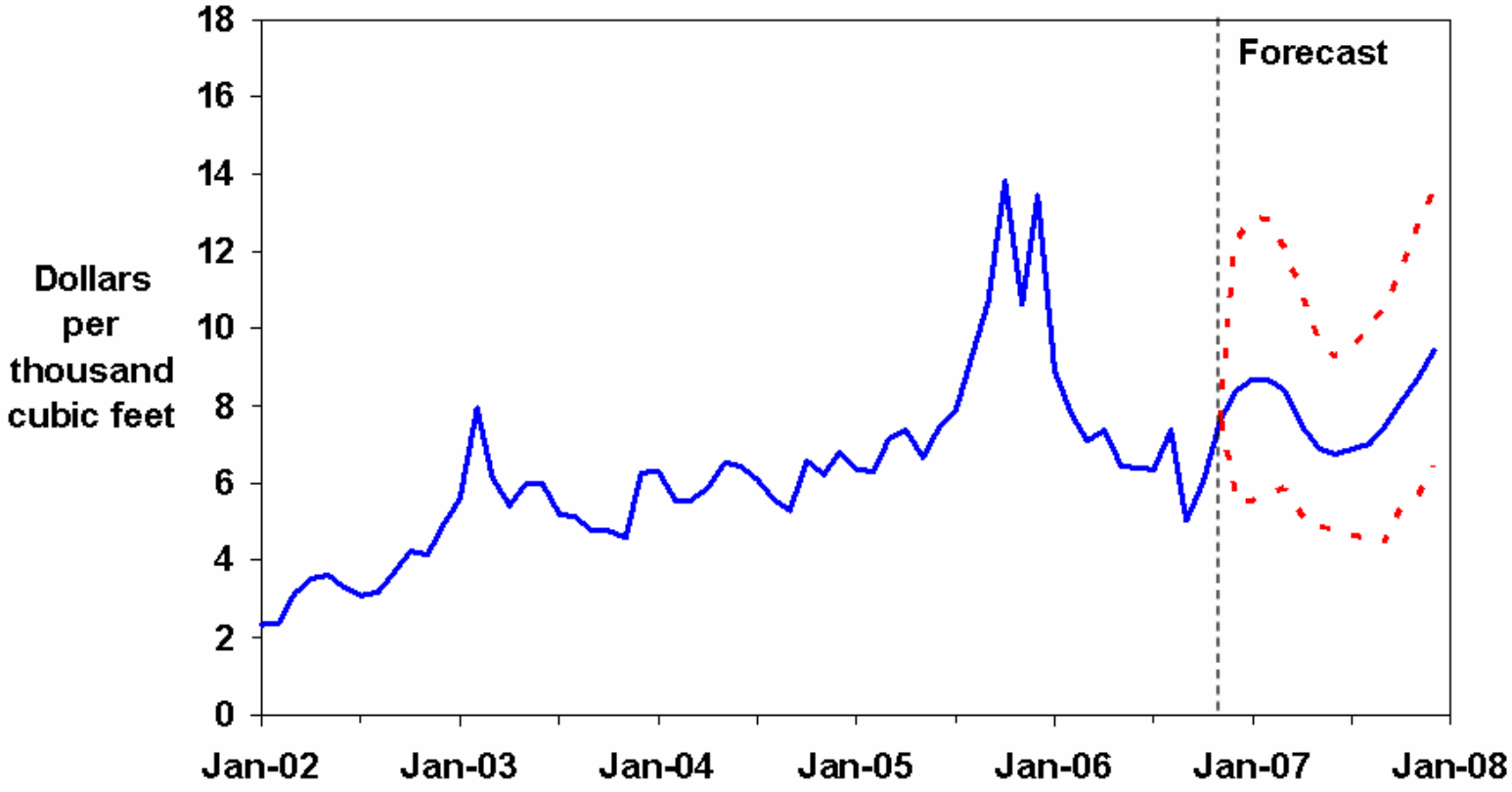
Total U.S. Natural Gas Consumption Growth



Short-Term Energy Outlook, December 2006

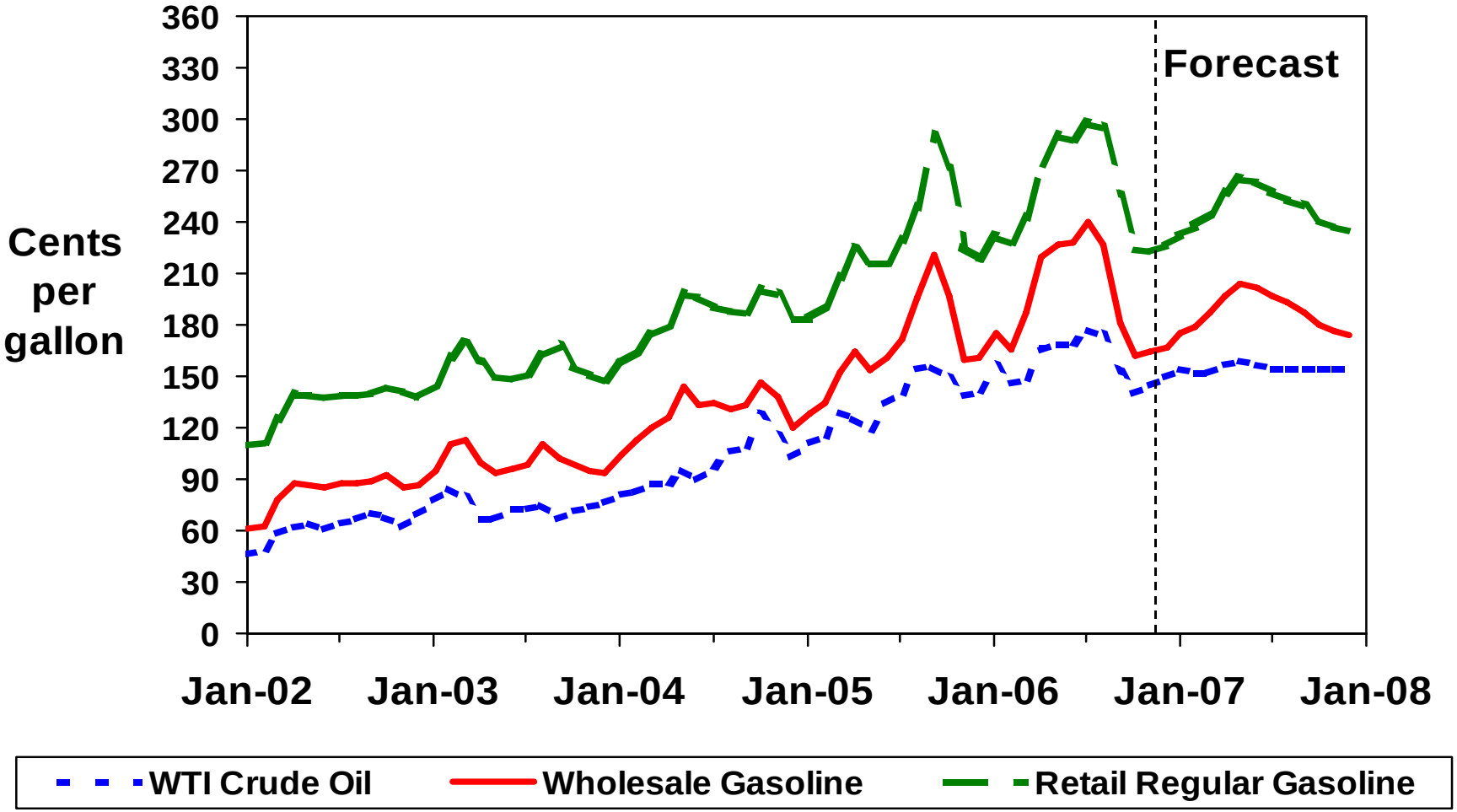
www.eia.doe.gov

Natural Gas Henry Hub Spot Prices
(Base Case and 95% Confidence Interval*)



**The confidence intervals show +/- 2 standard errors based on the properties of the model.*

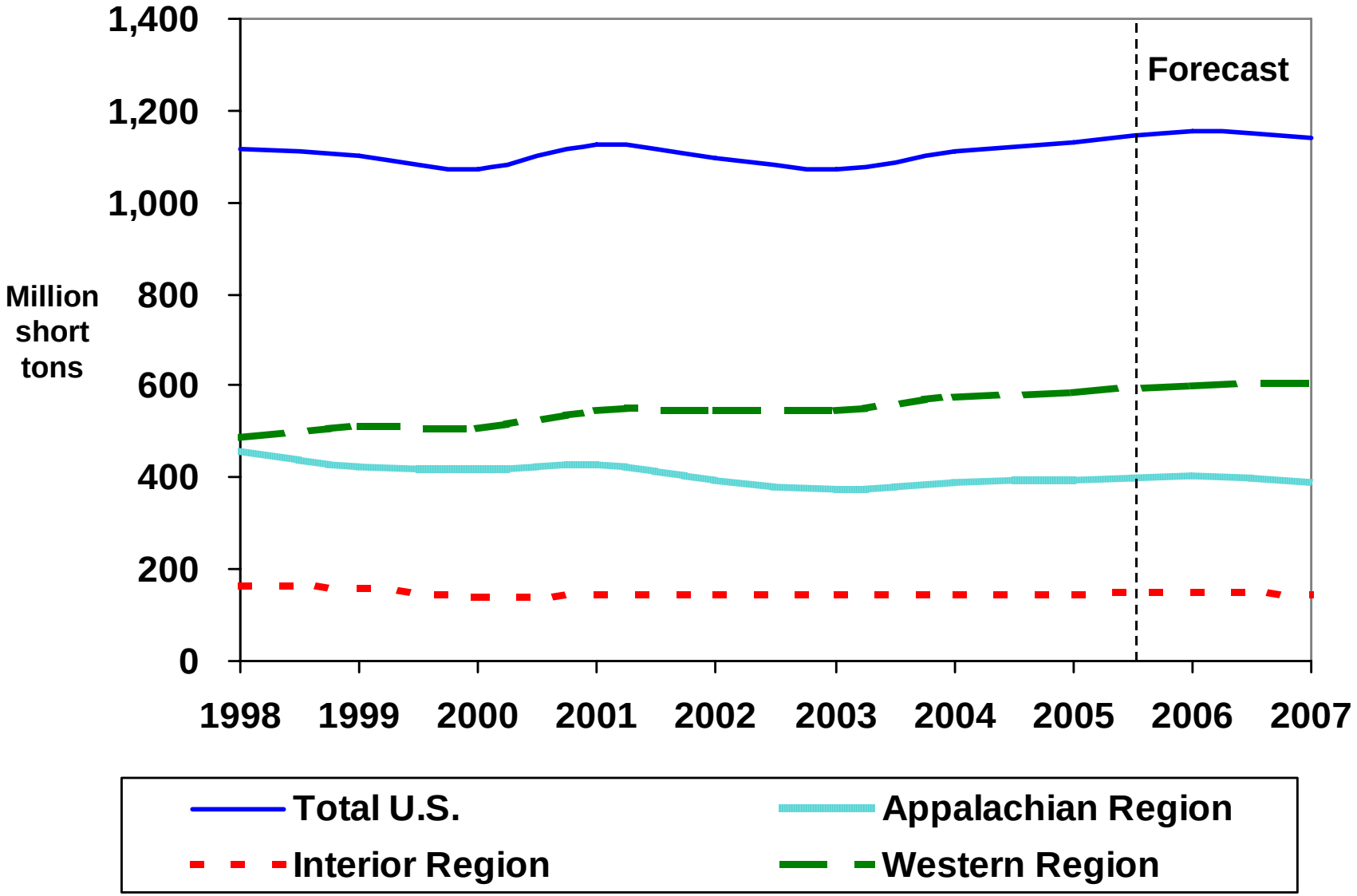
Gasoline and Crude Oil Prices



Short-Term Energy Outlook, December 2006

www.eia.doe.gov

U.S. Coal Production



Short-Term Energy Outlook, December 2006

www.eia.doe.gov

Why Are Electricity Prices Increasing?

"**Overview of Findings**

Fuel and Purchased Power Cost Increases Have Been Enormous and Are the Largest Cause of Recent Electric Cost Increases. On an industry-wide basis, our analysis finds that fuel and purchased power costs account for roughly 95 percent of the cost increases experienced by utilities in the last five years. The increases in the cost of these fuels have been unprecedented by historical standards, affecting every major electric industry fuel source:

- Natural gas, which accounts for nearly 20 percent of all generation, experienced a more than 100-percent increase in spot prices between 2003 and 2005 and a more than 300-percent increase since 1999. Real natural gas prices are now at their highest level in modern history. High and volatile gas prices have a particularly strong impact on electricity prices because gas-fired generators set the prices for a large percentage of the time in many short-term or spot power markets around the country.
- Oil, which is still a significant utility fuel in several parts of the country, is now at record price levels. The prices of oil-based fuels delivered to electric generators rose about 50 percent between 2003 and 2005, and are now at the highest nominal levels ever recorded. Increased oil prices also have a significant impact on other fuel costs; for example, they drive up the costs of mining and shipping coal.
- Coal, which accounts for half of all power produced in the United States today, has risen 20 percent in delivered price in the last two years alone. In some areas, the increase has been much higher. For example, spot coal prices from the Powder River Basin have increased about 100 percent since 2003.
- The price of uranium, the primary component of nuclear fuel, which represents 19 percent of all generation, also has increased by about 40 percent since 2001.

These fuel price increases, in turn, have impacted the cost of power purchased by many utilities. The price of purchased spot power has increased between 200 and 300 percent in many power markets across the United States. Finally, the industry is using increasing amounts of renewable and distributed generation resources, which have valuable attributes but generally cost more than conventional energy sources. "

Brattle Group June,2006

"Additional Generating Plants Will Be Needed To Meet Demand.

Increased Transmission Investments Are Necessary

Sales Growth, the Demand For Higher Quality Power, and Storm Recovery Costs Are Driving Distribution Investment. Industry spending on the distribution systems that deliver power to each customer has followed a generally steady upward trend for the last twenty years.

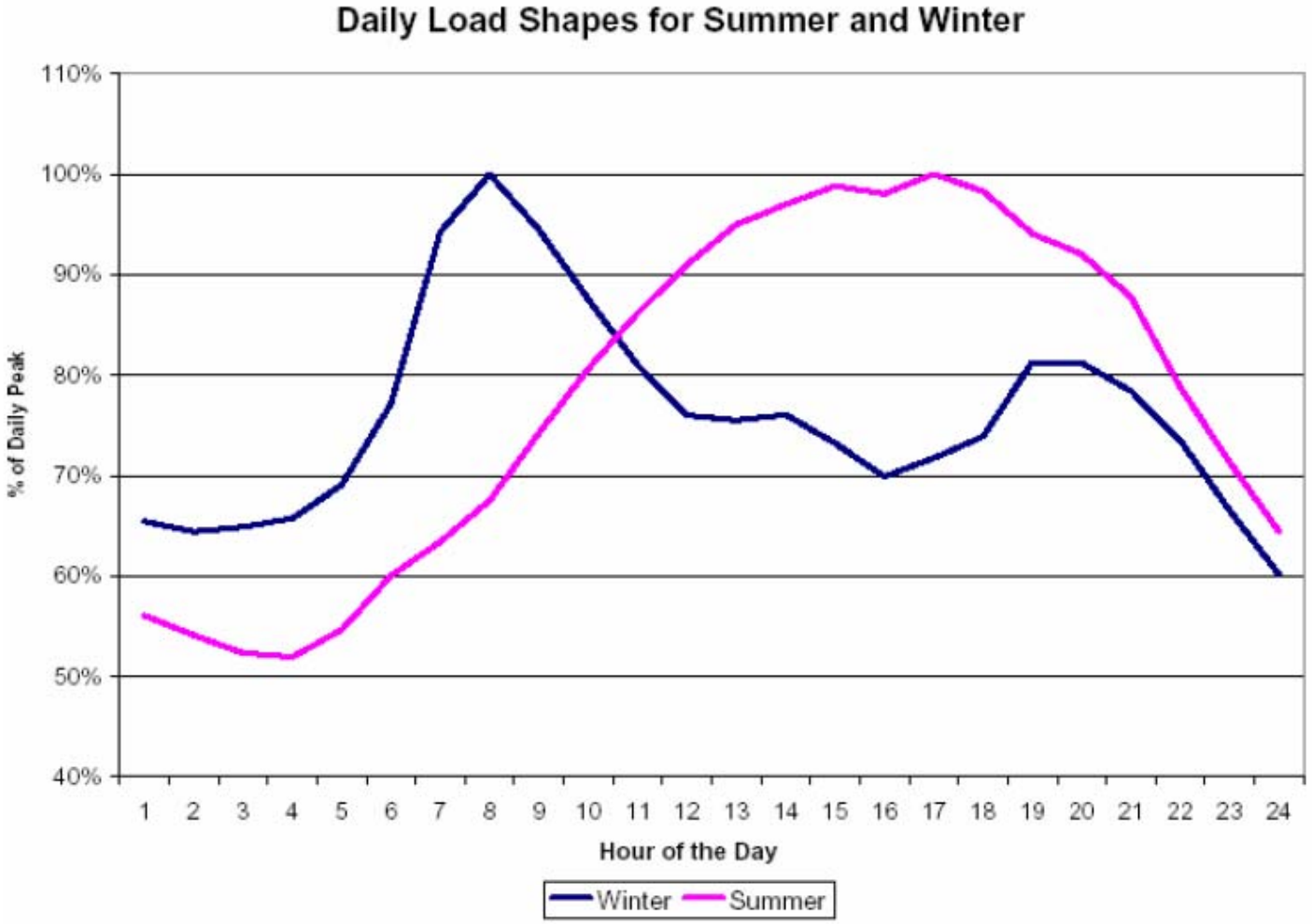
Environmental Investments Add Significant Costs. New environmental requirements…are prompting substantial environmental investments. … These investments, while large, could be dwarfed by the costs of Complying with potential mandatory carbon dioxide (CO2) emission reductions,….

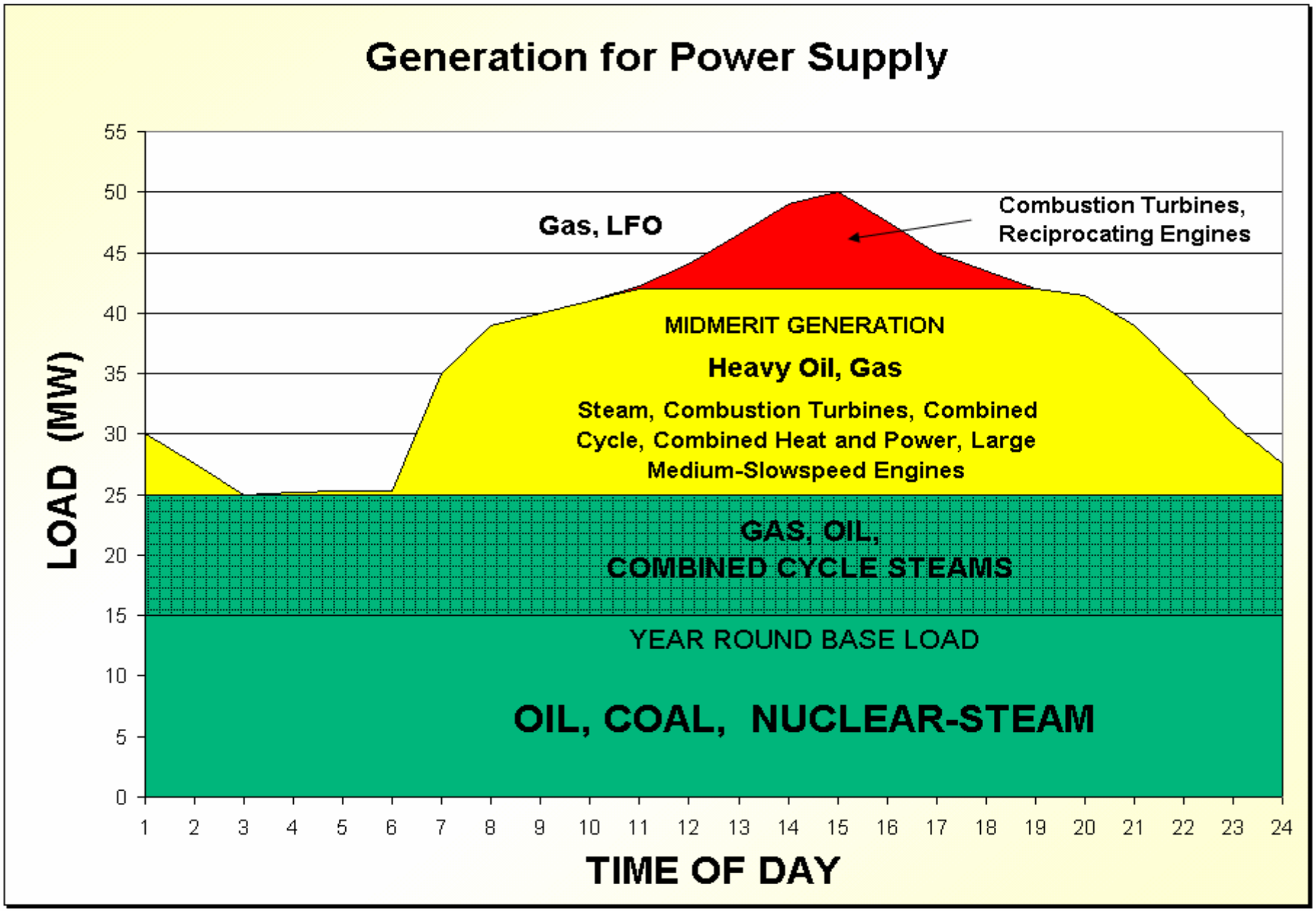
The Utility Industry's Overall Financial Condition is Sound, Though Not As Secure As It Had Been Before Prior Periods of Capital Investment. With reasonable cost recovery, the industry as a whole should have the ability to make the necessary, cost-effective investments. However, the industry has proportionately less "headroom" to make investments without rate relief, and certain portions of the industry are already below investment grade and therefore cannot weather greater financial impairment.

The overall picture emerging from these conclusions is that the electric power industry faces a situation in which significant investments are needed, and rate increases will be necessary to finance them. These investments will diversify supply away from natural gas, reduce future fuel costs, provide greater reliability and power quality, and lessen environmental impacts. Without these investments, one or more of these investment objectives will be impaired."

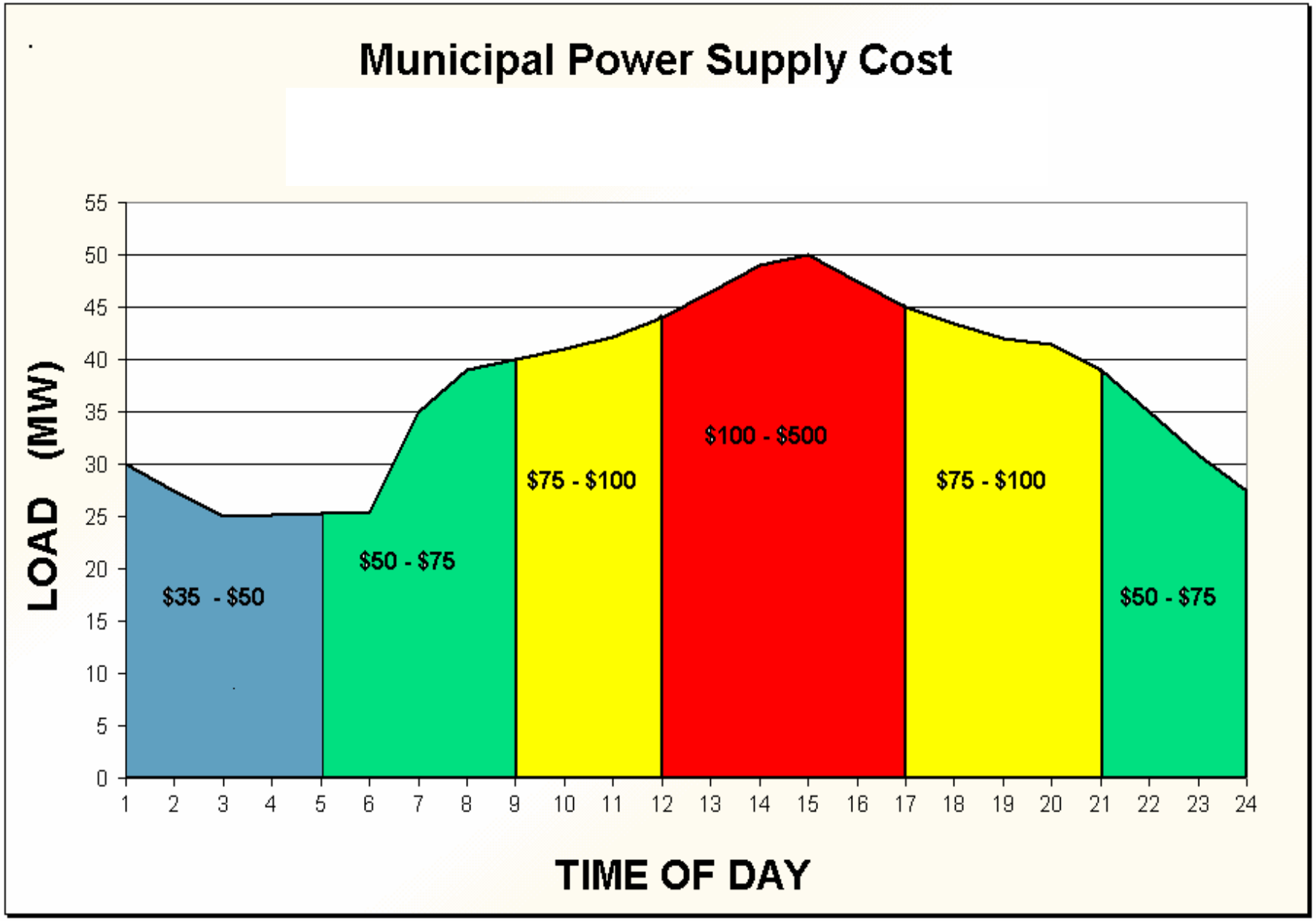
Brattle Group June, 2006

Figure 1: Typical Florida Daily Electric Load Shapes

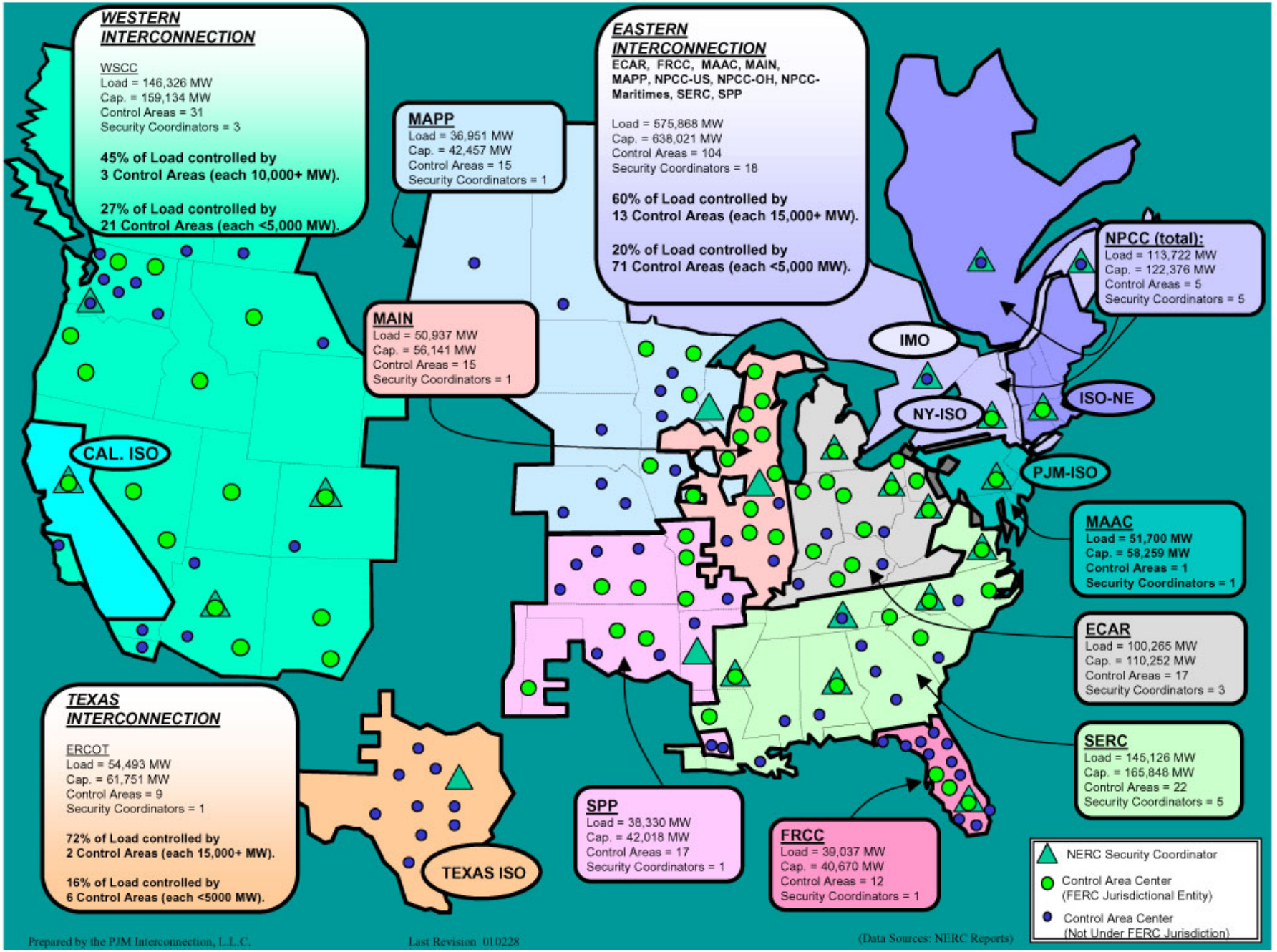




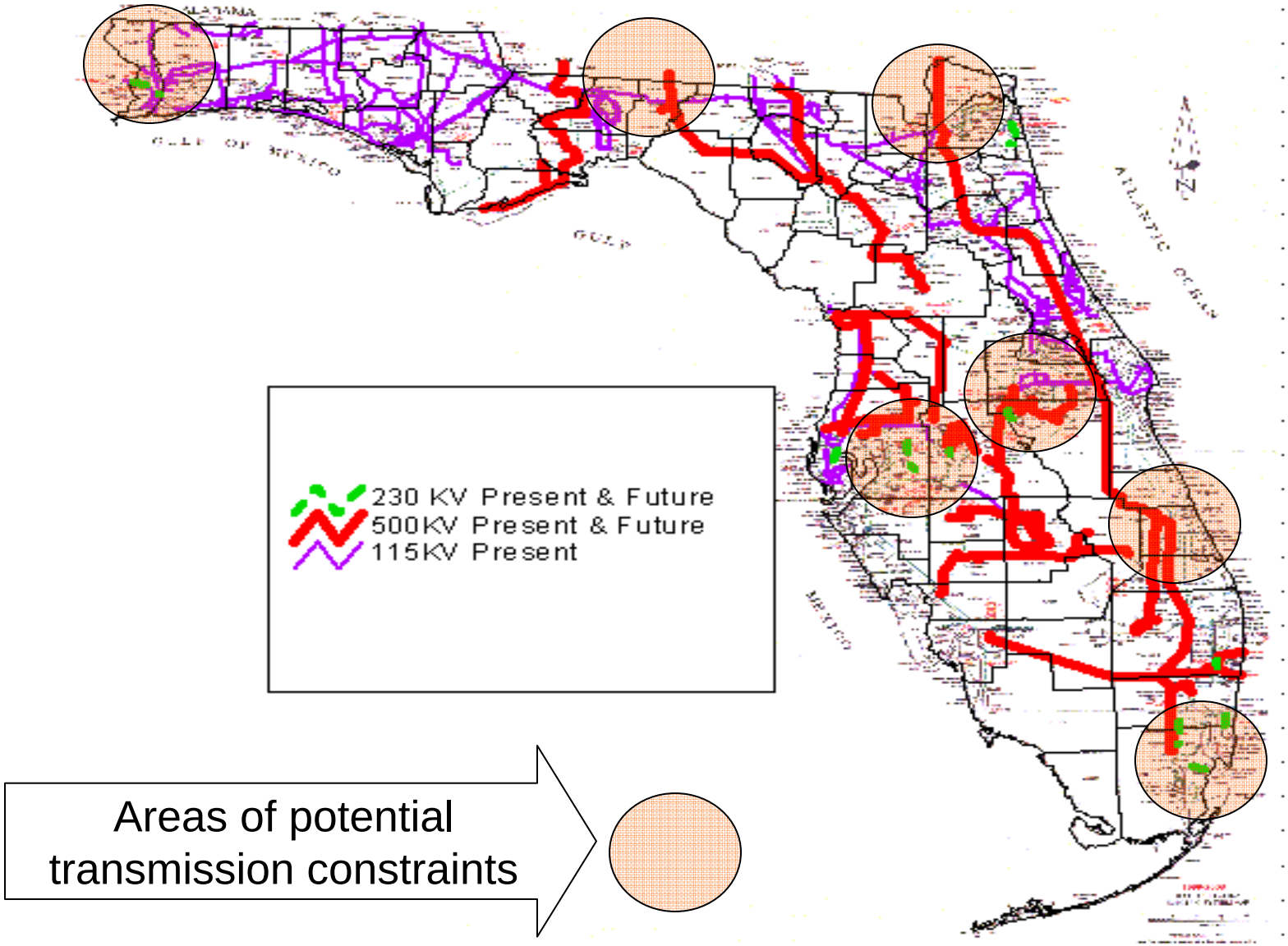
Source: Downes and Associates



Source: Downes and Associates


WESTERN INTERCONNECTION
WSCC
Load = 146,326 MW
Cap. = 159,134 MW
Control Areas = 31
Security Coordinators = 3
45% of Load controlled by 3 Control Areas (each 10,000+ MW).
27% of Load controlled by 21 Control Areas (each <5,000 MW).
EASTERN INTERCONNECTION
ECAR, FRCC, MAAC, MAIN, MAPP, NPCC-US, NPCC-OH, NPCC-Maritimes, SERC, SPP
Load = 575,868 MW
Cap. = 638,021 MW
Control Areas = 104
Security Coordinators = 18
60% of Load controlled by 13 Control Areas (each 15,000+ MW).
20% of Load controlled by 71 Control Areas (each <5,000 MW).
MAPP
Load = 36,951 MW
Cap. = 42,457 MW
Control Areas = 15
Security Coordinators = 1
MAIN
Load = 50,937 MW
Cap. = 56,141 MW
Control Areas = 15
Security Coordinators = 1
NPCC (total):
Load = 113,722 MW
Cap. = 122,376 MW
Control Areas = 5
Security Coordinators = 5
IMO
NY-ISO
ISO-NE
PJM-ISO
CAL. ISO
MAAC
Load = 51,700 MW
Cap. = 58,259 MW
Control Areas = 1
Security Coordinators = 1
ECAR
Load = 100,265 MW
Cap. = 110,252 MW
Control Areas = 17
Security Coordinators = 3
SERC
Load = 145,126 MW
Cap. = 165,848 MW
Control Areas = 22
Security Coordinators = 5
TEXAS INTERCONNECTION
ERCOT
Load = 54,493 MW
Cap. = 61,751 MW
Control Areas = 9
Security Coordinators = 1
72% of Load controlled by 2 Control Areas (each 15,000+ MW).
16% of Load controlled by 6 Control Areas (each <5000 MW).
TEXAS ISO
SPP
Load = 38,330 MW
Cap. = 42,018 MW
Control Areas = 17
Security Coordinators = 1
FRCC
Load = 39,037 MW
Cap. = 40,670 MW
Control Areas = 12
Security Coordinators = 1
NERC Security Coordinator
Control Area Center (FERC Jurisdictional Entity)
Control Area Center (Not Under FERC Jurisdiction)
Prepared by the PJM Interconnection, L.L.C.
Last Revision 010228
(Data Sources: NERC Reports)

Florida Transmission Grid
115 & 230 & 500 kV Lines



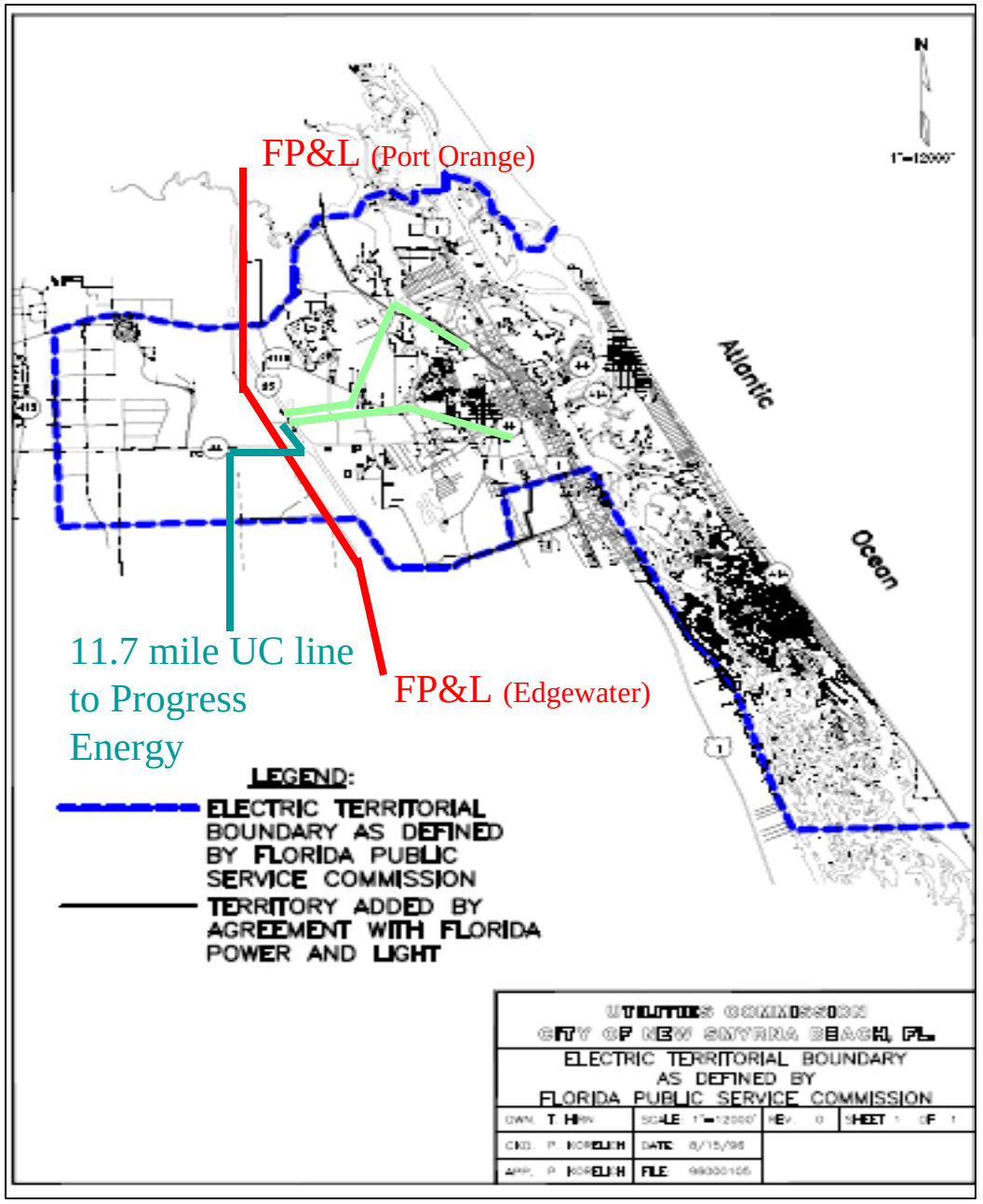
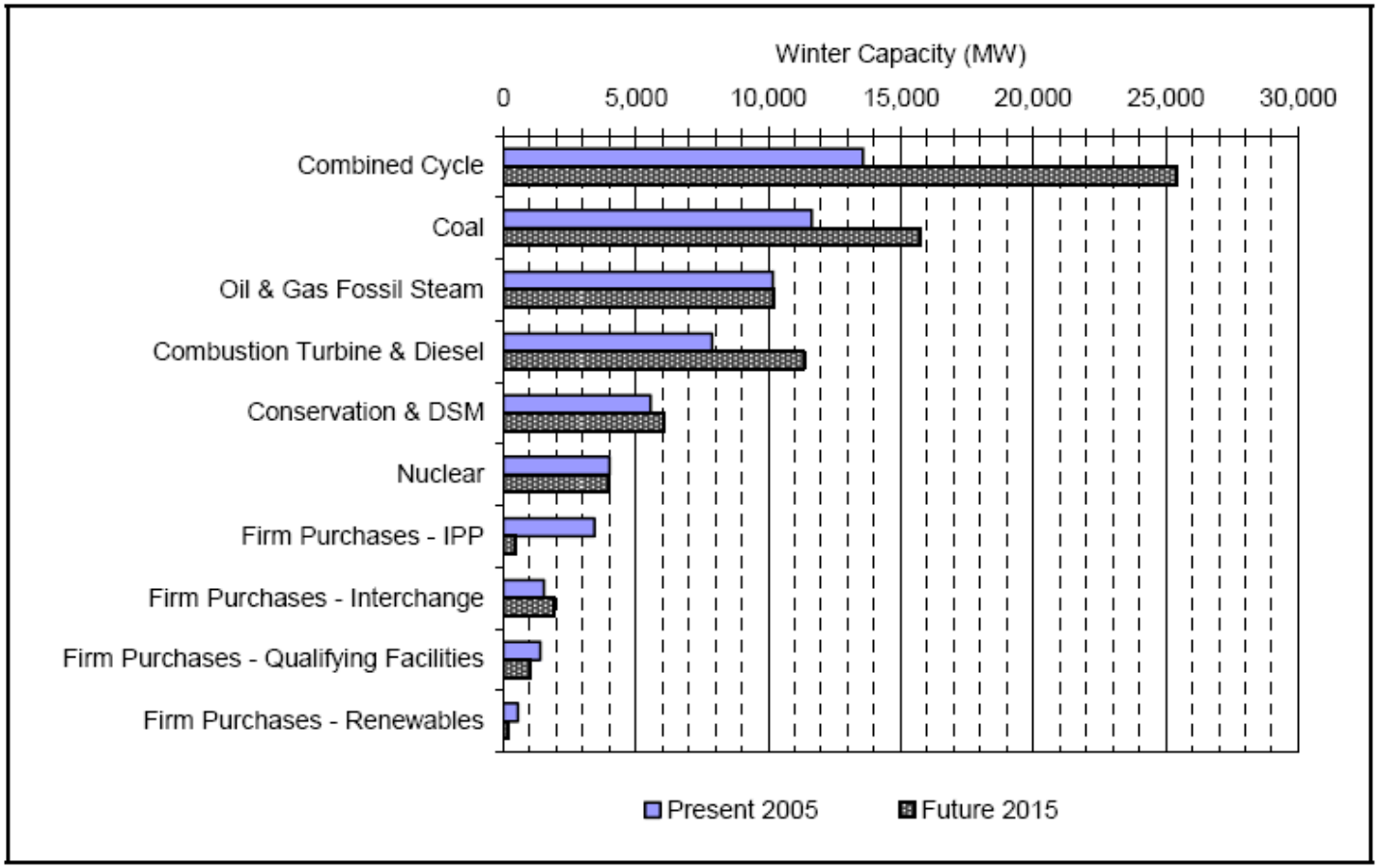
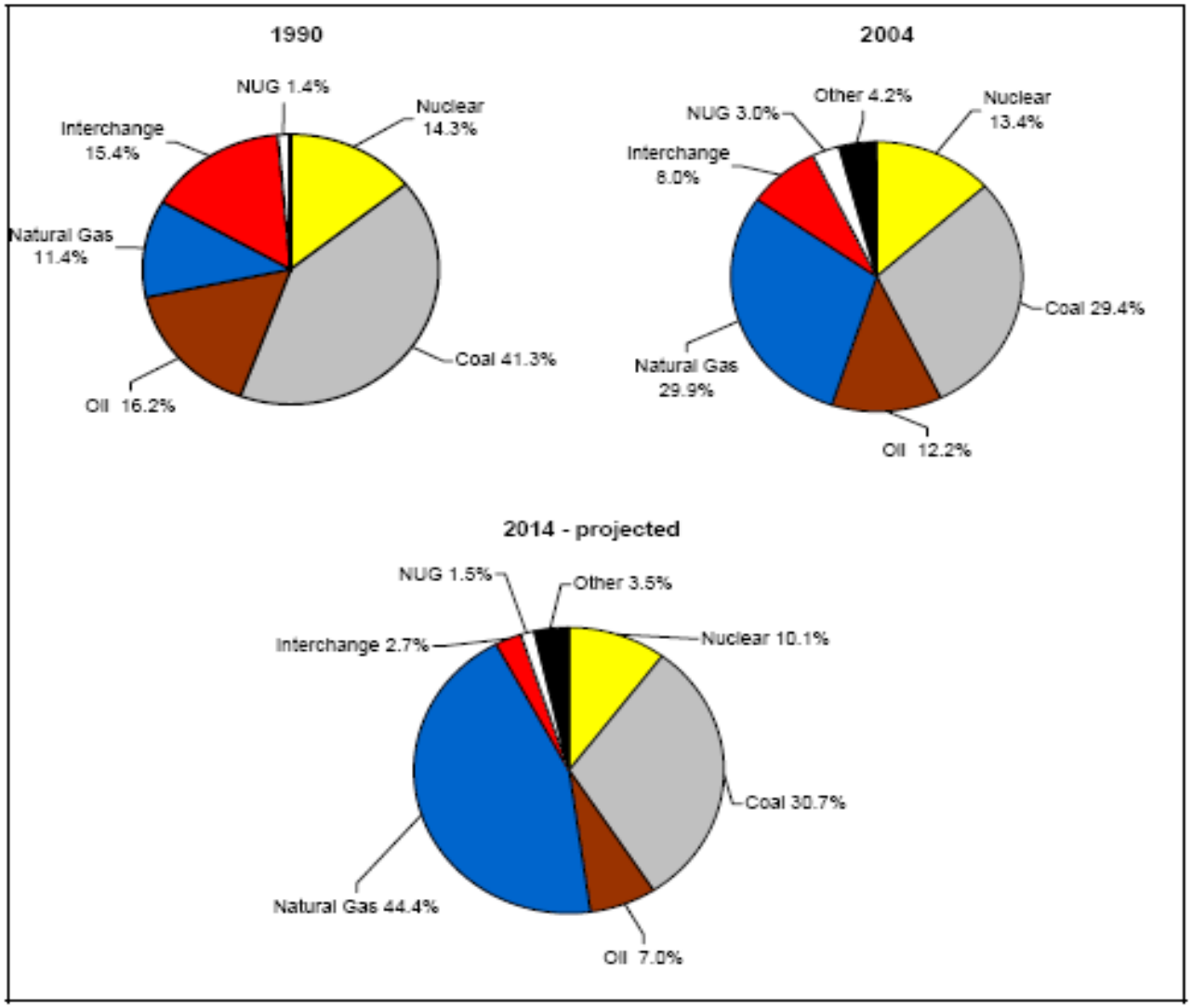

N
1"=12000'
FP&L (Port Orange)
Atlantic
Ocean
11.7 mile UC line
to Progress
Energy
FP&L (Edgewater)
LEGEND:
ELECTRIC TERRITORIAL BOUNDARY AS DEFINED BY FLORIDA PUBLIC SERVICE COMMISSION
TERRITORY ADDED BY AGREEMENT WITH FLORIDA POWER AND LIGHT
UTILITIES COMMISSION
CITY OF NEW SMYRNA BEACH, FL.
ELECTRIC TERRITORIAL BOUNDARY
AS DEFINED BY
FLORIDA PUBLIC SERVICE COMMISSION
DWN. T. HINN
SCALE 1"=12000'
REV. 0
SHEET 1 OF 1
CHD. P. NORELIUS
DATE 8/15/96
APP. P. NORELIUS
FILE 96030105

Figure 2: Florida's Electric Utility Resource Mix

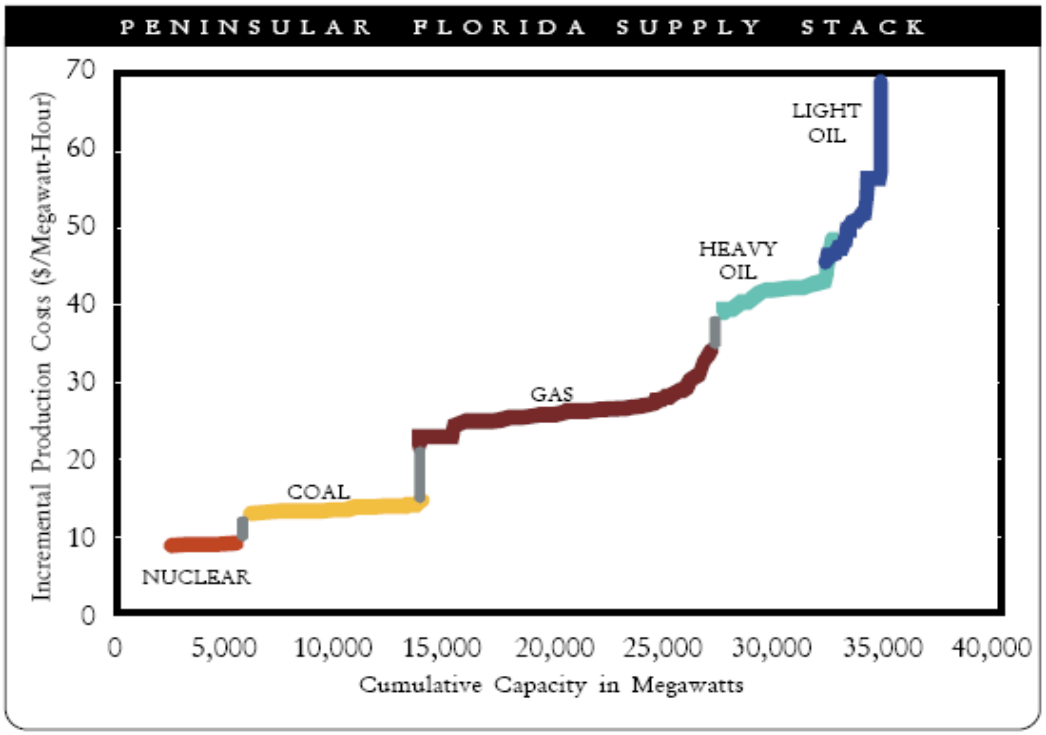


Note: IPP denotes Independent Power Producer

Figure 5. State of Florida – Energy Generation by Fuel Type -- 1990, 2004, and 2014



Estimated



Source-Florida Energy Assessment

Florida Generation Listing

Microsoft Word
Document

Table 2 lists all proposed generating units in the *Ten-Year Site Plans* that meet the criteria for requiring certification under Florida's Power Plant Siting Act. Solid fuel units are in ***bold italics***.

Table 2. Reporting Utilities – Proposed Generating Units Requiring Certification

UTILITY	GENERATING UNIT - NAME AND TYPE	WINTER CAPACITY (MW)	PROPOSED IN-SERVICE DATE
Florida Municipal Power Agency	Treasure Coast CC Unit [5]	318	6/2008
Seminole Electric Cooperative	Unsited CC Unit 1	182	11/2008
Seminole Electric Cooperative	Unsited CC Unit 2	182	5/2009
Florida Power & Light Company	West County Unit 1 CC	1,181	6/2009
Progress Energy Florida	Hines Unit 5 CC	548	12/2009
Florida Power & Light Company	West County Unit 2 CC 2	1,181	6/2010
Progress Energy Florida	Hines Unit 6 CC	548	12/2010
Orlando Utilities Commission	***Stanton IGCC Unit*** [6]	***311***	***1/2011***
Gainesville Regional Utilities	***Deerhaven Unit 3 CFB*** [7]	***220***	***6/2011***
Florida Municipal Power Agency / JEA / Reedy Creek / City of Tallahassee	***North Florida Power Project PC Unit*** [8]	***800***	***3/2012***
Progress Energy Florida	Unsited CC Unit 1	548	5/2012
Seminole Electric Cooperative	***Seminole Unit 3 PC***	***750***	***5/2012***
Florida Power & Light Company	***Unsited PC Unit 1***	***855***	***6/2012***
JEA	***Unsited CFB Unit***	***250***	***12/2012***
Florida Power & Light Company	***Unsited PC Unit 2***	***855***	***6/2013***
Seminole Electric Cooperative	Unsited CC Units 3 and 4	364 (total)	11/2013
Tampa Electric Company	Unsited CC Unit 1	502	1/2013
Progress Energy Florida	Unsited CC Unit 2	548	12/2013
Progress Energy Florida	Unsited CC Unit 3	548	5/2014
Seminole Electric Cooperative	Unsited CC Unit 5	182	11/2014
TOTAL REQUIRING CERTIFICATION		1780	

[5] Combined cycle natural gas-fired generating unit

[6] Integrated coal gasification combined cycle generating unit

[7] Circulating fluidized bed, coal-fired generating unit

[8] Pulverized coal-fired generating unit. Based on updated data from August 3, 2005 Commission workshop. TAL's participation in the project is tentative, pending a final decision later this year by the city commission.

UC Local Generation

1000 Field Street (Field Street Generating Plant) [29d 00' 56" N 80d 55' 51" W]

	Nameplate Rating (kVA)	Fuel Type	Manufacturer	Year In-Service	Planned Retirement
Field St #1	27,471	#2 Fuel Oil	Alsthom	2001	N/A
Field St #2	25,588	#2 Fuel Oil	Hitachi	2001	N/A

305 Smith Street (Smith Street Generating Station) [29d 01' 04" N 80d 55' 04" W]

	Nameplate Rating (kW)	Fuel Type	Manufacturer	Year In-Service	Planned Retirement
Smith St #3	840	#2 Fuel Oil	Fairbanks-Morse	1947	N/A
Smith St #4	1,000	#2 Fuel Oil	Superior	1951	N/A
Smith St #6	1,800	#2 Fuel Oil	Enterprise	1955	N/A
Smith St #7	1,800	#2 Fuel Oil	Enterprise	1955	N/A
Smith St #8	1,100	#2 Fuel Oil	GM Cleveland	1962	N/A
Smith St #9	2,000	#2 Fuel Oil	GM-EMD	1966	N/A
Smith St #10	2,000	#2 Fuel Oil	GM-EMD	1966	N/A
Smith St #11	2,000	#2 Fuel Oil	GM-EMD	1966	N/A

2495 North Dixie Freeway (W.E. Swoope Generating Station) [29d 03' 47" N 80d 56' 25" W]

	Nameplate Rating (kW)	Fuel Type	Manufacturer	Year In-Service	Planned Retirement
Swoope #2	820	#2 Fuel Oil	Fairbanks-Morse	1981	N/A
Swoope #3	2,050	#2 Fuel Oil	Fairbanks-Morse	1983	N/A
Swoope #4	2,275	#2 Fuel Oil	Fairbanks-Morse	1983	N/A

UNIT HEAT RATES

Field Street #1 - 16,800
Field Street #2 - 16,800

Smith Street Baseload units (#3,4,6,7,8) -12,300
Smith Street Peakers (#9,10,11) -11,030

Swoope #2 – 11,867
Swoope #3 – 11,183
Swoope #4 – 11,618

RUN TIMES (HOURS OF GENERATION)

TOTAL Run Hours Calendar 2000	**SWP 845**	**SS 1398**	**FS 48**
TOTAL Run Hours Calendar 2001	**SWP 108**	**SS 275**	**FS 43**
TOTAL Run Hours Calendar 2002	**SWP 41**	**SS 190**	**FS 57**
TOTAL Run Hours Calendar 2003	**SWP 124**	**SS 199**	**FS 51**
TOTAL Run Hours Calendar 2004	**SWP 10**	**SS 380**	**FS 26**
TOTAL Run Hours Calendar 2005	**SWP 16**	**SS 227**	**FS 13**
TOTAL Run Hours Calendar 2006 YTD	**SWP 4**	**SS 117**	**FS 14**

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
SYSTEM OPERATIONS

MONTH: December-06

	DAILY NET ENERGY FOR LOAD						
Date	CR-3 FPC/NSB	FMPA ST. LUCIE	FPC PR	TECO D	LOCAL GENERATION	MARKET INTERCHANGE	DAILY TOTAL
1	120	173	293	235	-1	131	951
2	120	173	293	235	-1	117	937
3	120	173	243	235	-1	117	887
4	120	173	228	235	0	117	873
5	120	174	229	235	-1	120	877
6	120	173	205	235	-1	127	859
7	120	173	241	235	-1	78	846
8	120	173	270	235	-1	220	1,017
9	120	174	272	235	0	120	921
10	120	157	294	235	-1	40	845
11	120	159	264	235	-1	40	817
12	120	165	274	235	-1	20	813
13	120	175	282	235	0	20	832
14	120	172	281	235	-1	20	827
15	120	173	270	235	-1	68	865
16	120	165	269	235	-1	61	849
17	120	173	232	235	-1	61	820
18	120	174	259	235	0	61	849
19	120	161	276	235	-1	61	852
20	120	166	266	235	-1	66	852
21	120	167	280	235	-1	70	871
22	120	166	278	235	-1	83	881
23	120	168	313	235	0	83	919
24	120	168	276	235	-1	74	872
25	120	168	268	235	-1	91	881
26	120	169	270	235	-1	70	863
27	120	167	341	235	-1	192	1,054
28	120	168	344	235	0	110	977
29	120	169	278	235	-1	70	871
30	120	168	280	235	-1	109	911
31	120	168	292	235	-1	114	928
TOTAL	3,720	5,245	8,461	7,285	-25	2,731	27,417

	AVAILABLE CAPACITY AT PEAK					
	DAILY PEAK	CR-3 FPC/NSB	FMPA ST. LUCIE	FPC PR	TECO D	REMAINING CAPACITY
	53	5	7	15	10	16
	47	5	7	15	10	10
	48	5	7	15	10	11
	46	5	7	15	10	9
	45	5	7	15	10	8
	45	5	7	15	10	8
	45	5	7	15	10	8
	55	5	7	15	10	18
	45	5	7	15	10	8
	44	5	7	15	10	7
	46	5	7	15	10	9
	45	5	7	15	10	8
	48	5	7	15	10	11
	45	5	7	15	10	8
	43	5	7	15	10	6
	45	5	7	15	10	8
	46	5	7	15	10	9
	48	5	7	15	10	11
	48	5	7	15	10	11
	46	5	7	15	10	9
	48	5	7	15	10	11
	52	5	7	15	10	15
	47	5	7	15	10	10
	47	5	7	15	10	10
	47	5	7	15	10	10
	47	5	7	15	10	10
	58	5	7	15	10	21
	46	5	7	15	10	9
	47	5	7	15	10	10
	50	5	7	15	10	13
	52	5	7	15	10	15

CONTRACT TERMS

FR	--	Full requirement service agreement
PR	--	Partial requirement service agreement
Schd D	--	Long term firm capacity and energy interchange agreement
Schd E	--	Non-Firm capacity and energy interchange agreement
Schd F	--	Long term non-firm capacity and energy interchange agreement
Schd G	--	Back-up reserve service
Schd J	--	Contract which the terms and conditions are negotiated yearly
UPS	--	Unit Power Sale

Nuclear Costs Based on FY2006

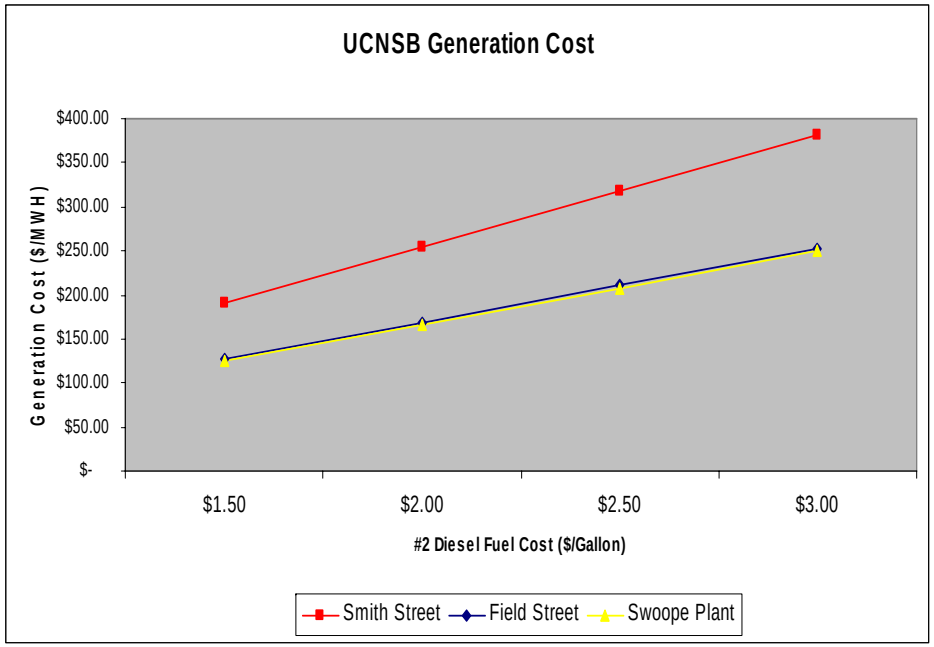
CR-3 Fuel		$235,131
CR-3 Cap Imp and O&M		$1,066,579
CR-3 TOTAL		$1,301,710
CR-3 Net Energy	33,467 MWH	
Delivered Energy Cost	**$38.90/MWH** (without decommissioning funding)	

Decommissioning Fund contributions for FY2006	$232,547	
Revised CR-3 TOTAL	$1,534,257	
Delivered Energy Cost	**$45.84/MWH** (with decommissioning funding)	

FMPA St. Lucie Fuel		$643,419
FMPA/St. Lucie Nonfuel		$2,700,736
FMPA/St. Lucie TOTAL		$3,344,155
FMPA/St. Lucie Net Energy	51,501 MWH	
Delivered Energy Cost	**$64.93/MWH**	

Estimated UC Existing Generation Cost ($/MWH)

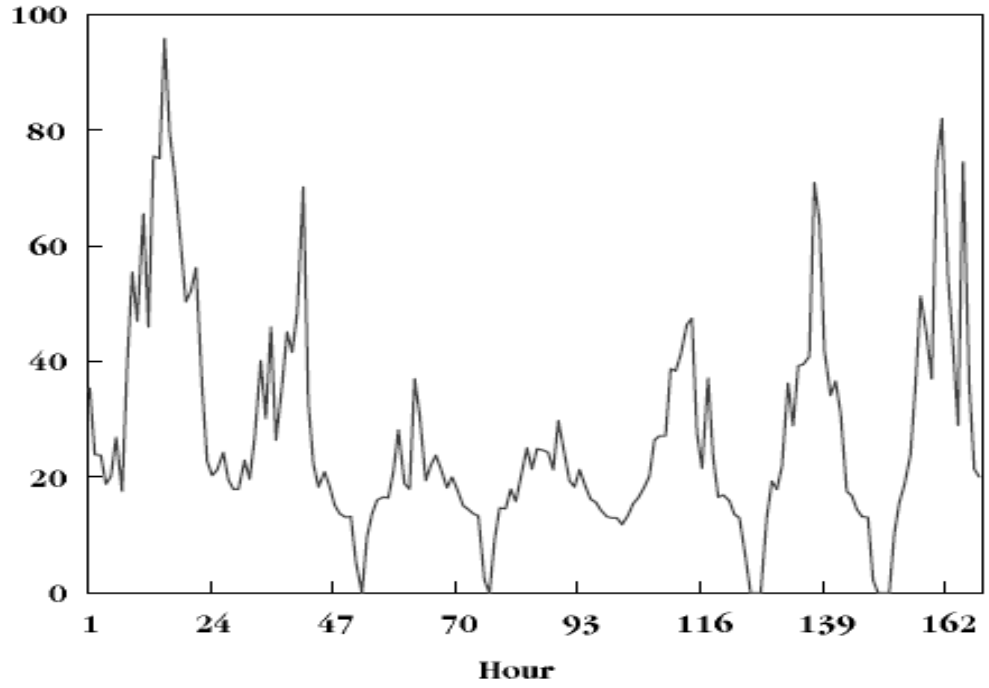
#2 Diesel Fuel Cost ($/Gallon)	Field Street	Smith Street	Swoope Plant
$ 1.50	$ 190.38	$ 126.44	$ 124.82
$ 2.00	$ 253.85	$ 168.58	$ 166.43
$ 2.50	$ 317.31	$ 210.73	$ 208.03
$ 3.00	$ 380.77	$ 252.87	$ 249.64



FY 2005 Total Sales 371, 219,399 kwh Total Revenues $34,544,134.29 9.31 cents/kwh

Volatility in the Spot Price of Electricity

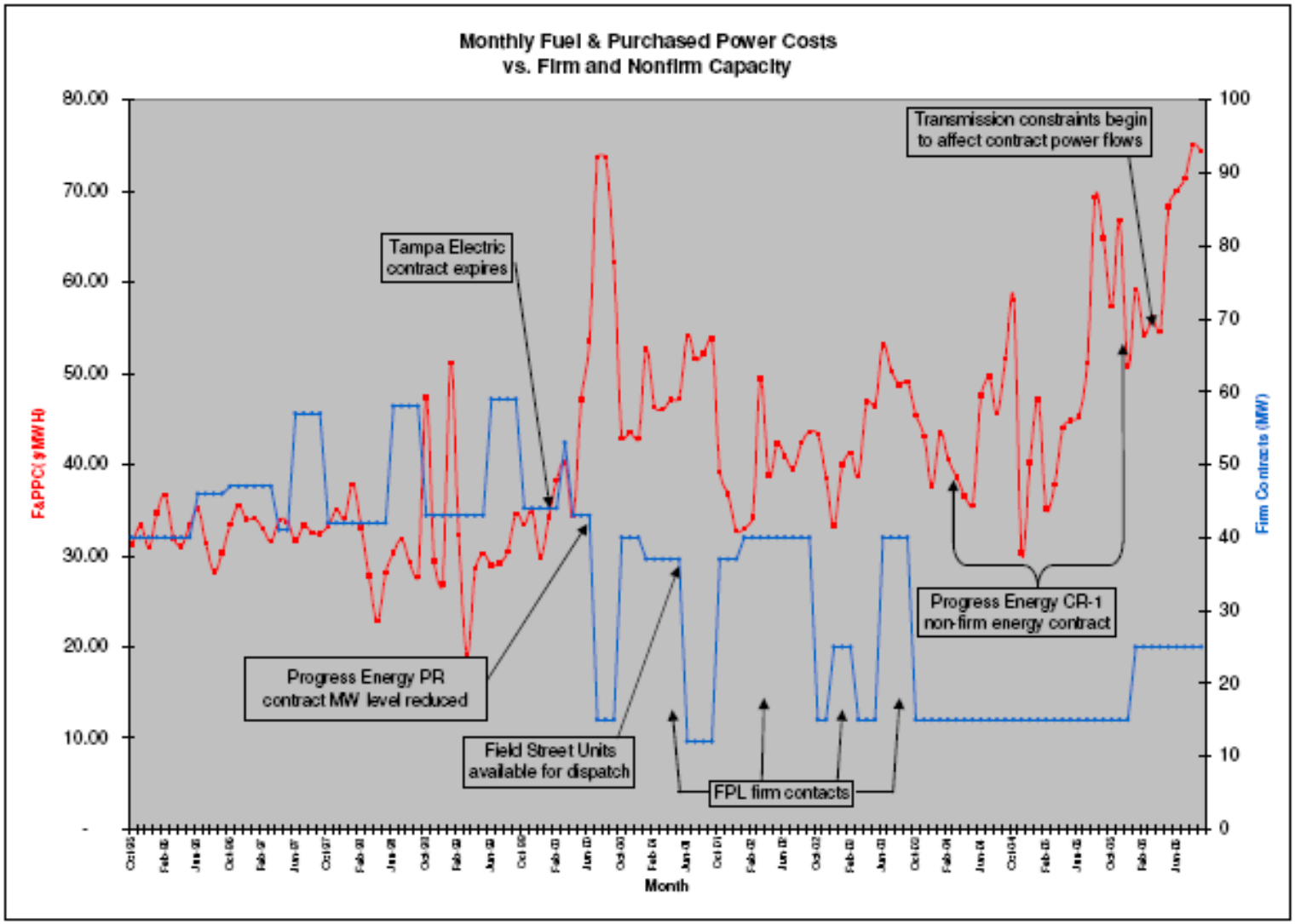
(Dollars per megawatt-hour)

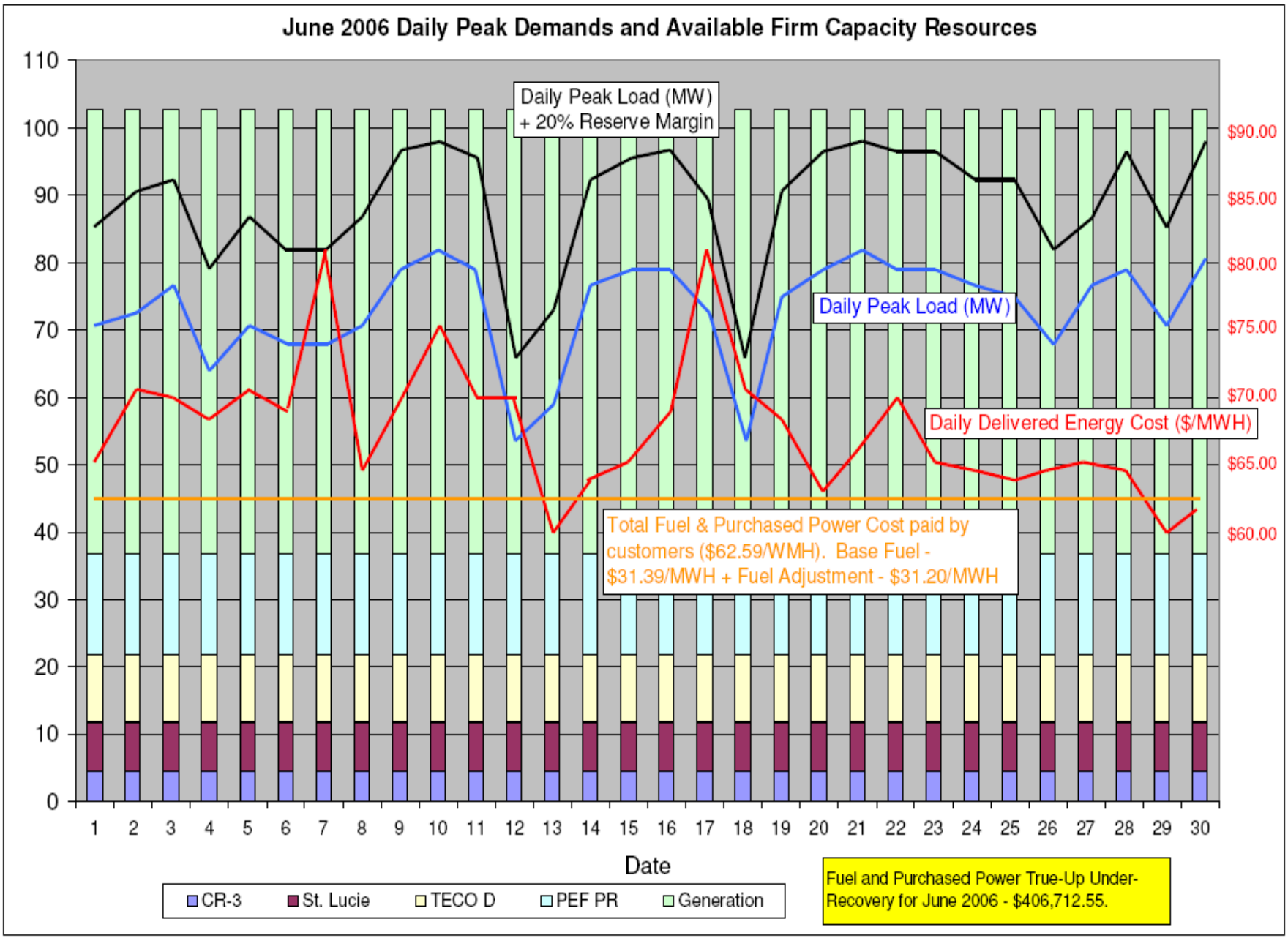


Source: Congressional Budget Office based on data from the PJM Independent System Operator.

Notes: The figure shows the PJM zone-weighted hourly spot price of electricity over the week of August 5, 2002. PJM is the organization responsible for wholesale power sales and transmission in major portions of five mid-Atlantic states and the District of Columbia. The data are available at www.pjm.com.

Hourly prices can fall as low as zero because some generators that must run continuously, such as nuclear plants, offer to supply electricity regardless of the price. During some hours, those generators' output may exceed the total demand, resulting in a clearing price of zero.


Monthly Fuel & Purchased Power Costs
vs. Firm and Nonfirm Capacity
F&PPC($/MWH)
Firm Contracts (MW)
Month
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
100
90
80
70
60
50
40
30
20
10
0
Transmission constraints begin to affect contract power flows
Tampa Electric contract expires
Progress Energy CR-1 non-firm energy contract
Progress Energy PR contract MW level reduced
Field Street Units available for dispatch
FPL firm contacts


June 2006 Daily Peak Demands and Available Firm Capacity Resources
Daily Peak Load (MW) + 20% Reserve Margin
Daily Peak Load (MW)
Daily Delivered Energy Cost ($/MWH)
Total Fuel & Purchased Power Cost paid by customers ($62.59/WMH). Base Fuel - $31.39/MWH + Fuel Adjustment - $31.20/MWH
110
100
90
80
70
60
50
40
30
20
10
0
$90.00
$85.00
$80.00
$75.00
$70.00
$65.00
$60.00
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
Date
CR-3
St. Lucie
TECO D
PEF PR
Generation
Fuel and Purchased Power True-Up Under-Recovery for June 2006 - $406,712.55.

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
SYSTEM OPERATIONS DIVISION
E.C.A.C. TRUE-UP CALCULATION

5-Jan-07

ENERGY MONTH	#1 FUEL AND PURCHASED POWER COST $	#2 PREV. MO. TRUE-UP $	#3 FUEL AND PURCHASED POWER COST WITH TRUE-UP $	#4 NET RETAIL SALES kWh	#5 BASE FUEL RECOVERY $	#6 E.C.A.C. REC. W/O 6% $	#7 TOTAL FUEL & PURCHASED POWER RECOVERY $	#8 TRUE-UP (OVER) UNDER RECOVERY MONTH $	#9 TRUE-UP (OVER) UNDER RECOVERY $
Sep-05	$2,529,605.36	$2,106,820.66	$4,636,426.02	42,221,237	$1,405,967.19	$681,839.06	$2,087,806.25	$441,799.11	$2,548,619.77
Oct-05	$1,935,364.29	$2,548,619.77	$4,483,984.06	37,059,776	$1,255,955.81	$598,485.61	$1,854,441.42	$80,922.87	$2,629,542.64
Nov-05	$1,719,072.73	$2,629,542.64	$4,348,615.37	26,602,689	$901,565.13	$780,203.51	$1,681,768.64	$37,304.09	$2,666,846.73
Dec-05	$1,457,521.28	$2,666,846.73	$4,124,368.01	25,328,231	$858,373.75	$742,826.21	$1,601,199.96	($143,678.68)	$2,523,168.05
Jan-06	$1,700,006.28	$2,523,168.05	$4,223,174.33	28,685,022	$972,135.40	$841,274.16	$1,813,409.56	($113,403.28)	$2,409,764.77
Feb-06	$1,531,735.97	$2,409,764.77	$3,941,500.74	25,254,574	$855,877.51	$740,666.00	$1,596,543.51	($64,807.54)	$2,344,957.23
Mar-06	$1,562,051.16	$2,344,957.23	$3,907,008.39	27,186,594	$921,353.67	$797,328.27	$1,718,681.94	($156,630.78)	$2,188,326.45
Apr-06	$1,649,978.70	$2,188,326.45	$3,838,305.15	26,450,323	$896,401.45	$775,734.92	$1,672,136.37	($22,157.67)	$2,166,168.78
May-06	$2,400,202.43	$2,166,168.78	$4,566,371.21	29,392,523	$996,112.60	$862,023.74	$1,858,136.34	$542,066.09	$2,708,234.87
Jun-06	$2,750,984.15	$2,708,234.87	$5,459,219.02	37,082,347	$1,256,720.74	$1,087,550.86	$2,344,271.60	$406,712.55	$3,114,947.42
Jul-06	$3,152,045.52	$3,114,947.42	$6,266,992.94	38,810,964	$1,315,303.57	$1,138,247.72	$2,453,551.29	$698,494.23	$3,813,441.65
Aug-06	$3,227,403.23	$3,813,441.65	$7,040,844.88	42,014,724	$1,423,879.00	$1,232,207.58	$2,656,086.58	$571,316.65	$4,384,758.30

COL. #1 FROM MONTHLY FUEL & ENERGY DATA FORMS
COL. #2 FROM TRUE-UP CALCULATION
COL. #3 COL. #1 +- COL. #2
COL. #4 FROM CONSOLIDATED SALES REPORT
COL. #5 BASE FUELCOST X SYSTEM LOSS FACTOR X SALES(COL. #4)

September, 2005	0.03139	1.0607	0.0333	X SALES
Oct 2005/Sep 2006	0.03139	1.0798	0.03389	X SALES

COL. #6 kWh SALES X MONTHLY FPPCAC / 1000/ 1.06383
COL. #7 COL. #5 + COL. #6= COL. #7
COL. #8 COL. #1 - COL. #7 = COL. #8
COL. #9 COL. #3 - COL. #7 = COL. #9

FPPCAC $/1000 kWh

$17.18	Sep-05
$17.18	Oct-05
$31.20	Nov-05
$31.20	Dec-05
$31.20	Jan-06
$31.20	Feb-06
$31.20	Mar-06
$31.20	Apr-06
$31.20	May-06
$31.20	Jun-06
$31.20	Jul-06
$31.20	Aug-06
$31.20	Jan-00

REV.2 10/13/87

UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA
SYSTEM OPERATIONS DIVISION
E.C.A.C. TRUE-UP CALCULATION

5-Jan-07

ENERGY MONTH	#1 FUEL AND PURCHASED POWER COST $	#2 PREV. MO. TRUE-UP $	#3 FUEL AND PURCHASED POWER COST WITH TRUE-UP $	#4 NET RETAIL SALES kWh	#5 BASE FUEL RECOVERY $	#6 E.C.A.C. REC. W/O 6% $	#7 TOTAL FUEL & PURCHASED POWER RECOVERY $	#8 TRUE-UP (OVER) UNDER RECOVERY MONTH $	#9 TRUE-UP (OVER) UNDER RECOVERY $
Sep-04	$1,803,386.74	$1,348,864.00	$3,152,250.74	34,717,404	$1,142,896.94	$560,658.19	$1,703,555.13	$99,831.61	$1,448,695.61
Oct-04	$1,845,763.67	$1,448,695.61	$3,294,459.28	33,110,539	$1,102,580.95	$534,708.61	$1,637,289.56	$208,474.11	$1,657,169.72
Nov-04	$759,824.10	$1,657,169.72	$2,416,993.82	26,300,052	$875,791.73	$424,724.71	$1,300,516.44	($540,692.34)	$1,116,477.38
Dec-04	$1,173,146.16	$1,116,477.38	$2,289,623.54	25,208,388	$839,439.32	$407,095.22	$1,246,534.54	($73,388.38)	$1,043,089.00
Jan-05	$1,401,344.88	$1,043,089.00	$2,444,433.88	27,446,181	$913,957.83	$443,233.78	$1,357,191.61	$44,153.27	$1,087,242.27
Feb-05	$932,571.10	$1,087,242.27	$2,019,813.37	26,705,024	$889,277.30	$431,264.69	$1,320,541.99	($387,970.89)	$699,271.38
Mar-05	$1,104,000.48	$699,271.38	$1,803,271.86	26,393,460	$878,902.22	$426,233.18	$1,305,135.40	($201,134.92)	$498,136.46
Apr-05	$1,116,377.49	$498,136.46	$1,614,513.95	26,353,883	$877,584.30	$425,594.04	$1,303,178.34	($186,800.85)	$311,335.61
May-05	$1,392,167.71	$311,335.61	$1,703,503.32	23,877,781	$795,130.11	$385,606.98	$1,180,737.09	$211,430.62	$522,766.23
Jun-05	$1,652,849.87	$522,766.23	$2,175,616.10	31,611,991	$1,052,679.30	$510,508.26	$1,563,187.56	$89,662.31	$612,428.54
Jul-05	$2,393,205.11	$612,428.54	$3,005,633.65	37,151,059	$1,237,130.26	$599,959.76	$1,837,090.02	$556,115.09	$1,168,543.63
Aug-05	$3,155,569.32	$1,168,543.63	$4,324,112.95	44,839,804	$1,493,165.47	$724,126.82	$2,217,292.29	$938,277.03	$2,106,820.66
Sep-05	$2,529,605.36	$2,106,820.66	$4,636,426.02	42,221,237	$1,405,967.19	$681,839.06	$2,087,806.25	$441,799.11	$2,548,619.77

COL. #1 FROM MONTHLY FUEL & ENERGY DATA FORMS
COL. #2 FROM TRUE-UP CALCULATION
COL. #3 COL. #1 + COL. #2
COL. #4 FROM CONSOLIDATED SALES REPORT
COL. #5 BASE FUELCOST X SYSTEM LOSS FACTOR X SALES(COL. #4)

September, 2004	0.03139	1.0488	0.03292	X SALES
Oct 2004/Sep 2005	0.03139	1.0607	0.0333	X SALES

COL. #6 kWh SALES X MONTHLY FPPCAC / 1000/ 1.06383
COL. #7 COL. #5 + COL. #6= COL. #7
COL. #8 COL. #1 - COL. #7 = COL. #8
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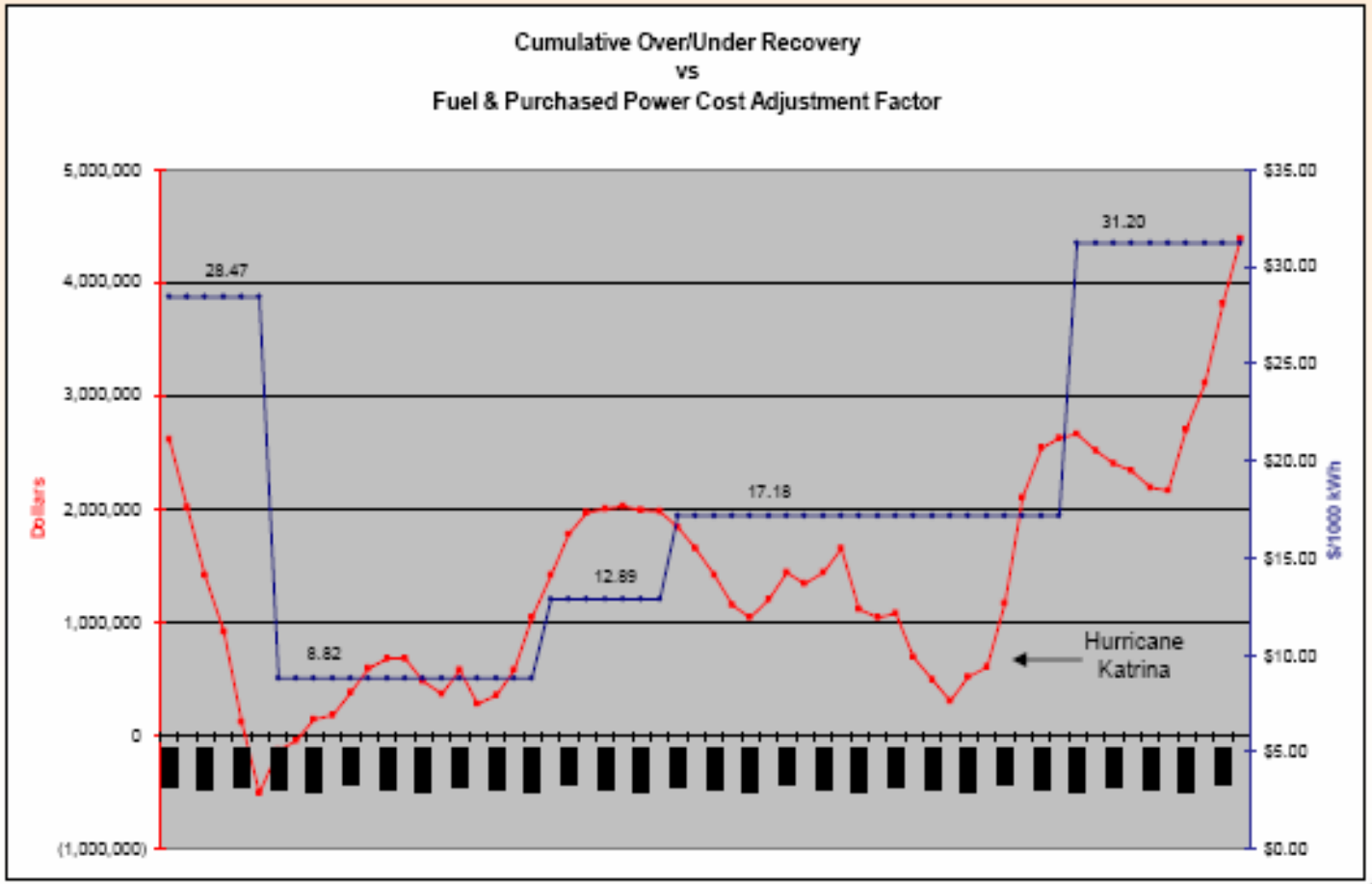
FPPCAC $/1000 kWh

$17.18	Sep-04
$17.18	Oct-04
$17.18	Nov-04
$17.18	Dec-04
$17.18	Jan-05
$17.18	Feb-05
$17.18	Mar-05
$17.18	Apr-05
$17.18	May-05
$17.18	Jun-05
$17.18	Jul-05
$17.18	Aug-05
$17.18	Sep-05

REV.2 10/13/87

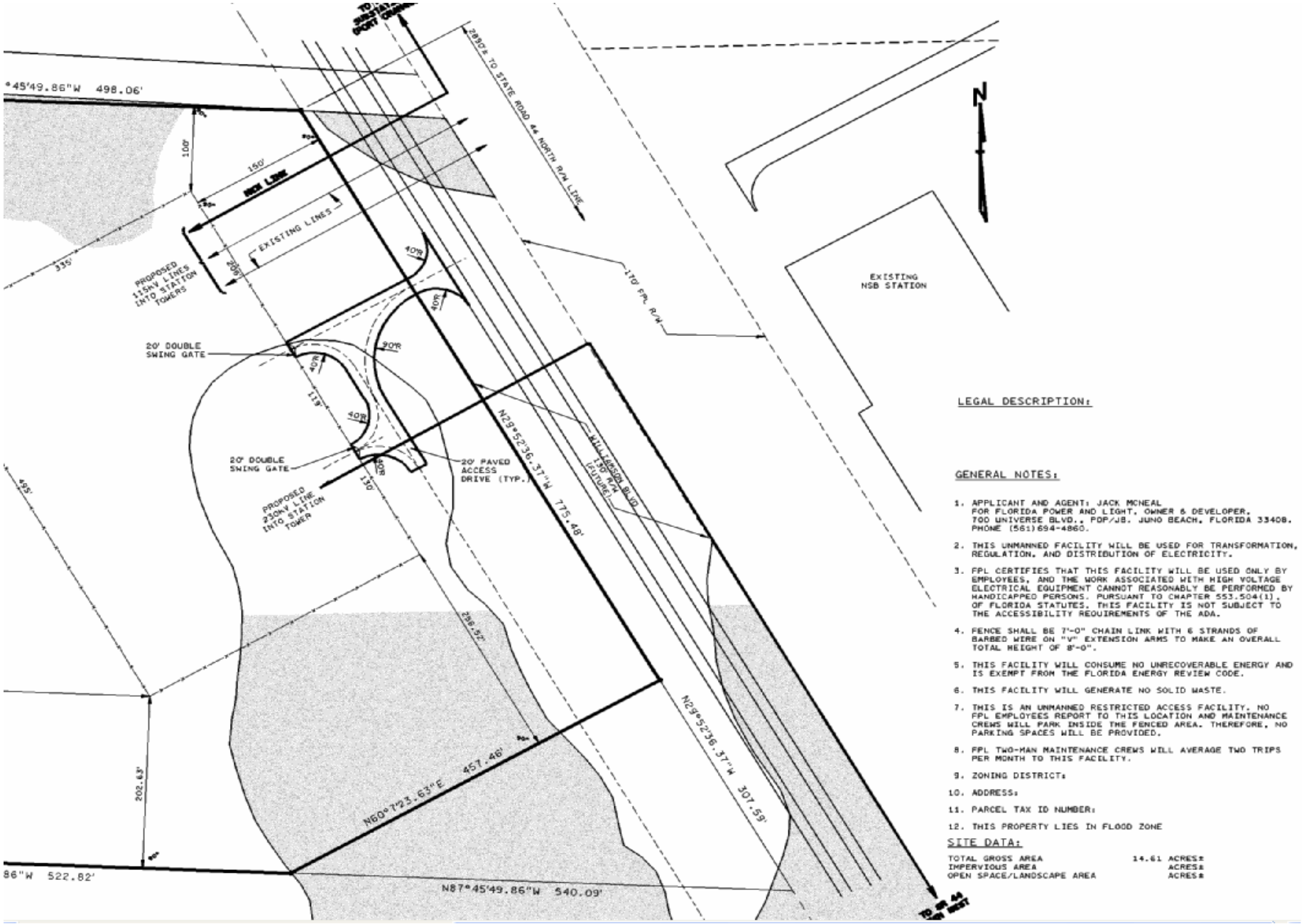

Cumulative Over/Under Recovery
vs
Fuel & Purchased Power Cost Adjustment Factor
Dollars
$/1000 kWh
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
(1,000,000)
$35.00
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$0.00
28.47
8.82
12.89
17.18
31.20
Hurricane
Katrina

Generation Strategy 2007-2016 *

- Improve transmission reliability employing a 230 kV source.
- Secure local or grid contract for additional (20MW) base load power or equity ownership of base load in low risk, low cost plant.
- Secure additional (40 MW) intermediate contracts, 7 X 16 strips short-term, for flexible schedule or seasonal non-firm load.
- Secure additional multi-unit, multi-fuel local peaking and intermediate contract-hedge power (50MW) or joint ownership facility and replacing (20MW) of existing units with new fuel efficient heavy duty simple cycle turbine or lean-burn, low emission reciprocating engines.
- Secure up to (80MW) of local renewable and/or water co-product generation that can load-follow and be classed as firm-dispatch through local private ownership with a UC purchase option or partnership generation contract with the intention to replace or complement intermediate contracts based on generation dispatch capability.
- Sell excess as available.

* ~2016 Outcome: Base load- 40MW, Intermediate flexible contracts- 40-80MW, Peaking-- 100MW, Renewable-- 80MW.

FP&L 230 kV Transmission Substation Location



LEGAL DESCRIPTION:

GENERAL NOTES:

1. APPLICANT AND AGENT: JACK MCNEAL FOR FLORIDA POWER AND LIGHT, OWNER & DEVELOPER, 700 UNIVERSE BLVD., PDP/JB, JUNO BEACH, FLORIDA 33408. PHONE (561)694-4860.
2. THIS UNMANNED FACILITY WILL BE USED FOR TRANSFORMATION, REGULATION, AND DISTRIBUTION OF ELECTRICITY.
3. FPL CERTIFIES THAT THIS FACILITY WILL BE USED ONLY BY EMPLOYEES, AND THE WORK ASSOCIATED WITH HIGH VOLTAGE ELECTRICAL EQUIPMENT CANNOT REASONABLY BE PERFORMED BY HANDICAPPED PERSONS. PURSUANT TO CHAPTER 553.504(1), OF FLORIDA STATUTES, THIS FACILITY IS NOT SUBJECT TO THE ACCESSIBILITY REQUIREMENTS OF THE ADA.
4. FENCE SHALL BE 7'-0" CHAIN LINK WITH 6 STRANDS OF BARBED WIRE ON "V" EXTENSION ARMS TO MAKE AN OVERALL TOTAL HEIGHT OF 8'-0".
5. THIS FACILITY WILL CONSUME NO UNRECOVERABLE ENERGY AND IS EXEMPT FROM THE FLORIDA ENERGY REVIEW CODE.
6. THIS FACILITY WILL GENERATE NO SOLID WASTE.
7. THIS IS AN UNMANNED RESTRICTED ACCESS FACILITY. NO FPL EMPLOYEES REPORT TO THIS LOCATION AND MAINTENANCE CREWS WILL PARK INSIDE THE FENCED AREA. THEREFORE, NO PARKING SPACES WILL BE PROVIDED.
8. FPL TWO-MAN MAINTENANCE CREWS WILL AVERAGE TWO TRIPS PER MONTH TO THIS FACILITY.
9. ZONING DISTRICT:
10. ADDRESS:
11. PARCEL TAX ID NUMBER:
12. THIS PROPERTY LIES IN FLOOD ZONE

SITE DATA:

TOTAL GROSS AREA	14.61 ACRES±
IMPERVIOUS AREA	ACRES±
OPEN SPACE/LANDSCAPE AREA	ACRES±

FUEL COSTS AND HEAT RATES

FUEL	$MMBU	HEATRATE (BTU/KWH)	COST ($/MWH)
Nuclear	$ 0.61	10,400	$ 6.34
Coal, Steam	$ 2.00	10,600	$ 21.20
Natural Gas CC	$ 10.00	7,500	$ 75.00
Heavy Oil, CT	$ 16.00	10,000	$ 160.00
Light Oil, CT $2.00/gal ($1.29-$156.90) 138,200 BTU/gal	$ 14.47 $ 14.47	12,300 16,800	$ 177.98 $ 243.10

Renewable and Fossil Fuel Relative Costs

Process	Fuel-Type	Fuel Cost/mmbtu	$/MWH
Process Heat	Waste Heat	Free	$10
Growers	Crops	$2.25	$25
Hydro	Water	Free	$32
Solid Waste	MSW	Free	$55
Comb. Cycle	Gas	$8.00	$51
Landfill	Methane	Free	$50
Comb. Tur.	Oil	$10.00	$135
Steam	Coal	$2.00	$22
Steam	Biodiesel	$10.00	$96
Thermal	Solar	Free	$80
Photovoltaic	Solar	Free	$320
Wind	Air	Free	$70

Comparison of Selected Electricity Generation Technologies

	Capacity (kW)	Capital Cost[a] ($/kW)	Fuel Cost ($/kWh)	O&M Cost ($/kWh)	Service Life (Years)	Heat Rate[b] (Btu/kWh)
Microturbine—Power Only	100	1,485	0.075	0.015	12.5	13,127
Microturbine—CHP	100	1,765	0.035	0.015	12.5	6,166
Gas ICE—Power Only	100	1,030	0.067	0.018	12.5	11,780
Gas ICE—CHP	100	1,491	0.027	0.018	12.5	4,717
Fuel Cell—CHP	200	3,674	0.029	0.010	12.5	5,106
Solar Photovoltaic	100	6,675	0	0.005	20	n.a.
Small Wind Turbine	10	3,866	0	0.005	20	n.a.
Large Wind Turbine	1,000	1,500	0	0.005	20	n.a.
Combustion Turbine—Power Only	10,000	715	0.067	0.006	20	11,765
Combustion Turbine—CHP	10,000	921	0.032	0.006	20	5,562
Combined-Cycle System[c]	100,000	690	0.032	0.006	20	5,642

Source: Congressional Budget Office based on data from the Department of Energy's National Renewable Energy Laboratory and Energy Information Administration; Bergey Windpower Company; and the California Energy Commission.

Notes: kW = kilowatt; kWh = kilowatt-hour; O&M = operation and maintenance; Btu = British thermal unit; CHP = combined heat and power (also known as cogeneration); ICE = internal combustion engine; n.a. = not applicable.

All costs are in 2000 dollars. Fuel costs were calculated on the basis of national average prices for natural gas delivered to commercial customers in 2000.

a. The cost of acquiring and installing the generating unit. It does not include effects of tax credits or other direct subsidies for specific technologies.

b. High heat value.

c. In a combined-cycle system, a combustion turbine is operated in tandem with a steam turbine.

6.2.3 Characteristics of New and Stock Generating Capacities, by Plant Type

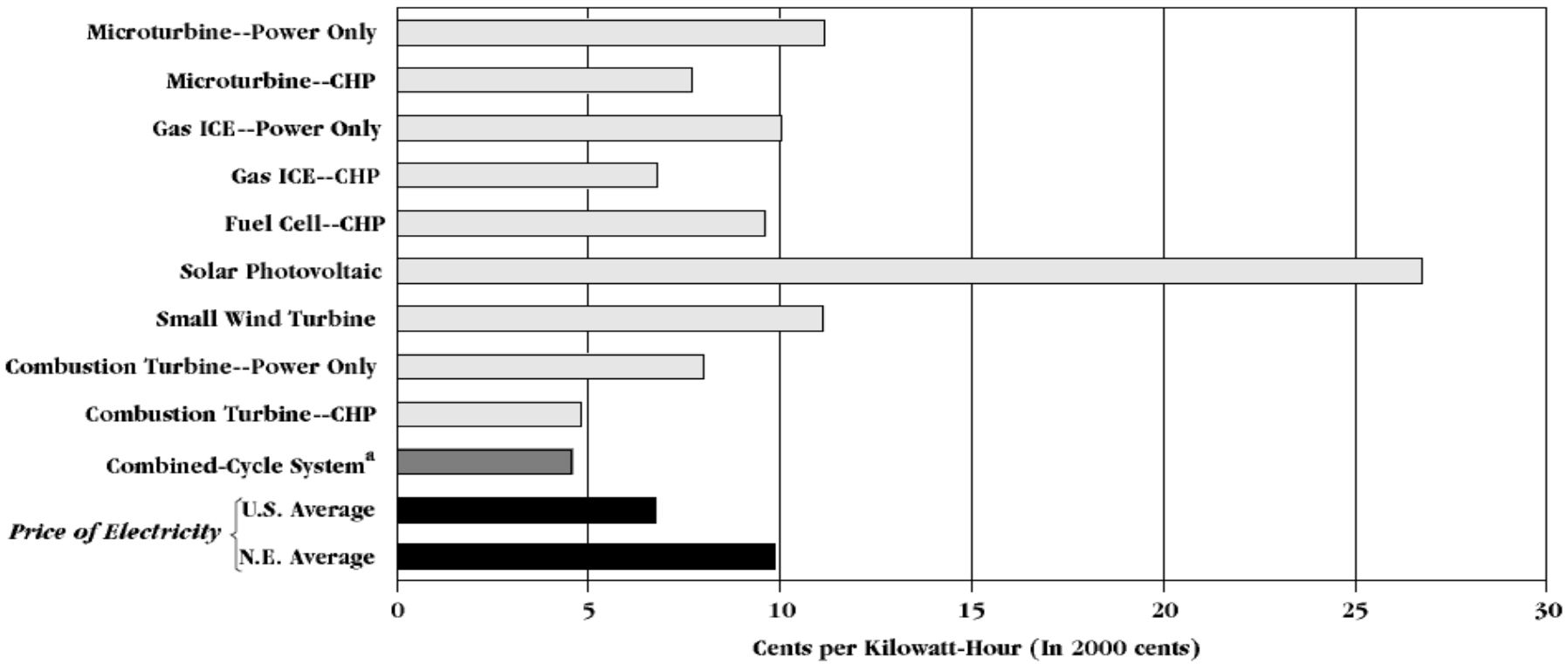
New Plant Type	2005 Heat Rate (Btu/kWh)	2010 Heat Rate (Btu/kWh)	2005 Installed Capital Costs of a Typical Power Plant: Price ($2004 thousand per MW)	Size (MW)	Cost ($2004 million)
Pulverized Coal	8,844	8,763	1,249	600	749
Coal-Gasification Comb. Cycle	8,309	7,939	1,443	550	794
Combined Cycle	7,196	7,031	584	250	146
Advanced Combined-Cycle	6,752	6,577	575	400	230
Combustion Turbine	10,842	10,664	407	160	65
Advanced Combustion Turbine	9,227	8,920	385	230	89
Fuel Cell	7,930	6,960	4,374	10	44
Wind	10,280	10,280	1,167	50	58
Advanced Nuclear	10,400	10,400	1,980	1000	1980

Stock Plant Type	2004	2010	2015	2020	2025	2030
Fossil Fuel Steam Heat Rate (Btu/kWh	10,681	10,597	10,403	10,162	9,947	9,664
Nuclear Energy Heat Rate (Btu/kWh)	10,439	10,439	10,439	10,439	10,439	10,439

Note(s): This table provides comparisons of electric generating plants. Plant use of electricity is included; however, transmission and distribution losses of the electric grid are excluded.

Source(s EIA, Assumptions to the AEO 2006, March 2006, Table 48, p. 85 for fossil fuel heat rates, Table 38, p. 73 for other generator data; EIA, AEO 2006, Feb. 2006, Table A2, p. 134-136, and Table A8, p. 147-148.

Levelized Cost of Selected Technologies Suitable for Distributed Generation



Source: Congressional Budget Office using data on electricity prices from Department of Energy, Energy Information Administration, *Electric Power Annual 2000* (August 2001), Table 21.

Notes: CHP = combined heat and power (also known as cogeneration); ICE = internal combustion engine; N.E. = New England.

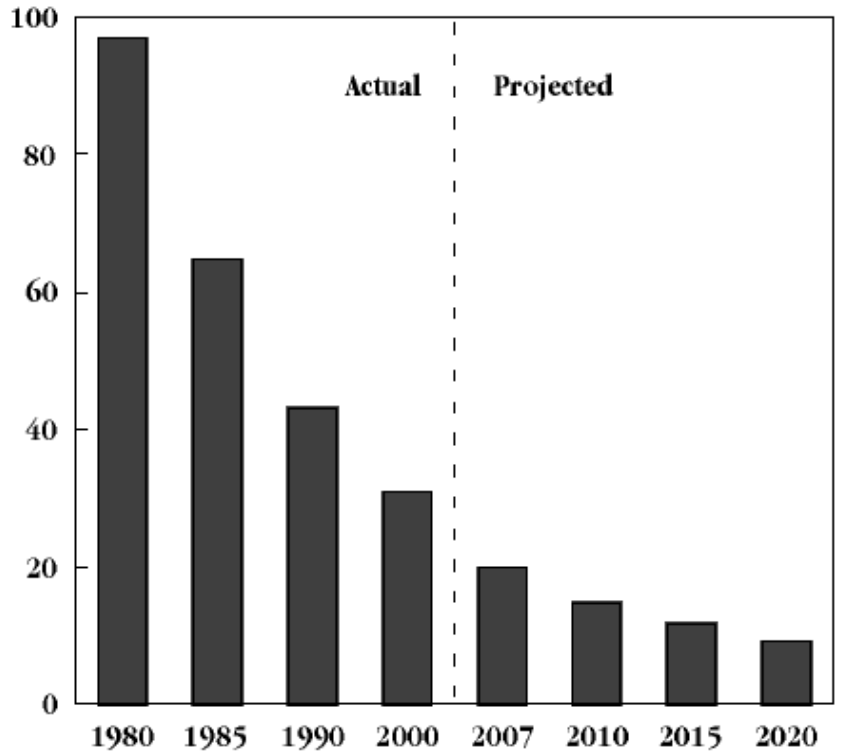
The levelized cost is the average cost of electricity (cents per kilowatt-hour) over the operating life of the generation equipment. Future costs and output flows are based on data in Table 2 and are discounted at 7 percent from their present values. The cost estimates assume that the systems powered by fossil fuels will be operated 90 percent of the time and that the wind and solar photovoltaic systems will run 40 percent and 27 percent of the time, respectively. Levelized cost comparisons do not include the effects of tax credits or other direct subsidies for specific technologies.

"Large wind turbine" is not included in the figure (as it is in Table 2) because it is not generally considered to be well-suited to distributed generation applications (typically, it is not located near customers).

a. In a combined-cycle system, a combustion turbine is operated in tandem with a steam turbine. The system is included here as a benchmark for the cost of power from new large-scale generators. Transmission and distribution expenses would add an estimated 2.4 cents per kilowatt-hour, on average, to the marginal cost of delivered power.

Levelized Cost of Solar Photovoltaic Electricity, 1980 to 2020

(Cents per kilowatt-hour)



Source: Congressional Budget Office based on data from Department of Energy, Office of Energy Efficiency and Renewable Energy, and Electric Power Research Institute, *Renewable Energy Technology Characterizations*, EPRI-TR-109496 (December 1997).

	Total Operating Hours Of:	3,000	Gas Price @:	$5.70	Diesel Price @:	$0.85
Operating Temperature(F)	100	*OPTION 1*	*OPTION 2*	*OPTION 3*	*OPTION 4*	*OPTION 5*
Type of Unit(s)		GE10B	MAN 32/40	Taurus 60	Taurus 70	Wartsila 32DF
Number of Units:		2	4	4	3	4
MW of Output		18.53	26.88	19.32	19.51	23.28
Capital Costs		$23,157,000	$38,966,000	$18,427,925	$19,551,052	$20,336,000
Operating Hours (Gas):		2,500	2,500	2,500	2,500	2,500
Operating Hours (Diesel):		500	500	500	500	500
Number of Units:		2	4	4	3	4
Total MW-hr Produced Per Year:		55,602	80,640	57,960	58,536	69,828
Total Fuel Gas Used Per Yr. (MCF):		601,554	612,492	631,030	557,283	504,984
Total Fuel Oil Used Per Yr. (Gals):		861,112	858,713	902,244	750,009	733,154
Total Cost of Gas Used Per Yr:		$3,428,860	$3,491,207	$3,596,869	$3,176,510	$2,878,407
Gas @	$5.70					
Total Cost of Diesel Used Per Yr:		$731,945	$729,906	$766,907	$637,508	$623,181
Diesel @	$0.85					
Total Fuel Cost per Year		$4,160,805	$4,221,113	$4,363,776	$3,814,018	$3,501,588
5 Yr Debt Service**		$9,491,475	$15,971,189	$7,553,146	$8,013,487	$8,335,218
Operating Costs for first 5 years		$21,588,315	$24,595,200	$23,040,090	$20,091,653	$20,693,430
Idle Costs for first 5 yrs		$57,600	$172,800	$57,600	$57,600	$172,800
Total Project Cost - 5 Yrs		$31,137,390	$40,739,189	$30,650,836	$28,162,740	$29,201,448
Cost/ MW-hr - Total		$112	$101	$106	$96	$84
Cost/ MW-hr - Operation Only		$78	$61	$80	$69	$60

Source: Downes and Associates

WATER CONSUMPTION*
CONVENTIONAL POWER PLANTS

Technology	gallons/kWh	liters/kWh
Nuclear	0.622	2.39
Coal	0.491	1.86
Oil	0.431	1.63
Combined Cycle	0.250	0.95

* Paul Gipe, WIND ENERGY COMES OF AGE, John Wiley & Sons, 1995

RESIDENTIAL ELECTRIC RATES 1000/2000 kwh (Approximations)

	UC-1000/2000	~IOU-1000/2000
Customer Charge	**$5.65/$5.65**	**$5.17/$5.17**
Base Electric Charge	**$76.45/$152.90**	**$47.48/$94.96**
Fuel Adjustment	**$45.29/$90.58**	**$54.20/$118.40**
Fee/(Franchise)	**$7.55/$14.74**	**$5.23/$9.68 (80%)**
NSB Utility Tax	**$6.81/$13.08**	**$4.74/$9.01 (80%)**
Gross Receipts Tax	**$3.23/$6.30**	**$2.69/$5.46**
Fee/Taxes Total	**$17.59/$34.12**	**$15.33/$29.49**
Total	**$144.98/$283.25**	**$119.51/$248.02**

~Payroll	**$2,750,000 (electric)**		**$--0000**
~CIAC	**$2,000,000? (electric)**		**$--0000**
~Local Purchases	**$1,250,000**		**$--0000??**
~Property Taxes	**$--0000**	**($33 Mil OCLD/G X 4.04693)**	**$~134,000**

~Economic Multiplier 7:1

Electric Debt $33.3 Mil Principal ($45.7 P&I)

(Sebring) Surcharge ?? (1.5 cents/kwh)