



FPL®

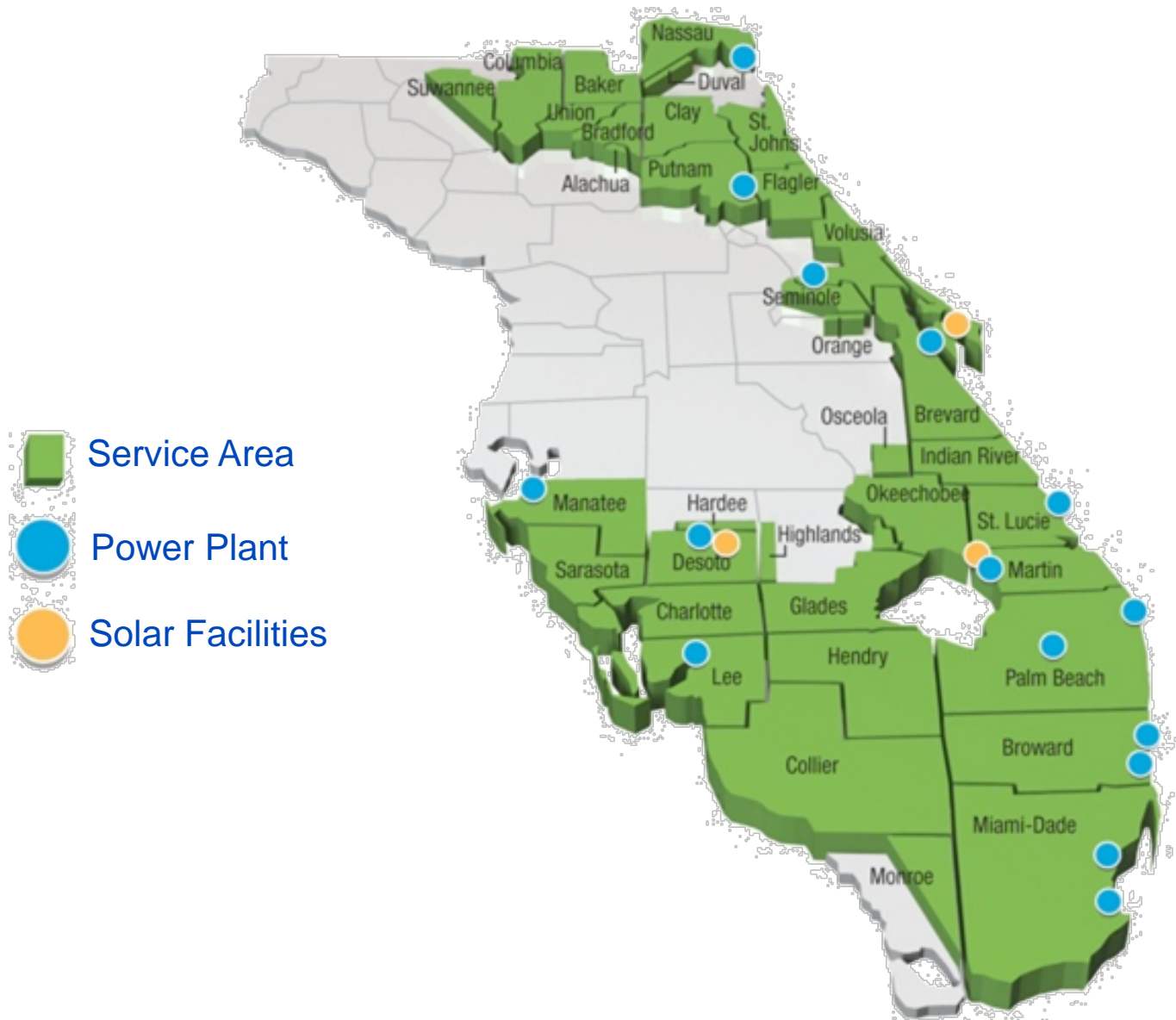
FPL: Investing in Florida's Energy Future

Eric Silagy

**Senior Vice President, State Governmental and
Regulatory Affairs**

September 19, 2011

FPL provides customers with electricity that is low cost, reliable and clean



Uprates at FPL's St. Lucie and Turkey Point nuclear plants are underway

Nuclear Uprates

- 400-460 MW of uprates (net) are planned at existing nuclear facilities
- Total cost of project expected to be \$2.3 - \$2.5 B⁽¹⁾
- All carrying charges are recovered under the nuclear cost recovery rule
 - Annual filings with the Florida Public Service Commission (PSC)
 - Prudence of prior expenditures and reasonableness of prospective expenditures
- Scheduled completion in 2012 and 2013



These improvements will provide needed fuel diversity while saving our customers \$4.5 billion in fuel costs

FPL is the first and only utility to bring commercial-scale solar power to the state of Florida

Solar Generation Development

DeSoto

- Located on FPL property in DeSoto County in central FL
- Photovoltaic technology
- 25 MW of capacity
- Actual cost: \$152 MM

Space Coast

- Located at NASA's Kennedy Space Center
- Photovoltaic technology
- 10 MW of capacity
- Actual cost: \$71 MM

Martin

- Located at FPL's Martin Plant in Indiantown, FL
- Solar hybrid technology
- 75 MW of capacity
- Actual cost: \$398 MM



Combined, all three projects came in on time and more than \$100 million under budget

West County 3 was completed on-budget and on-time and was placed into service on May 23, 2011

West County Unit 3

Capacity 1,220 MW

Total Capital Cost⁽¹⁾ \$842 MM

Net Customer Benefits⁽²⁾ \$650-\$750 MM

In-Service Date May 2011



West County 3 is the third unit of the state of the art combined cycle West County Energy Center, which is the largest gas-fired plant in the country

1) Capital cost = sum of nominal cash flows including AFUDC.

2) Net present value to customers; range is based on analysis updated at the time of the Need Filings for the Canaveral and Riviera modernizations.

FPL is currently modernizing power plants in Cape Canaveral and Riviera Beach. The new energy centers are scheduled to enter service in 2013 and 2014

Next Generation Clean Energy Centers

**FPL's Cape Canaveral
Next Generation Clean Energy Center, 2013**



**FPL's Riviera Beach
Next Generation Clean Energy Center, 2014**



Over the operational lifetimes of these two new high-efficiency clean energy centers, they are expected to produce combined net savings for FPL customers of \$850 MM to \$950 MM

Modernizing the plant into a high-efficiency combined-cycle natural gas energy center offers many benefits for FPL customers

Potential Modernization of Port Everglades Plant

- New facility will produce up to 1,280 MW beginning in 2016
 - Serves ~260,000 FPL customers
- Efficiency will improve by 35%
- Dramatic reduction in emissions
- Estimated 650 direct jobs and over 1,000 indirect jobs will be created
- Expected to deliver more than \$20 MM in new tax revenue to local governments

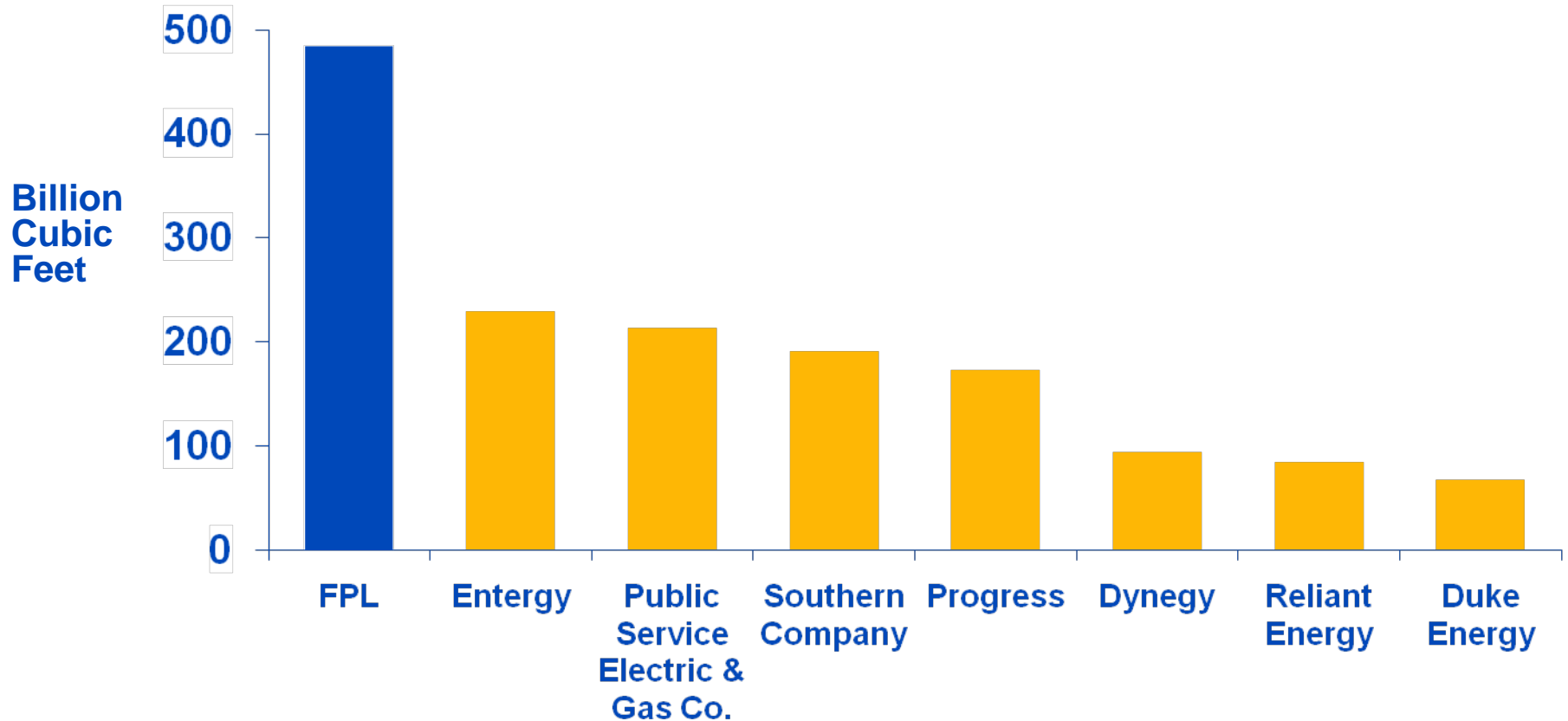


Artist rendering of potential Port Everglades Next Generation Clean Energy Center

Over the operational lifetime, this project is expected to produce over \$400 MM in net savings for FPL customers

FPL consumes more natural gas than any utility in America

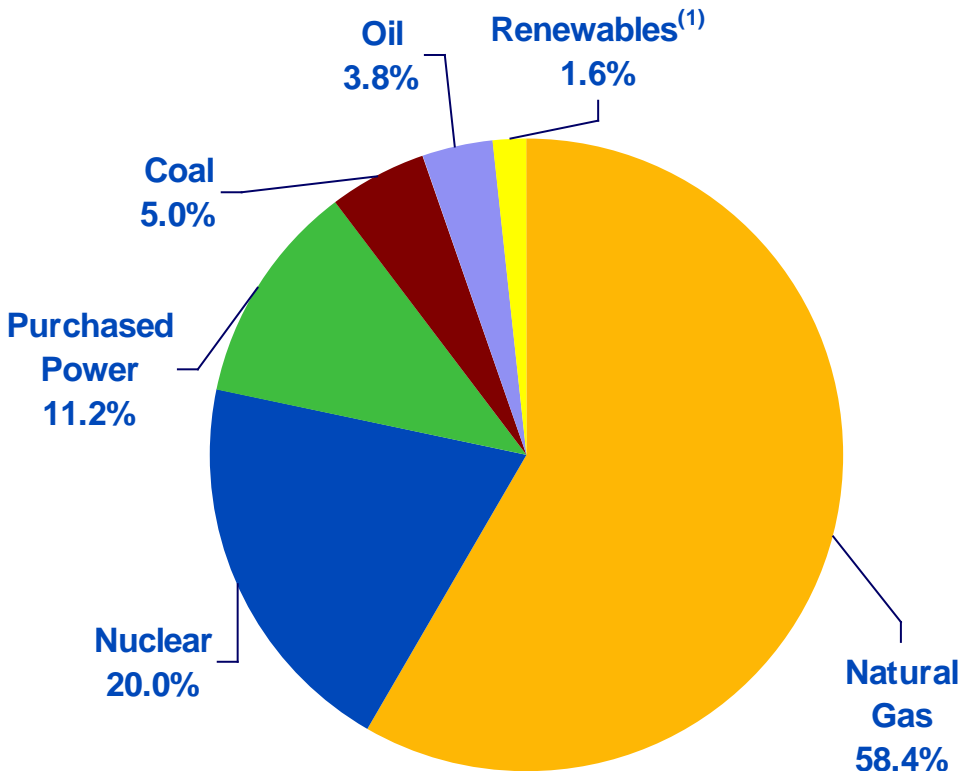
Investor Owned Utility Annual Natural Gas Consumption



All current generation expansion options indicate a growing dependency on natural gas in Florida

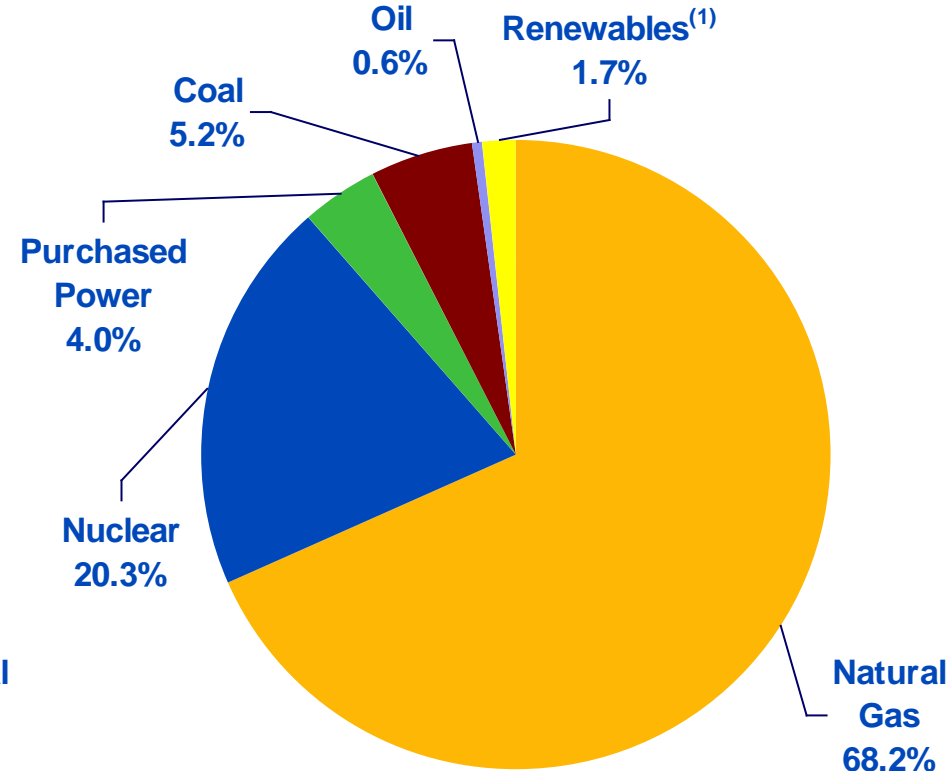
2010

Generation by Fuel Type



2020

Generation by Fuel Type

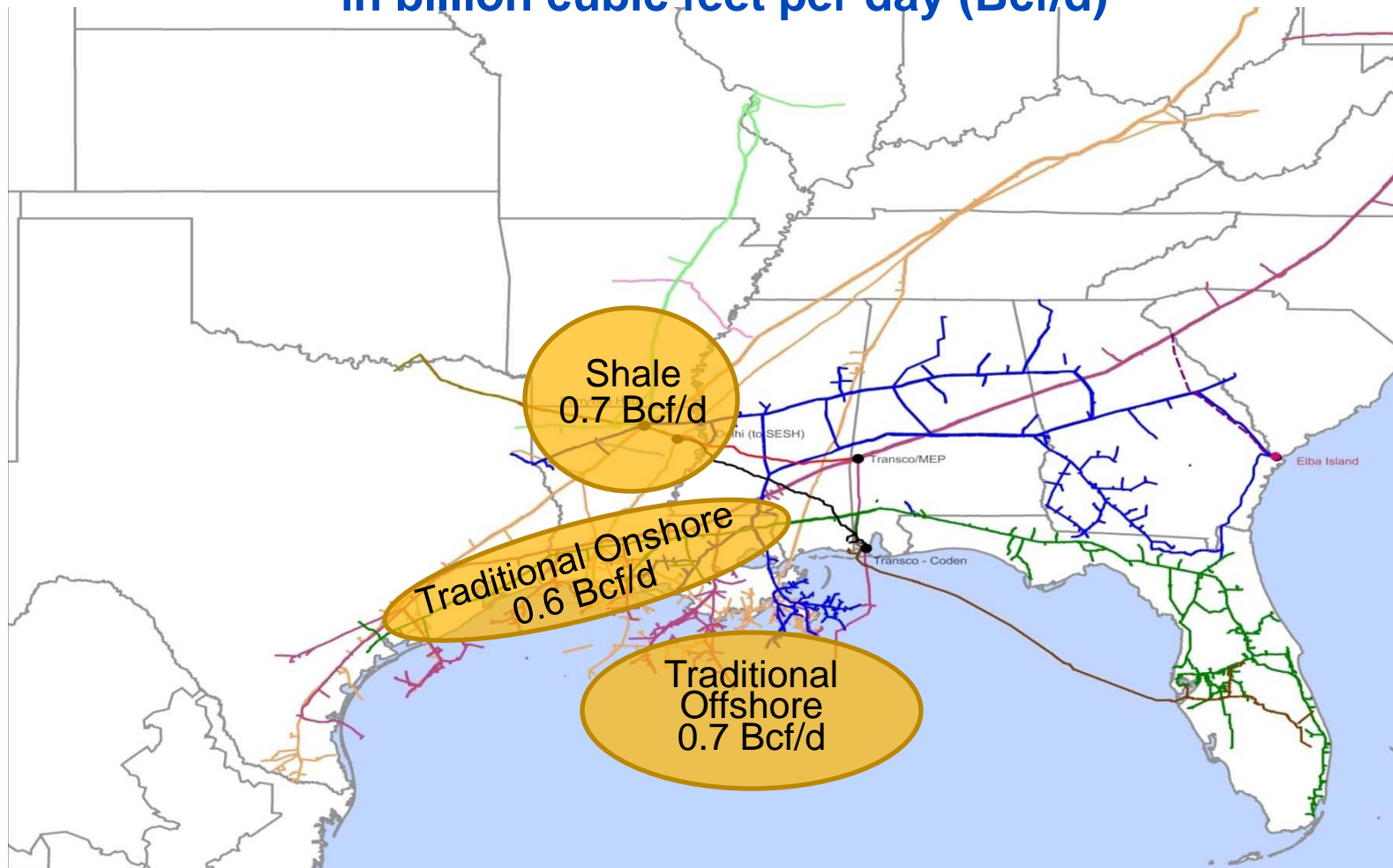


Source: 2011 Ten Year Site Plan.

1) Includes FPL owned solar plants and purchases from qualifying renewable facilities.

The vast majority of the gas that we currently use comes from the Gulf states

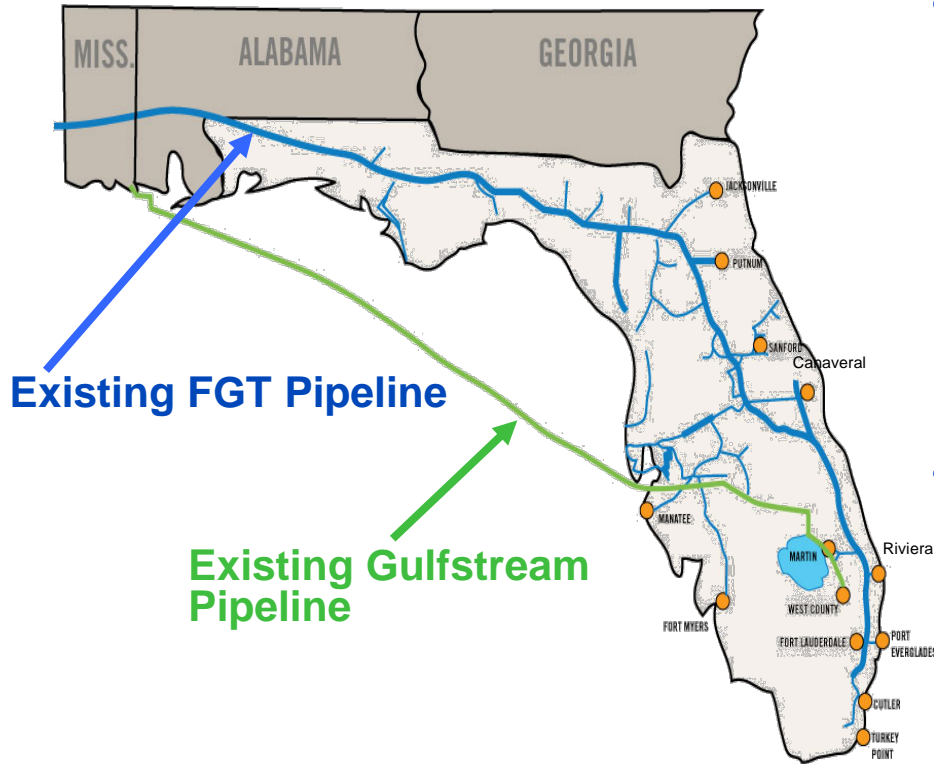
FPL Sources of Natural Gas Supply in billion cubic feet per day (Bcf/d)



Unlike the other largest users of gas, Florida has no production, storage and very limited transportation

The gas transportation constraints occur primarily in pipelines within the state of Florida

Current Florida Gas Pipelines



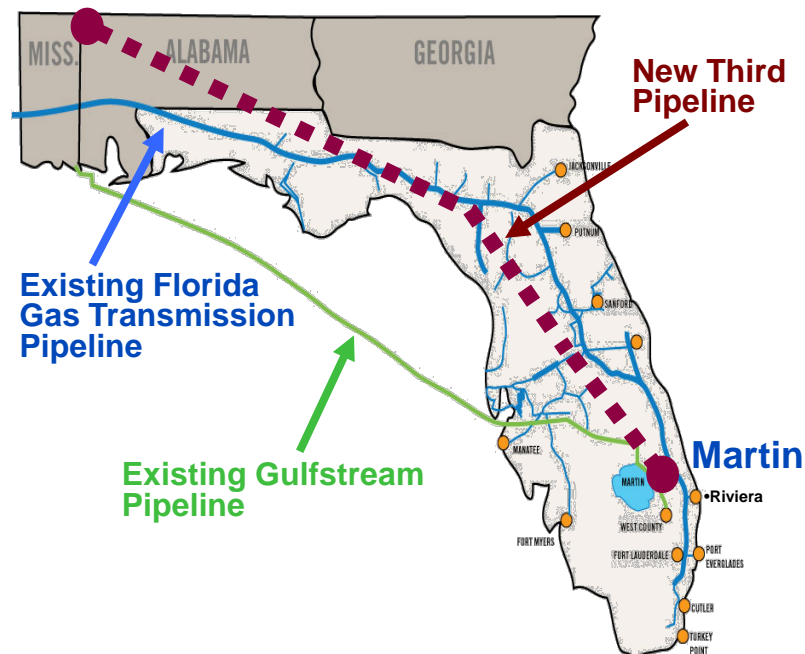
- **Florida Gas Transmission (FGT) has a total capacity of 3.2 billion cubic feet, projected to be at 100% capacity by 2015 / 2016**
 - FPL has 41% of FGT's capacity
- **Gulfstream has a total capacity of 1.3 billion cubic feet, and is currently at full capacity**
 - FPL has 53% of Gulfstream's capacity

A disruption during peak demand periods of either pipeline could result in interruptions for 614K to 1.6 MM customers; this could grow to 1.4 MM to 2.7 MM customers if the disruption exceeds two weeks

Adding a third major pipeline into Florida is the best option to increase reliability and deliverability of incremental gas transportation in the state

Addition of a New Third Pipeline into Florida

- Addition of a third major pipeline
 - Provides increased reliability, deliverability, and operational flexibility of natural gas transmission within Florida
 - Significant benefits from a central Florida hub
 - Will likely result in the most cost effective option over a long period of time because future expansions can be made at minimal cost
 - Enhances access to new supply sources

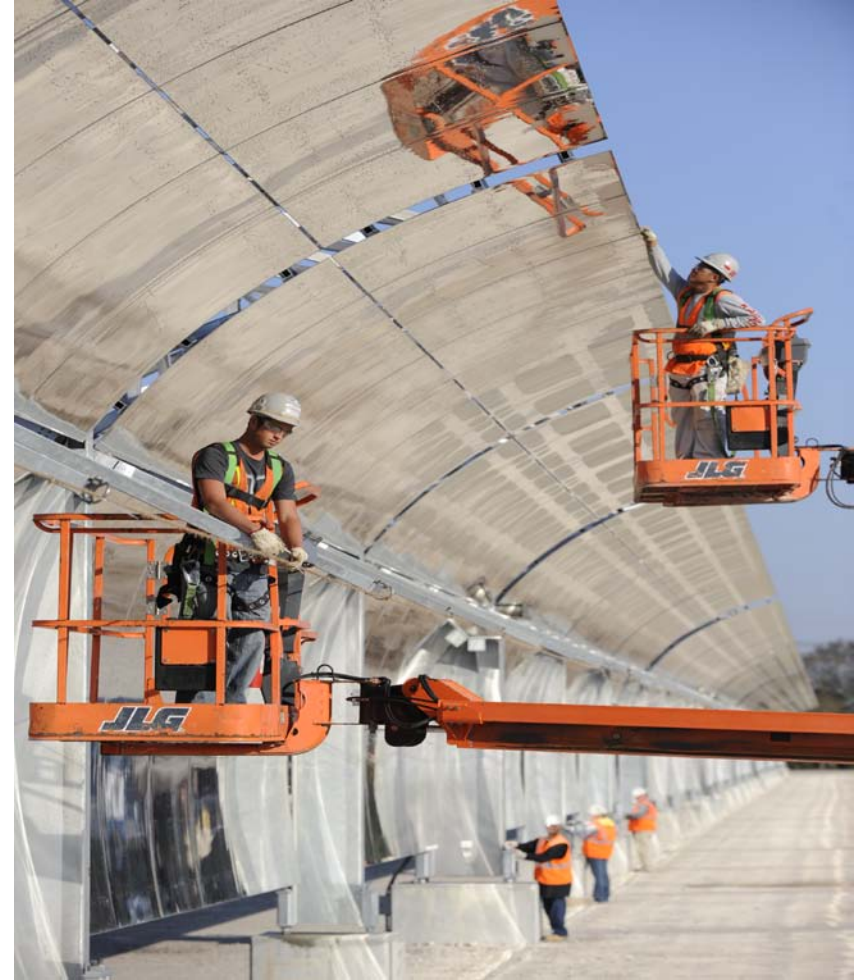


This is the only effective method to reduce load concentration on two existing pipelines and lower the overall system risk

Our duty is to provide affordable, reliable and clean power – today and for generations to come

Investing in Florida's Future

- **In order to maintain low bills and high reliability, we must focus on fuel diversity, modern infrastructure and embracing and deploying new technology**
- **Florida needs to build and maintain a reputation for being progressive and having a business friendly environment**
- **In order to attract and retain business and capital spending, Florida must have a predictable and stable regulatory and political climate**



Energy security and independence are vital to our state's and nation's interest and can only be achieved through thoughtful policy that encourages wise investments