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January 28, 2002

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- **VIA HAND DELIVERY –**

Ms. Blanca S. Bayó
Director of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 001148-EI

Dear Mr. Bayó:

I am enclosing for filing in the above docket the original and fifteen (15) copies of the prefiled testimony and exhibits for the following Florida Power & Light Company ("FPL") witnesses:

	Mark R. Bell	01061-02	K. Michael Davis	01067-02
	M. Dewhurst	01062-02	Paul J. Evanson	01068-02
	William W. Hamilton	01063	Steven P. Harris	01069-02
01064	Dr. J. Stuart McMenamin		Rosemary Morley	01070-02
	Armando J. Olivera	01065	James K. Peterson	01071-02
	John M. Shearman	01066	Samuel S. Waters	01072-02

FPL is filing these witnesses' testimonies today in accordance with Order No. PSC-02-0089-PCO-EI, dated January 15, 2002. FPL's witnesses sponsor and explain the MFRs FPL has previously filed in this docket. Together with the MFRs, their testimonies demonstrate that FPL's 2002 test year results do not support any reduction in FPL's base rates.

AUS ___
CAF ___
CMP ___
COM Stay
~~CTR~~ ___
ECR ___
GCL 1
OPC 1
MMS ___
SEC 1
OTH ___

Sincerely,

John T. Butler, P. A.

Enclosures
cc: Counsel of record (w/copy of enclosures)

RECEIVED & FILED
FPSC-BUREAU OF RECORDS

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the prefiled testimony and exhibits of Mark R. Bell, K. Michael Davis, M. Dewhurst, Paul J. Evanson, William W. Hamilton, Steven P. Harris, Dr. J. Stuart McMenamin, Rosemary Morley, Armando J. Olivera, James K. Peterson, John M. Shearman and Samuel S. Waters were served by hand delivery (*) or overnight delivery this 28th day of January, 2002 to the following:

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By: ______________________
John T. Butler, P. A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI
FLORIDA POWER & LIGHT COMPANY

JANUARY 28, 2002

IN RE: REVIEW OF THE RETAIL RATES OF FLORIDA POWER & LIGHT COMPANY

TESTIMONY & EXHIBITS OF:

K. MICHAEL DAVIS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF K. MICHAEL DAVIS

DOCKET NO. 001148-EI

JANUARY 28, 2002

Q. Please state your name and business address.

A. My name is K. Michael Davis, my business address is 9250 West Flagler Street, Miami, Florida 33174.

Q. By whom are you employed and in what capacity?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Vice President, Controller and Chief Accounting Officer.

Q. Please outline your educational qualifications and experience.

A. I graduated from the University of Florida in 1968 with a Bachelor of Science degree in Business Administration, with a major in Accounting. In that same year I was employed by Deloitte Haskins & Sells (DH&S), Independent Public Accountants, (presently Deloitte & Touche). I was promoted to manager in 1976 and was elected a Partner in 1981. During my tenure with DH&S I participated in engagements involving services to a number of diverse industry groups including the utility industry. In addition, I was responsible for handling accounting questions concerning the utility industry during a three-year assignment in the DH&S executive office in New York. In December 1988, I was employed by FPL as comptroller. On July 1, 1991, I accepted my current position as Vice President, Controller and Chief Accounting Officer. I am a

Certified Public Accountant in the State of Florida, and a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. I am a member and past chairman of the Accounting Executive Advisory Committee of the Edison Electric Institute (EEI). That group is composed of Chief Accounting Officers from utilities that are members of EEI and oversees the activities of the various accounting committees of EEI and advises senior EEI committees on accounting issues. That committee meets annually with the Financial Accounting Standards Board to discuss accounting issues of interest to the membership and approves all comment letters issued by EEI on accounting matters.

Q. What are your duties as Vice President, Controller and Chief Accounting Officer of FPL?

A. As Vice President, Controller and Chief Accounting Officer, I am responsible for the development, interpretation and implementation of FPL's accounting policies, procedures and related internal accounting controls, and for maintaining the accounting records in compliance with financial and regulatory accounting requirements. I am also responsible for ensuring the adequacy of the systems necessary to support the accounting process.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present FPL's forecasts that were used to prepare the Minimum Filing Requirements ("MFRs") for the Florida Public Service Commission's ("FPSC" or the "Commission") rate review, to present the MFRs and updated MFRs which show changes in FPL's costs and capital expenditures, to present FPL's costs compared to the FPSC's benchmark calculation, to present the adjustments that are no longer appropriate for regulatory purposes and those that should be considered by the FPSC in addressing any contention that FPL's rates should be changed as a result of the FPSC's rate review and to explain the regulatory impacts of two new accounting pronouncements, and FPL's accounting under a third pronouncement.

Q. Are you sponsoring an exhibit?

A. Yes. It consists of the following documents:

Document KMD-1 November 9, 2001 FPL filing explaining changes to the initial forecast

Document KMD-2 MFRs Sponsored by K. Michael Davis

Document KMD-3 MFR F-9, Forecasting Models

Document KMD-4 October 1, 2001 Transmittal Letter and Attachment 2 to MFR filing

Document KMD-5 Stipulation and Settlement Agreement in Docket No. 990067-EI

Document KMD-6 Company Adjustments

Document KMD-7 MFR C-53 and C-57, "O&M Benchmark Comparison/Variance by Function"

Document KMD-8 O&M Benchmark Calculation as updated per November 9, 2001 filing.

Q. Did FPL file MFRs in this proceeding?

A. Yes. In compliance with Order No. PSC-01-1535-PCO-EI, on September 17, October 1, and October 15, 2001, FPL filed MFRs based upon the forecast prepared in June 2001. As everyone is well aware, the tragic events of

September 11, 2001 had a significant effect on Florida's economy. We included in the October 1, 2001 MFR filing an adjustment to our sales forecast to reflect our initial assessment of the economic downturn. On November 9, 2001, we filed updated information in the form of a limited set of updated MFRs to reflect the cost effects of those events as well as other identified changes in the level of costs. These updated MFRs are included in my Document KMD-1, and are described later in my testimony.

Q. Are you sponsoring any MFRs in this proceeding?

A. Yes. My Document KMD-2 shows the MFRs that I am sponsoring in whole or in part.

<u>DEVELOPMENT OF THE 2002 FORECAST</u>

Q. What role did you play in FPL's 2002 forecasted budget?

A. As FPL's chief accounting officer, I had overall responsibility for the management of the budget process used to develop the 2002 forecast. In addition, I completed a review process with each of the business units to ensure that all of the business unit budgets were consistent with corporate assumptions and provided the necessary level of detail to determine that the results were reasonable and sufficient for this filing.

Q. Would you please summarize the forecast process used to develop FPL's filing in this docket?

A. Yes. As shown in my Document KMD-3, FPL's budget process begins with the Financial Business Unit's Corporate Budgets Section issuing, to the business units, the forecast deliverables schedule and the key economic assumptions to be used in the budget process. Additionally, the Corporate Budgets Section identifies required adjustments necessary to ensure a proper comparison between years (e.g., 2001 includes 27 pay periods, whereas 2002 includes 26; and planned expenditures that did not occur) and reminds the business units to adjust for any other items such as merger-related costs incurred in 2000 that would not occur in 2002. The business units also identify the drivers of any expected variance from the current year's plan as well as any increase or decrease in the level of funding required in the forecast year. Each business unit head presents the funding requirements to the Chief Operating Officer and provides the reasons for the funding levels including the drivers. The Chief Operating Officer reviews each business unit's and FPL's total funding requirements, follows up with the business units, and then releases the updated current year estimate and the subsequent year's forecast, which in this case was the 2002 forecast that was used in preparing the MFRs filed in this proceeding.

Q. Is the process you describe the same process FPL has used in recent years for financial forecasts?

A. Yes, except that in order to meet the FPSC deadline for filing the MFRs the schedule was accelerated to start two months sooner than usual and was compressed into a shorter period of time. Additionally, as I discuss later, this filing required a further level of detail than normally prepared in our budget process, requiring costs to be broken down to a Federal Energy Regulatory Commission ("FERC") account level.

Q. How was this forecast used in developing the information filed in this proceeding?

A. As explained in more detail in my Document KMD-3, FPL developed an integrated database, the Regulatory Filing Data Repository ("RFDR"), to assist in preparing the MFRs. The RFDR integrates various FPL systems normally used in the forecasting and regulatory process. The system provides data validation and control routines to ensure consistency of data between the RFDR and feeder systems. Additionally, the system produces exception reports, financial data output validations, and MFR control reports to verify the accuracy and consistency of MFR data in the RFDR.

Q. Would you briefly summarize the forecasting and MFR preparation process shown in your Document KMD-3?

A. As can be seen on my Document KMD-3, various feeders provide inputs to the Consolidated Financial Model ("CFM"). The Sales, Net Energy for Load and Peak Demand Forecast, Production Costing Model, Retail and Wholesale Revenue Forecast, the Capital Expenditures Budget and the Operations and Maintenance ("O&M") Budget, along with other supplemental forecast feeders, provide the information needed in the CFM which serves as a central collection point for all of the feeder calculations. Since the O&M budget is prepared on a business unit basis consistent with the way FPL manages the business, it does not include FERC account detail. Consequently, the O&M Detail Feeder converts the O&M budget to FERC accounts. This additional level of detail is not normally used in the budget process but was needed to meet the FPSC's regulatory filing requirements. The conversion to FERC accounts relies primarily on historical relationships but allows for adjustments necessary to reflect current business conditions. For regulatory purposes, using a FERC account alone may not provide the level of detail necessary to allocate costs among rate classes or jurisdictions. A further level of detail is required and created to support separation factors and the cost of service study as discussed in greater detail in FPL witness Ms. Morley's testimony.

Using the information from the feeder systems, the CFM performs the business logic calculations to generate forecasted financial statements. The CFM produces the balance sheet and income statement detail at the level necessary for the development of separation factors and the cost of service study which is transferred to the RFDR. From the RFDR, the data are transferred to the Surveillance Reporting System ("SRS") which is the system used by FPL to prepare the monthly Rate of Return Surveillance Report filed with the FPSC. The balance sheet and income statement detail from the RFDR is used in SRS to develop the regulatory adjustments. These adjustments, along with the balance sheet and income statement detail, are transferred to the Cost of Service System ("COSS") which develops jurisdictional separation factors. The jurisdictional separation study results are then transferred to the SRS in order to calculate FPSC jurisdictional results for net operating income (NOI), rate base and capital structure. The total company and jurisdictional results for NOI, rate base and capital structure are transferred to the RFDR for MFR preparation and MFR data integrity and control. About 25% of the MFRs were prepared in SRS. The remainder were prepared manually from information contained in the RFDR. All

MFRs were reviewed and approved by the originating business unit. They were then reviewed by the Regulatory Affairs Department for quality assurance, consistency with source data and compliance with MFR requirements. This process resulted in a reasonable and conventional forecast used in the preparation of FPL's MFRs which were prepared at the FPSC's request in this proceeding.

Q. What are the major assumptions that FPL used in developing its forecast?

A. The major assumptions used by FPL in developing its forecast are listed in MFR F-17 of my Document KMD-1. This MFR shows the assumptions as updated on November 9, 2001, which I discuss later in my testimony.

Q. Could you please list the major assumptions and the witness sponsoring each assumption in MFR F-17 shown in your Document KMD-1?

A. Yes. The response below refers to pages in MFR F-17:

- Sales, Customers, and Net Energy for Load on pages 1 and 2, the inflation rates on page 3, the major generating unit outage assumptions on pages 6 and 7, the interchange, purchased power and fuel assumptions on pages 8 and 9, and the transmission line loss and company usage assumptions on page 11 are sponsored by FPL witness Mr. Waters.
- The assumptions for the in-service dates of major projects on page 5 are co-sponsored by FPL witnesses Messrs. Waters, Peterson and Olivera.
- The financing and interest rate assumptions on page 4, and the storm and property damage reserve assumptions on page 12 are sponsored by FPL witness Mr. Dewhurst.
- The assumptions for the compensation per hour on page 3 and the pay programs on page 10 are sponsored by FPL witness Mr. Peterson.

- I am sponsoring the remaining assumptions on pages 11 and 12.

Q. You previously mentioned that FPL updated certain MFRs based on an assessment of the deterioration in the US economy, the September 11, 2001 tragedies and the passage of time. Could you please summarize the changes that resulted from this reevaluation?

A. Yes. FPL's November 9, 2001 filing, shown in my Document KMD-1 includes updated MFRs A-2, A-9, A-10, A-12a, A-12b, B-3, B-10, C-2, C-59, D-1, and F-17. Attachment 1 of that filing is a summary of the impacts which resulted in a net increase to the 2002 O&M budget of $24.5 million and a net decrease to the 2002 capital expenditures budget of $75.8 million.

Q. How were the impacts of the deterioration of the US economy and the economic and other consequences of the September 11, 2001 assessed?

A. The business units reviewed their budget results in light of the changed circumstances and to reflect the passage of time. Based on this review, updates were made to the MFRs based on changes to the sales forecast (which was previously revised in the October 1, 2001 MFR filing), other significant inputs and assumptions which had changed since FPL's June forecast, and anticipated changes to forecasted costs and expenses. These changes are reflected on the updated MFRs shown in my Document KMD-1.

Q. What assumptions were changed in the November 9, 2001 filing?

A. As shown on updated MFR F-17, pages 1 and 2, the 2002 Sales by Revenue Class and Monthly Net Energy for Load were revised downward to be consistent with the adjustment to the sales forecast made in the October filing. Additionally, System Peaks were revised and these revisions are reflected as described in the transmittal letter and Attachment 2 in the October 1, 2001 MFR filing, which I have included as my Document KMD-4.

Q. Did FPL's Fuel Clause filing cause any changes to the MFRs as filed?

A. Yes. FPL's October 1, 2001 MFR filing included a 13-month average net overrecovery balance related to fuel of approximately $68 million due to an actual and estimated decrease in fuel prices. This October 1, 2001 MFR filing did not reflect a decrease in the fuel factor that was approved by the FPSC in Order No. PSC-01-1945-PCO-EI effective with the October 2001 billing cycle, which resulted in a reduction of the projected net overrecovery of fuel costs. The impact of this updated fuel factor for October through December 2001 and the revised sales forecast was reflected in FPL's November 9, 2001 filing of the updated MFRs. This resulted in a $65 million increase to rate base due to a reduction of the 13-month average net overrecovery balance previously projected to be in working capital.

Q. Is the sales forecast included in the October 1, 2001 MFR filing the same forecast approved by the FPSC in FPL's most recent fuel filing?

A. Yes. In Order No. PSC-01-2516-FOF-EI, the FPSC approved FPL's current sales forecast for 2002.

Q. What effect did the fuel filing and the revisions to the O&M and capital expenditures budgets have on rate base?

A. As shown on MFR B-3 in my Document KMD-1, the net effect of the fuel filing and the revisions to the O&M and capital expenditures budgets resulted in an increase to rate base of approximately $35 million. The $75 million reduction in the capital expenditure budget resulted in a thirteen month average net decrease to plant in service of approximately $27 million. The major contribution to the increase in rate base was the 13-month average decrease in the fuel adjustment clause net overrecovery of approximately $65 million that I previously described. When combined with a $3 million decrease of other rate base adjustments, the net effect was an approximate $35 million increase to rate base.

Q. What effect did the fuel filing and the revisions to the O&M and capital expenditures budgets have on net operating income?

A. As shown on MFRs B-3 and C-2 in my Document KMD-1, the net effect of the fuel filing and the revisions to the O&M and capital expenditures budgets was a decrease to net operating income of approximately $13.1 million. The $24.5 million increase in the O&M budget resulted in a $22.6 million increase in base rate O&M. The remaining $1.8 million increase in the O&M budget does not affect base rates because it relates to increased security costs that will be recovered through the fuel clause as approved by the FPSC in Docket No.010001-EI. Additionally, there was a $1.2 million reduction in depreciation expense due to revised capital expenditures. All of these impacts, when reduced by state and federal income tax effects of $0.5 million, result in the $12.9 million reduction in NOI that is shown on MFRs B-3 and C-2.

Q. Please explain what expenses caused the increase of $22.6 million in base rate O&M.

A. As shown on page 5 of 41 of my Document KMD-1, the major items causing the increase are FPL's pension and postretirement benefit costs, insurance costs and nuclear reactor head volumetric inspections. I will discuss the two largest items, pension and postretirement benefit costs and insurance costs.

The FPSC has adopted, for ratemaking purposes, the Statement of Financial Accounting Standards No. 87, Employers' Accounting for Pensions (FAS 87) and Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions (FAS 106) methods of calculating pension and postretirement benefit costs. These FAS statements require consistent use of a discount rate based on current prices for settling the obligations and a consistent measurement date for the valuation of the pension assets. For FPL, the discount rate is determined by management review of the rate of return of high grade corporate bonds and 30 year treasury bills as of the measurement date of September 30. Additionally, our actuaries provide a discount rate survey of 20 corporate clients including a summary of the high, low and average rates which provides insight into how other companies are developing their discount rates. The impact of the updates to the fund asset valuation and discount rate as of September 30, 2001 caused these costs to increase by $11.9 million.

The other major item is the expected increase of $4.2 million in insurance costs as a result of the September 11, 2001 tragedies.

I should point out that the impact of the September 11, 2001 tragedies on insurance costs in 2003 and beyond is expected to be significantly greater due to the staggered expiration of a number of programs and layers within programs, so the full financial impact will not be felt until 2003. Additionally, FPL anticipates that its nuclear property insurer (NEIL) will significantly reduce its distribution in April 2003, further increasing 2003 costs. Therefore, the impact of increased insurance costs for a potential test year is more accurately reflected by the 2003 cost increase of $34.3 million.

Q. What effect did the fuel filing and the revisions to the O&M and capital expenditures budgets have on rate of return?

A. As shown on MFR B-3 in my Document KMD-1, the net effect of the revised fuel filing and changes to the O&M and capital expenditures budgets was to decrease FPL's projected achieved rate of return for the test year by 16 basis points from 8.97% to 8.81%. This revision results in an 11.83% achieved return on equity (ROE) for the test year compared to the 12.12% ROE that was previously projected, as shown on MFR D-1 in my Document KMD-1. This achieved ROE is low compared to FPL's ROE requirements for 2002 that are discussed in the testimonies of Messrs. Dewhurst and Avera.

Q. Has FPL included all Construction Work In Progress (CWIP) in rate base?

A. Yes.

Q. What is the basis for inclusion?

A. Under FPSC Rule No. 25-6.0141, Allowance for Funds used During Construction (AFUDC), projects with gross additions to plant that are less than 0.5% of the sum of the total balance in Account 101, Electric Plant in Service and Account 106, Completed Construction not Classified, at the time the project commences are ineligible for AFUDC and, therefore, properly included in rate base. For FPL, this would encompass all projects with gross additions less than $95.6 million.

Q. Are all of the projects included in CWIP under this threshold?

A. No. The Sanford and Fort Myers repowering projects exceed the threshold and ordinarily would be eligible for the accrual of AFUDC and excluded from rate base. However, the Stipulation and Settlement Agreement (Agreement) attached as my Document KMD-5, requires that these projects be included in rate base and not accrue AFUDC. Sanford 5 and Fort Myers are scheduled to be placed in service in June 2002, two months after the expiration of the Agreement, and Sanford unit 4 is scheduled to be placed in service in December 2002, eight months after the Agreement's expiration.

Q. Are there any other projects included in CWIP that exceed the threshold?

A. Included in CWIP and the 2002 rate base are minor dollar amounts representing portions of projected projects for the Fort Myers conversion from simple to combined cycle, Midway combined cycle, Martin conversion from simple to combined cycle and Martin Unit 5 combined cycle. These projects, which currently total $4.6 million in rate base (on a 13-month average), would likely exceed the threshold for accruing AFUDC when the full scope of the project is considered. When that occurs and the projected costs exceed the threshold for inclusion in rate base, any amounts not already included in rate base would become eligible for the accrual of AFUDC.

Q. Have you included any expenses related to rate case expense in your filing?

A. Yes. Based on prior Commission practice, FPL has included a two-year amortization of rate case expenses in its filing of approximately $5.4 million in year 2002.

Q. What depreciation rates should be used?

A. The depreciation rates last approved for FPL by the FPSC in Order No. PSC-99-0073-FOF-EI, Docket No. 971660-EI, and in subsequent Orders, where the FPSC has addressed specific units that have been placed in service at the Ft. Myers and Martin sites, were utilized in developing the 2002 depreciation expense and should be used in this proceeding. Order No. PSC-00-2434-PAA-EI authorized the use of whole life depreciation rates prescribed for Martin Unit No. 4 and Common facilities for the six new combustion turbine units installed at Ft. Myers until a specific depreciation and fossil dismantlement study is prepared for the combined cycle unit. Order No. PSC-01-1337-PAA-EI authorized the use of the same rates for the Martin Simple Cycle Expansion Project until a specific depreciation and fossil dismantlement study is prepared for the simple cycle units not later than the time our comprehensive study is filed as specified in FPSC Order No. PSC-01-2376-PAA-EI.

Q. What level of nuclear decommissioning costs should be used?

A. The nuclear decommissioning costs utilized in developing the 2002 accrual and resulting rate base were based on the study approved by the FPSC in Docket No. 941352, Order No. PSC-95-1531-FOF-EI. Subsequent to our filings, the FPSC approved a new study in Docket No. 981246-EI. This newly approved study includes recovery of the last core of nuclear fuel that will remain in the reactor when the nuclear unit is removed from service at the end of its useful life, amortization of the $98 million bottom line nuclear reserve recorded under a previous settlement agreement, and recovery of the end of life stranded materials and supplies (M&S) inventories. The net impact of these items is to reduce

2002 operating expenses by $4.5 million and to decrease rate base by $ .5 million to reflect a full year and thirteen month average effect of the amortization of the $98 million bottom line reserve and the creation of the other non-funded reserves for the last core and end of life stranded M&S inventories. This adjustment is shown on my Document KMD-6, Company Adjustments, and, as I will discuss later in my testimony, should be considered if rates are revised.

Q. What fossil dismantlement costs should be used?

A. The fossil dismantlement costs last approved for FPL by the FPSC in Order No. PSC-00-0293-PAA-EI, Docket No. 981166-EI, were utilized in developing the 2002 fossil dismantlement expense and should be used in this proceeding.

Q. What level of expense and funding is included for FPL's storm fund?

A. FPL has included $50.3 million in annual storm fund accruals based on its September 28, 2001 petition in Docket No. 011298-EI to increase its annual storm fund accruals by $30 million effective January 1, 2002. On December 4, 2001, the FPSC determined in Order No. PSC-01-2337-PCO-EI that FPL's request should be decided within this rate proceeding. The justification for this increase is addressed in FPL witness Mr. Dewhurst's testimony and the underlying study is addressed in ABSG Consulting witness Mr. Harris' testimony.

REASONABLENESS OF THE 2002 FORECAST

Q. Has FPL made a filing in this docket comparing its O&M costs to the Commission-approved benchmark based on CPI and Customer Growth?

A. Yes. MFRs C-53 and C-57, attached as my Document KMD-7, provide the functionalized O&M expenses and the comparisons/variances from the benchmark. The results of these calculations show that, in total, FPL is $940 million below the benchmark for 2002.

Q. Have you revised MFRs C-53 and C-57 for the November 9 updates?

A. No. However, my Document KMD-8 takes what was filed in MFRs C-53 and C-57 and updates the 2002 O&M costs and customers used in both MFRs. When updated, the calculation shows FPL is $940 million below the benchmark for 2002.

Q. What is the benchmark base year used by FPL in MFRs C-53 and C-57 calculations and in the updated calculation?

A. FPL used 1988 as the benchmark base year in its calculations.

Q. Why did FPL use 1988 as the benchmark base year in evaluating its costs through 2002?

A. The 1988 benchmark base year was established in Docket No. 900038-EI Order No. 24460. That Order stated that 1988 was the appropriate benchmark year to evaluate FPL's 1990 expenses in the FPSC's rate review. In reviewing the 1990 expenses and comparing them to the 1988 benchmark year, the FPSC determined that FPL's rates and charges were not unfair, unjust or unreasonable on a prospective basis but did not establish 1990 as a new benchmark base year. The FPSC has not subsequently set a different benchmark year.

Q. Do any functions exceed the benchmark?

A. Only two functions exceed the benchmark. Other Production O&M exceeds the benchmark by $ 9 million, and Sales O&M exceeds the benchmark by $1,060,000.

Q. Why does Other Production O&M exceed the benchmark by $ 9 million?

A. The increase in Other Production costs is a result of extraordinary growth of that type of generation from 1988 to 2002 and the movement of equipment from the Steam Production to Other Production function as a result of FPL's repowering of steam units using combined cycle technology. Since 1988, the benchmark year, most of the growth in FPL's power generation system has been in building new combined cycle units, repowering steam units into combined cycle units and installing and operating combustion turbines as simple cycle units. All of these power projects are recorded in the "Other Production" function. In addition, O&M expenses for units now shown in the Other Production function because they have been repowered were in the Steam Production function in 1988. If one were to combine the Steam Production and Other Production functions, thereby reflecting the O&M expenses for all of FPL's non-nuclear generation and eliminating the effects of reclassifying Steam and Other Production functions, FPL would be under the benchmark by $118 million. This is discussed in more detail in FPL witness Mr. Waters' testimony.

Q. Why does Sales O&M exceed the benchmark by $1,060,000?

A. The 2002 Sales O&M contains an error due to a misclassification of $1,030,000 that should have been reported as Customer Service and Information Expense. The remaining $30,000 by which the benchmark for the Sales function is exceeded does not represent a material variance. I should note that, after reclassifying the $1,030,000 of misclassified expense to the Customer Service function, that function is still under the benchmark by $15.6 million.

Q. What has been FPL's recent experience regarding O&M cost trends and what do you expect in the future?

A. Recently, FPL has begun to experience increases in its O&M costs and this trend is expected to continue into the future.

Q. What are the factors by area of operation that have driven and will continue to drive costs upward?

A. There are several factors that have driven, and will continue to drive, costs upward:

- In the nuclear area, the principal cost drivers are activities to maintain reliability and plant performance, to preserve long-term viability, outage reserve accruals, and costs to meet increased regulatory requirements. These drivers resulted in a $35 million increase in 2002 costs over the prior year.
- In the distribution area, the principal cost drivers are vegetation management, streetlight maintenance, reliability projects, system expansion and relocations, workers compensation, restoration initiatives and employee training programs. These drivers resulted in a $13 million increase in 2002 costs over the prior year.
- In the Customer Service area, the principal cost drivers are uncollectible account write-offs, customer contact increases, maintenance agreements,

information technology initiatives and postage increases. These drivers resulted in an $12 million increase in 2002 costs over the prior year.

- In the Administrative & General area, the principal cost drivers are increased Storm Fund accruals, insurance premium increases, growth in medical expenses, post retirement benefits, software maintenance, and additional security costs. These drivers resulted in a $78 million increase in 2002 costs over the prior year. If 2002 is used by this Commission as a test year for revising retail rates, then additional increases of $30 million for insurance costs, that are expected to be incurred in 2003 and to recur in future years, should be included as previously described in my testimony.
- In the Steam and Other Production area, the principal cost drivers are major maintenance work to maintain plant reliability and availability, new plant additions, and workers compensation. These drivers resulted in an increase of $11 million in 2002 costs over the prior year.

Q. Has FPL had an independent examination of its forecasting process?

A. Yes. FPL retained Arthur Andersen, LLP to perform an independent examination of the accuracy, reasonableness and consistency of FPL's assumptions, financial forecasting system, and the results produced by the system. Their examination also included the updates filed on November 9, 2001, a comparison of actual results to the forecasted 2001 June through December period, and an examination of the budget to actual results for the last 4 years. Witness Mr. Bell from Arthur Andersen, LLP, presents the results of this examination.

PROPOSED ADJUSTMENTS TO 2002 FORECAST

Q. Are there any adjustments to FPL's 2002 results that need to be made for the purpose of reviewing FPL's earnings in this proceeding?

A. Yes. The FPSC should consider all of the following adjustments to FPL's 2002 results while reviewing FPL's earnings in this proceeding. However, I believe that certain adjustments should be made regardless of the outcome of this proceeding and, therefore, I have shown the adjustments in two categories. In the first category are adjustments that should be made regardless of the outcome of this proceeding. In the second category are adjustments that should be made only if FPL's rates are adjusted. These two categories and the related adjustments are shown on my Document KMD-6.

Q. Would you describe the adjustments in the first category that need to be made for the purpose of considering regulatory earnings and for all regulatory purposes regardless of whether rates are changed?

A. Yes. There are a number of items in the first category, which I will detail below, that should be adjusted in considering regulatory earnings. They are as follows:

- Dental Expenses. In FPL's last rate case the FPSC did not allow FPL to recover the costs of its employee dental plans in base rates. FPL witness Mr. Peterson provides a full discussion on the need to provide dental benefits to employees. Therefore, it is no longer appropriate for regulatory purposes.
- Charitable Contributions. This is an expense that the FPSC did not allow in FPL's last rate proceeding. FPL has a number of worthwhile charities that it supports and will continue to do so in the future. FPL witness Mr.

Evanson explains the benefits to FPL and its customers as a result of these contributions. The FPSC should allow these costs to be included for all regulatory purposes.

- Overrecoveries. Whenever FPL is in an overrecovery position regarding the Fuel, Capacity, Environmental and Conservation clauses, the FPSC has not allowed FPL to remove the liability from working capital even though FPL already compensates the customer by paying interest on the overrecovery through the cost recovery clause. This is inconsistent with its treatment of underrecoveries where the FPSC requires FPL to remove the asset from working capital. To achieve equity and consistency, the FPSC should allow FPL to remove the overrecovered positions from rate base. If overrecoveries are not removed from rate base, FPL is paying a return on these costs to customers twice, once as a return on rate base in base rates and, a second time through interest expense on the overrecovery at the commercial paper rate through the cost recovery clause. FPL is not allowed to double recover from its customers and, likewise, customers should not be allowed to double recover from FPL.
- Orange Groves. In FPL's last rate proceeding, the FPSC imputed revenues associated with orange grove operations. FPL no longer owns or operates any orange groves; therefore, this adjustment is no longer appropriate.
- Interest Synchronization. Since its last rate case, FPL has been recording approximately $2 million annually as depreciation expense for interest synchronization on investment tax credits. This adjustment to

depreciation expense is to offset any excess revenues resulting from the synchronization of interest on investment tax credits. Many expenses have changed since FPL's last rate case and it no longer makes sense to make this minor adjustment and continue to track it for depreciation study purposes.

Q. Should these adjustments be made even if no change is made to FPL's base rates?

A. Yes. The changes in this first category should be approved for considering regulatory earnings in this proceeding and for all regulatory purposes on an on-going basis. The FPSC's final order should address these adjustments even if rates are not changed.

Q. Would you describe the adjustments in the second category, which should be made only if FPL's rates were to be changed?

A. Yes. While FPL is not requesting a rate increase at this time, and firmly believes that its MFR filing shows that there is no need for a rate reduction, if the FPSC determines that rates should be changed there are certain adjustments in addition to those in the first category that should be made. The second category includes costs that shift between base rates and other recovery mechanisms and adjustments to normalize revenue and expense items that should be considered only if base rates are to be revised.

They are as follows:

- Employee pension and welfare costs associated with employees involved in conservation projects should be recovered through the Conservation Cost Recovery Clause (Conservation Clause). However, in each

Conservation Clause filing, these costs are adjusted out since all pension and welfare costs were included in base rates in our last rate case. These pension and welfare costs associated with employees working on conservation projects should be recovered through the Conservation Clause and, therefore, removed from base rates.

- Currently, FPL is collecting 1.5% gross receipts tax in base rates and collecting an additional 1% gross receipts tax as a pass-through tax by adding it on customers' bills on a separate line. The 1.5% Gross receipts tax currently included in base rates should be removed from base rates and included with the other 1% gross receipts tax as a pass-through tax. This is a tax levied on the consumer pursuant to Section 203.01, Florida Statutes, for the use of electricity and, therefore, should be recovered as a pass-through tax in its entirety.
- Capacity charges and revenues that are currently in base rates should be removed from base rates and included in the Capacity Cost Recovery Clause (Capacity Clause). This net amount of $56.9 million was recovered in 1988 base rates as explained in FPSC Order No. PSC-94-1092-FOF-EI, but it should be transferred from base rates to the Capacity Clause for recovery should base rates be reset.

All of these adjustments provide consistent treatment for recovery of like costs.

Q. Could you please describe the adjustments to normalize costs that are included in this second category?

A. Yes.

- Annualizing of expenses associated with new production plant placed in service in 2002.
- The removal, as non-recurring, of the underrecovered fuel costs included in rate base during the 2001 and 2002 period and recovered over the 24 month period through the Fuel Cost Recovery Clause pursuant to FPSC Order No. PSC-00-2385-FOF-EI.
- The removal of environmental costs included in the 2002 test period during the 3 and 1/2 months January 1 through April 14, 2002 that would normally be recovered through the Environmental Cost Recovery Clause. These costs were included in base rates under the provisions of the Agreement (see page 6 of my Document KMD-5).
- The removal of the estimated refund accrual associated with the Agreement which ends on April 14, 2002.
- The normalization of the increased insurance costs that result from the September 11, 2001 tragedies and are expected to continue in the future.
- The adjustment of the accruals associated with nuclear decommissioning and the related rate base affect per the Commission decision in FPL's Nuclear decommissioning filing, Docket No. 981246-EI, Order No. PSC-02-0055-PAA-EI. This adjustment was previously discussed in my testimony.

- Annualizing the rate base treatment of the Okeelanta Settlement which will be recovered through the capacity and fuel clauses effective January 1, 2002, pursuant to FPSC Order No. PSC-00-1913-PAA-EI.

These adjustments are necessary so that the 2002 results reflect a 'normal' test year for setting future rates.

<u>**2003 ATTRITION CALCULATION (MFR C-59)**</u>

Q. In the course of evaluating the 2002 forecast, did FPL look at changes in revenue requirements in 2003?

A. Yes. MFR C-59, Attrition Allowance included in my Document KMD-1 shows the projected changes in revenues, expenses and rate base funding requirements from 2002 to 2003. Based on those changes, MFR C-59 shows a revenue deficiency of $211 million.

<u>**ACCOUNTING STANDARDS ISSUES**</u>

Q. Are there any other accounting related issues that you would like to discuss?

A. Yes. FPL is concerned with the possible effects of a new accounting pronouncement, Financial Accounting Standards Board Statement No. 143, Accounting for Asset Retirement Obligations (FAS 143) and a proposed pronouncement, Statement Of Position (SOP) on Property, Plant and Equipment which are described in further detail later in my testimony. This concern revolves around the standard of assurance of recoverability of costs being defined as "is likely to occur" by Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation (FAS 71). Additionally, I will describe FPL's accounting related to Financial Accounting Standards Board Statement No. 133/138, Accounting for Derivative Instruments and Hedging Activities (FAS 133). The initial pronouncement was issued as FAS 133 in June of 1998 and was amended in June 1999 under FAS 138. I have combined the two statements in my discussion and will refer to them as FAS 133.

Q. Could you describe this concern?

A. Yes. In order for the proposed accounting treatment on FPL's books to be deemed in accordance with generally accepted accounting principles, FPL must meet the current accounting standards for assurance of recovery of these costs as set forth in paragraph 9 of FAS 71 quoted below (footnotes omitted)

1. Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An enterprise shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:

    a. It is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.

    b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost. If at any time the incurred cost no longer meets the above criteria, that cost shall be charged to earnings.

Q. How does the Financial Accounting Standards Board (FASB) define probable?

A. The FASB currently defines the term "probable" in a footnote to paragraph 9a as "likely to occur." Therefore, if no assurance is provided to the independent public accountants that recovery of amounts resulting from the SOP and FAS 143 is likely, FPL could not continue to meet the standards stated above. Without assurance of recovery, at the date the proposed amendments become effective, FPL will be required to write-off any differences between amounts recorded for ratemaking purposes under current FPSC rules and regulations and amounts recorded as a result of these new pronouncements.

Q. What is FPL requesting from the FPSC?

A. FPL is requesting that the FPSC specifically authorize in its final order that the current methodology for the recovery of costs be continued in FPL's rates despite the changes reflected under the proposed SOP and FAS 143. The current methodology under the SOP and FAS 143 is described in each section.

Q. What is the SOP?

A. The proposed SOP represents accounting guidance on Property, Plant and Equipment (PP&E) issued by the Accounting Standards Executive Committee (AcSEC) of the American Institute of Certified Public Accountants (AICPA).

Q. What is the purpose of this SOP as proposed by the AcSEC?

A. The AcSEC has two purposes for the SOP: 1) to standardize the costs and stages of projects eligible for capitalization as PP&E assets; 2) to standardize the depreciation methodology used by all non-governmental entities for PP&E assets.

Q. What type of impact will this proposal have on utilities?

A. If adopted, this proposal will have a significant impact on utilities in that it: 1) conflicts with current regulatory accounting requirements; 2) will not result in an improvement in practice; and 3) the costs of applying the SOP will outweigh the benefits of its application. The SOP requires a level of detailed record keeping that might be appropriate for a non-asset intensive enterprise but is unworkable for an asset intensive company like FPL.

Q. How does the SOP conflict with current regulatory accounting requirements?

A. The FPSC and the Federal Energy Regulatory Commission (FERC) have established criteria as to what constitutes capital and expense as it relates to PP&E. The SOP is in conflict with those established criteria and would impose a requirement on utilities to maintain multiple "sets of books" with different rules for reporting and ratemaking. In addition, having additional rules would have the impact of increasing the number of regulatory assets that would be required.

Q. When is the proposed implementation of this SOP?

A. The Exposure Draft issued on April 25, 2001 by the AcSEC states that the SOP is effective for financial statements for fiscal years beginning after December 15, 2001 with earlier application encouraged. Since this pronouncement is still an Exposure Draft, this may not be in its final form.

Q. What action should the FPSC take?

A. In its final order in this proceeding, the FPSC should indicate that upon final issuance of the SOP, FPL is authorized to establish a regulatory asset and provide for its recovery under FAS 71. In such order, the FPSC also should specify that

FPL use cradle-to-grave accounting for capitalized overheads for differences created by this proposed SOP and methods utilized in setting rates. For removal costs, the FPSC should continue to allow FPL to recognize these costs as a component of depreciation expense over the life of the asset. In addition, the Commission should specify in its final order that FPL continue to accrue costs for nuclear outages as outlined in Order No. PSC-96-1421-FOF-EI in Docket No. 961164-EI.

Q. What is Financial Accounting Standards Board Statement No. 143, "Accounting for Asset Retirement Obligations" (FAS 143)?

A. The statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement cost. The FASB decided to address the accounting and reporting of asset retirement obligations due to the diverse accounting methods currently practiced, which make it difficult to compare the financial position and results of operation of companies that have similar obligations but account for them differently. The statement was issued on August 16, 2001 and is to be effective for fiscal years beginning after June 15, 2002, or in FPL's case, beginning in 2003.

Q. Please describe the background related to the issuance of FAS 143.

A. The FASB began a project to look at the accounting and reporting of Nuclear Decommissioning Costs in June 1994. The scope of the project was soon expanded to include similar costs associated with other industries and also with other types of assets. An exposure draft was issued in 1996, and the FASB began deliberations in 1997. A second exposure draft was issued in February 2000, and a final vote to issue the FAS 143 was taken on June 2001.

Q. What are the effects of the statement on current accounting practices?

A. This statement will change the following:

- The cost of assets will increase because the asset retirement cost will be added to the carrying amount of the long-lived asset.
- Total liabilities on the balance sheet will increase because retirement obligations will be recognized earlier.
- Expense recognition will be affected due to the accretion expense, the annual increase in the asset retirement obligation based on the discount rate, added to the straight-line depreciation expense compared to the current straight-line method prescribed by the FPSC.

Q. What is the scope of the statement?

A. The statement applies to all entities. A company has to report an asset retirement obligation if it has a legal obligation to retire a tangible long-lived asset that has resulted from the acquisition, construction or development by the company and such retirement is associated with the normal operation of the asset. The asset retirement obligation is recorded because it meets the definition of a liability under FASB Concepts Statement No. 6 in that it is the duty or responsibility of the company, there is little or no discretion to avoid the obligation and the obligating event has taken place. The statement requires that there be an existing legal obligation to retire the asset. This obligation may be due to existing or enacted law, statute, or ordinance, a written or oral contract, or under the legal construction of a contract under the doctrine of promissory estoppel.

Q. What is required if FPL determines that it must record an asset retirement obligation?

A The statement requires that entities having asset retirement obligations record the amounts of the obligations at their fair value, which is the amount for which an informed willing party would agree to assume the obligation. Since such a market generally does not exist for asset retirements, the statement allows the use of a present value technique to determine the estimated fair value. A company may estimate the cash flows required to settle a retirement liability and make the estimates consistent with the information and assumptions that would be used by the marketplace. The cash flows used should incorporate assumptions about inflation, technology advances, profit margins, offsetting cash flows and other factors. Estimates of the asset retirement obligation may be determined under different future scenarios and probabilities of occurrence. The different scenarios in the present value calculation reflect uncertainties about the amount of the obligation, but do not play a part in the company's decision on whether or not to recognize the liability if existence of the obligation is clear. After establishing the future obligation, companies must discount the estimated cash flows at what is called a credit adjusted risk free rate. This would be a rate, such as a U. S. Treasury instrument, adjusted upward to reflect the entity's credit standing. The company would also take into account if a fund were established for the final retirement, as with a Nuclear Decommissioning Fund, which would tend to reduce the discount rate.

Upon the initial recognition of the liability for an asset retirement obligation, an entity shall capitalize an asset retirement cost by increasing the carrying amount of the related long-lived asset by the same amount of the liability. The amount subsequently will be allocated to expense over the useful life of the asset using a systematic and rational method (normally straight-line).

Q. How does this compare to what FPL is currently doing in recording the retirement obligations?

A. FPL has historically recorded the liability for the removal cost of long-lived assets using the two methods approved by the FPSC. The first method, used to record nuclear decommissioning and fossil dismantlement, allocates a flat dollar accrual each month to depreciation expense. The second method utilizes a removal cost percentage as part of the depreciation rate which is applied to the asset balance. This method is consistent with the FPSC's rule on depreciation, Florida Administrative Code Rule 25-6.0436 (1)(E). Under both methods, the amounts are recorded as depreciation expense and the credits are recognized as a contra-asset in the accumulated depreciation reserve.

The FPSC has long recognized that depreciation accounting includes the estimated and undiscounted cash flows related to salvage and removal cost on the retirement of assets and has allocated these costs over the asset's useful life. The depreciation rates approved by the FPSC that are applied to the original cost of the assets include a component for the estimated salvage proceeds and the estimated cost of removal. If the cost of removal exceeds the gross salvage value, a condition referred to as negative net salvage results. When negative net salvage is included in the depreciation rate, an increase in the depreciation rate occurs resulting in a total required accumulated depreciation that would exceed the original cost of the asset.

The difference between the asset retirement obligation accounted for under FAS 143 and current depreciation accounting methods arises within the asset's life due to the timing and classification of the retirement cost liability and the asset and the related expenses. At the end of the life of the asset, both the current method and the liability approach under FAS 143 would yield the same net credit on the balance sheet. In most cases this timing difference would cause the pattern of expense recognition to shift from a flat line as recorded under current depreciation methods.

Q. **How does this statement affect rate regulated companies such as FPL?**

A. FAS 143 applies to rate regulated companies that meet the criteria for application of FASB Statement No. 71, Accounting for the Effect of Certain Types of Regulation. In FAS 71, as previously discussed, if the specific conditions described in paragraphs 9 and 11 are met, a rate regulated company may recognize a regulatory asset or a regulatory liability. Many rate regulated companies currently provide for the cost related to the retirement of certain long-lived assets in their financial statements and recover the cost in the rates charged to their customers. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period cost recognized in accordance with FAS 143 and result in a difference in the timing of the recognition of the cost for financial reporting and rate-making purposes.

Recognition of an additional timing difference may result when the costs related to the retirement of long-lived assets are included in amounts charged customers but liabilities are not recognized in the financial statements. If the requirements of Statement No. 71 are met, a regulated company will recognize a regulatory asset or liability for the difference in the timing of recognition of the period cost associated with the asset retirement obligation for financial reporting pursuant to FAS 143 and for rate making purposes.

Q. What action is FPL undertaking to meet the requirements of this statement?

A. FPL will have to analyze numerous documents and sources to determine if a legal obligation exists which would require the recognition of an asset retirement obligation. Obligations could arise from various sources such as Nuclear Regulatory Commission rules, environmental laws, building codes, regulations or orders, contracts or franchise and right-of-way agreements. After determination that an asset retirement obligation exists, FPL will need to define cash flows, modify accounting systems, unbundle depreciation reserves and rates, write up assets and create regulatory assets or liabilities, change accounting policies and procedures and document these changes for the regulatory agency. In order to meet the requirements of FAS 143, FPL may have to record as regulatory assets or regulatory liabilities the differences between the amount of the nuclear decommissioning and fossil dismantlement accrual included in the accumulated depreciation and the amount calculated under FAS 143. In addition, the amount of gross removal cost included in the depreciation rates may have to be identified and removed from the depreciation expense calculation and from the accumulated depreciation account for all assets and recorded as a regulatory liability.

Q. What action is FPL requesting from the FPSC in regard to the changes that will be required with the implementation of FAS 143?

A. FPL requests that the FPSC recognize the accounting and reporting criteria for application of FAS 143, but authorize the continuation of the current methodology for the recovery of costs associated with the retirement of long-lived assets. The current straight-line recognition for the cost of service and funding requirement of a level amount for nuclear decommissioning and a level cost of service amount for dismantlement of the Fossil Plants, along with the removal cost for Transmission and Distribution, provides intergenerational equity in the rate regulated environment. The FPSC's recognition that future recovery of differences between FAS 143 and the method recoverable in cost of service will establish the necessary criteria for FPL to record a regulatory asset or liability under FAS 71. FPL would also recommend that a workshop be convened to identify the regulatory accounting implications of FAS 143 and appropriate accounting rules necessary to implement the asset retirement obligation and the accounting for the cost of removal.

Q. Does this statement affect expenses other than depreciation?

A. Yes. The net assets of FPL will increase due to the recognition of the asset retirement obligation in the plant in service balances of the related plant and the reclassification of the related accumulated depreciation to a liability account and property taxes will be impacted. The FPSC needs to review the appropriate accounting treatment for recording such amounts, such as intangible assets, and the related amortization periods for these assets. The workshop referenced above will assist the FPSC in this regard.

Q. What are the most significant provisions of FAS 133?

A. FAS 133, which was issued in June 1998 and became effective for FPL January 1, 2001, changed both the definition of and the accounting for derivatives. Once a contract has been determined to meet the definition of a derivative under FAS 133, it must be evaluated to see if it meets one of several exceptions that allow the contract to be "scoped out" of FAS 133 requirements. A derivative that does not meet one of the exceptions must be recorded on the balance sheet at its fair value at each reporting period. Absent regulatory accounting methods (discussed below), the change in the fair value of the derivative is reported in current earnings each period. FAS 133 provides criteria for hedge accounting which, in limited circumstances, can lessen the impact on earnings.

Q. How does FAS 133 define "derivatives?"

A. Generally, FAS 133 defines a "derivative" as any contract that has all of the following three characteristics:

(1) The contract has one or more "underlyings" and one or more "notional amounts" or payment provisions or both. An "underlying" can generally be viewed as a price or index – the aspect of the contract that gives rise to value in the market. The "notional amount" can generally be viewed as the quantity, although there are many additional characteristics that impact whether a contract has a notional amount. For example, a requirements contract may not have a notional amount if the quantity to be taken under the contract is not readily determinable. The underlying

usually interacts with either the notional amount or the payment provision to determine the value of the contract.

(2) The contract requires no, or a relatively small, initial net investment at the inception of the contract. The amount of "initial net investment" in a contract does not include any payments for "time value" (for example time value in an option contract) or any payments for off-market pricing. Almost all contracts to purchase or sell something in the future have "no, or small, initial net investment."

(3) The contract terms require or permit net settlement, the contract can be readily settled by a means outside the contract (such as an exchange or other active trading market) , or the contract provides for delivery of an asset that is readily convertible to cash (this includes most commodities). Under FAS 133, if a contract meets any of the above three methods of "net settlement," it has this characteristic.

Q. What are the scope exceptions that remove a contract from the provisions of FAS 133?

A. The most significant of the exceptions for FPL is the "normal purchases and normal sales" exception (the normal exception). The normal exception has been continuously debated, amended, and interpreted since the issuance of the standard in 1998. Some interpretations of the normal exception relevant to the electric industry were just made available as late as December 28, 2001.

For all contracts (including gas and electricity contracts), a contract is eligible for the normal exception if it meets all of the following requirements:

(1) The contract is for the purchase or sale of something that is not a financial or derivative instrument.

(2) It is probable the item purchased or sold under the contract will be delivered. This requirement has been interpreted by the FASB to mean that the normal exception is not available for any contract with volumetric optionality. Volumetric optionality includes provisions to increase or decrease the quantity to be delivered under the contract by very small amounts to adjust for operational needs. However, because of the non-storable nature of electricity, a special exception has been made for electric capacity contracts that require physical delivery of electricity when the energy is called, so long as the other criteria for the normal exception are met.

(3) The quantity of the contract is expected to be used or sold over a reasonable period in the ordinary course of business.

(4) If the underlying price is an index or otherwise variable, it is "clearly and closely" related to the asset sold or purchased. For example, if the contract is for the purchase or sale of electricity from a gas burning plant, a price tied to a relevant gas index is "clearly and closely" related, but a price tied to an oil index is not "clearly and closely" related.

(5) The contract has been documented as a normal contract. This criterion effectively allows the company to choose to not meet the normal exception. If the company chooses to not meet the normal exception, the contract remains under FAS 133 until that election is made. Once made,

the election to meet the normal exception can not be changed so long as all of the other criteria for the normal exception are met.

Q. What is hedge accounting?

A. Hedge accounting under FAS 133 refers to the provisions included in the standard to allow companies to reduce income volatility from derivatives in certain situations. Hedge accounting, if it is available to the company, is not required under FAS 133, but is an election. The additional requirements to achieve hedge accounting can be very difficult to meet. If a company meets all of the requirements for hedge accounting, and the company chooses to use hedge accounting, the income impact of the changes in fair value can be either partially offset in the income statement or partially deferred in other comprehensive income (a component of stockholders' equity).

Q. How has the implementation of FAS 133 affected FPL?

A. FPL enters into commodity–based derivative financial instruments (primarily swaps, options, and futures) to manage the risk inherent in fluctuating commodity prices. For the most part, these "traditional" derivative contracts were marked-to-market on the balance sheet under the previous accounting rules and continue to be marked-to market under FAS 133. One change is that swap contracts were not marked-to-market under the previous accounting rules, but are marked-to-market under FAS 133.

Q. Does FPL apply hedge accounting to its derivative transactions?

A. FPL has elected not to pursue hedge accounting under FAS 133 because the same results are achieved through the normal operation of the fuel adjustment clause. Specifically, if hedge accounting were applied, the derivative contracts would still be marked-to-market, with the resulting gain or loss being deferred on the balance sheet as part of the ultimate cost of the item being hedged. Prior to settlement of FPL's derivative contracts, unrealized gains and losses are deferred in regulatory asset or liability accounts. Upon settlement, realized gains and losses are included in fuel costs. If there is an underrecovery or overrecovery of fuel costs, including the gains or losses associated with trading activities that might otherwise qualify as hedges, such amount would be deferred thereby achieving the same overall result.

Q. Do any of FPL's fuel supply or power purchase and sale contracts meet the definition of a derivative under FAS 133?

A. FPL has evaluated its fuel supply and power purchase and sale contracts in place as of December 31, 2001, and does not believe any of those contracts require derivative accounting under FAS 133. Certain of those contracts do not meet the definition of a derivative under FAS 133. Those that do meet the definition of a derivative also meet the criteria for the normal exception. FPL will continue to evaluate its commodity contracts on an ongoing basis to determine if any contracts require derivative accounting under FAS 133.

Q. Would you please summarize your testimony?

A. My testimony describes the forecast process used by FPL to generate the MFRs filed in this proceeding, and I present the assumptions by sponsor utilized in the forecast. I have presented FPL's November 9, 2001 filing updating certain MFRs due to the deterioration of the US economy and the economic and other consequences of the September 11, 2001 tragedies and its impact on costs. I have shown that even with these updated costs, FPL is more than $940 million below the FPSC's O&M benchmark. While FPL continues to believe that no change should be made to base rates, there are certain prior FPSC adjustments that are no longer appropriate that FPL is requesting the FPSC approve for all regulatory purposes on a going-forward basis. I have presented additional adjustments related to shifts between base rates and other recovery mechanisms and adjustments to normalize revenue and expense that should be considered by the FPSC in addressing any contention that FPL's rates should be changed and should be made if FPL's rates are reset. Lastly, I describe FPL's accounting under FAS 133, and I request the FPSC to permit FPL to continue current accounting practices and to provide the necessary level of assurance for future recovery of differences between those practices and those under the proposed SOP and FAS 143.

Q. Does this conclude your testimony?

A. Yes.

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-VIA HAND DELIVERY-

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Re: Docket No. 001148-EI

Dear Ms. Bayó:

In compliance with Order No. PSC-01-1535-PCO-EI, Florida Power & Light Company ("FPL") filed MFRs on September 17, October 1 and October 15, 2001. Those MFRs were based upon forecasts that FPL had prepared in June 2001 in order to complete the MFRs by the filing deadlines prescribed by the Commission. As noted in my October 1 and 15 transmittal letters, FPL reevaluated its sales forecast in light of (i) unexpected deterioration over the past few months in the U.S. economy, and (ii) the economic and other consequences of the September 11, 2001, tragedies. FPL adjusted the following MFRs that were filed on October 1 and October 15, to reflect FPL's preliminary revisions to the sales forecast: MFRs B-3, C-2, D-1, E-1, E-3a, E-5a, E-5b, E-6a, E-6b, E-7, E-8a, E-9 and E-16a. It also identified changes to the assumptions on MFR F-17 resulting from the preliminary sales forecast revisions (see Attachment 2 to the October 1 transmittal letter). At the time FPL filed the October 1 and 15 MFRs, FPL was still in the process of quantifying other impacts from the above factors. FPL committed in the transmittal letters to provide the results of its review to the Commission as soon as possible.

I am enclosing for filing in the above docket twenty-one (21) copies of the following MFRs, which have been adjusted based on FPL's review: MFRs A-2, A-9, A-10, A-12a, A-12b, B-3, B-10, C-2, C-59, D-1 and F-17. The adjustments to the enclosed MFRs reflect several factors: (i) the aforementioned revisions to FPL's sale forecast, (ii) impacts on forecasted costs and expenses because the assumptions and inputs used in FPL's forecasts have been affected by the economic deterioration and the September 11 tragedies, (iii) impacts on forecasted costs and expenses because of other significant changes to assumptions and inputs that have come to FPL's attention since the forecasts were prepared in June 2001, and (iv) anticipated changes to FPL's fuel adjustment charges for 2002. While the adjustments made to the enclosed MFRs could affect certain other MFRs, FPL believes that the enclosed MFRs adequately capture and portray the impacts on the 2002 test year

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STEEL HECTOR & DAVIS

of the changes FPL identified in its review. Also enclosed as Attachment 1 is a summary of the impacts on FPL's 2002 O&M expense and capital expenditures budgets.

As before, FPL has not incorporated into the enclosed MFRs any company adjustments to the test-year results because it is not proposing to change rates at this time. The footnotes to the enclosed MFR A-2 identify examples of adjustments that FPL believes could be appropriate if changes to rates were subsequently proposed.

As with the earlier MFR filings, any party in this docket that needs to identify the person(s) responsible for a subject covered by the enclosed MFRs should contact Steve Romig of FPL at 305-552-4519.

Sincerely,

John T. Butler, P.A.

Enclosures
cc: Counsel of record (w/copy of enclosures)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the adjusted MFRs listed above and Attachment 1 were served by hand delivery (*) or mailed this 9th day of November 2001 to the following:

Robert V. Elias, Esq.
Legal Division
Florida Public Service Commission
2540 Shumard Oak Boulevard
Room 370
Tallahassee, FL 32399-0850

Florida Industrial Power Users Group
c/o John McWhirter, Jr., Esq.
McWhirter Reeves
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Tallahassee, Florida 32301

By: ______________
John T. Butler, P.A.

Attachment 1
Summary of 11/09/2001 Adjustments to 2002 Total Company O&M and Capital Forecasts

	2002 O&M ADJUSTMENTS (000)							2002 CAPITAL
Business Unit	**Base**	**ECCR**	**ECRC**	**Fuel Cls ***	**Cap Cls**	**NR-Fuel**	**Total O&M**	**ADJ. (000)**
Nuclear	4,000	-	-	1,560	-	-	5,560	-
Power Generation	1,100	-	-	300	-	-	1,400	26,000
Power Systems	(1,999)	-	-	-	-	-	(1,999)	(78,624)
Customer Service	4,330	-	-	-	-	-	4,330	
Information Management	250	-	-	-	-	-	250	-
Human Resources	10,759	-	-	-	-	-	10,759	6,500
Finance	4,200	-	-	-	-	-	4,200	(29,700)
Total FPL	**22,640**	**-**	**-**	**1,860**	**-**	**-**	**24,500**	**(75,824)**

* Reflects recovery of additional security costs through the fuel clause as filed 11/05/2001 in Docket 010001-EI

Attachment 1
Summary of 11/09/2001 Adjustments to 2002 Total Company Base O&M Forecast

Business Unit (BU)	Base O&M Adjustments	(000)	BU Total
Nuclear	Additional reactor head volumetric inspections and repairs	4,000	
			4,000
Power Generation	Scherer Phase 2 Western Coal Conversion Fire Protection	300	
	Scherer miscalculation of performance fee	800	
			1,100
Power Systems	New service accounts	(1,648)	
	Distribution system expansion	(412)	
	Transmission expansion growth projects	(34)	
	TELECOM Load Projects	(54)	
	Distribution large revenue projects	(26)	
	Non-FPL Transmission Interconnection	(375)	
	Non-FPL Transmission Integration	(50)	
	Security costs	600	
			(1,999)
Customer Service	Uncollectible Accounts Receivable	3,830	
	Postage	500	
			4,330
Information Management	Data security software	250	
			250
Human Resources	FAS 87 and FAS 106, primarily due to changes in discount rate	11,900	
	Additional security personnel at GO, JB, LFO and aviation	600	
	Pay programs	(2,241)	
	Increase related to construction of JB Building E	500	
			10,759
Finance	Increased insurance costs	4,200	
			4,200
Total 2002 Base O&M Adjustments			**22,640**

Attachment 1
Summary of 11/09/2001 Adjustments to 2002 Total Company Capital Forecast

Business Unit (BU)	Capital Adjustments	(000)	BU Total
Power Generation	Sanford Repowering	33,000	
	Scherer Phase 2 Western Coal Conversion	6,000	
	Combustion Turbine - Wear Parts	(6,500)	
	Equipment Replacement / Major Repairs	(5,900)	
	Lab, shop, tools and equipment	(600)	
			26,000
Power Systems	New service accounts	(17,426)	
	Meters	(1,123)	
	Transformers	(9,143)	
	Distribution system expansion	(2,348)	
	Transmission expansion growth projects	(1,587)	
	Reserve Equipment for Distribution Expansion	(1,658)	
	TELECOM Load Projects	(1,930)	
	Distribution large revenue projects	(2,505)	
	Non-FPL Transmission Interconnection	(37,204)	
	Non-FPL Transmssion Integration	(4,980)	
	Security costs	1,280	
			(78,624)
Human Resources	Construction of JB Building E	16,500	
	Reduced scope and estimate for HR computer system project	(10,000)	
			6,500
Finance	Reduced scope and estimate for Financial computer system	(29,700)	
			(29,700)
Total 2002 Capital Adjustments *			**(75,824)**

* The 13 month average for the change in construction expenditures has been reflected in the various MFRs

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. A – 2

SCHEDULE A - 2 (REVISED 11/09/01)

SUMMARY OF RATE CASE

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE A BRIEF SUMMARY OF THE HIGHLIGHTS OF THE CASE, SUPPLEMENTED BY THE FOLLOWING SCHEDULE. DESCRIBE REQUESTED RATE MAKING APPROACHES THAT DIFFER FROM A) THOSE USED IN THE COMPANY'S LAST RATE CASE., AND B) THOSE USED IN RECENT COMMISSION ORDERS. ITEMIZE ISSUES BEING RAISED WHICH HAVE NOT PREVIOUSLY BEEN ADDRESSED INCLUDING NEW RATE DESIGN.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED _____
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

($000 WHERE APPLICABLE)

LINE NO.	ITEM	(2) LAST RATE CASE REQUESTED	(3) LAST RATE CASE AUTHORIZED	(4) CURRENT RATE CASE REQUESTED	(5) DIFFERENCE (4) - (3)	(6) PERCENT CHANGE (5)/(3)

FPL IS FILING MINIMUM FILING REQUIREMENTS (MFRS) PURSUANT TO ORDER NUMBER PSC-01-1535-PCO-EI FPL IS NOT PROPOSING TO ADJUST RATES AT THIS TIME. FPL IS ALSO NOT PROPOSING A RETURN ON EQUITY (ROE) AT THIS TIME.

FPL BELIEVES THAT THE ROE PROJECTED TO BE EARNED FOR 2002, AS REFLECTED IN THIS FILING, IS BELOW THE BOTTOM OF A RANGE THAT WOULD BE REASONABLE IF AN ROE RANGE WERE BEING ESTABLISHED AT THIS TIME. THE "COST RATE" SHOWN FOR COMMON EQUITY ON MFR D-1 IN 2002 REFLECTS AN ESTIMATED EARNED RETURN GIVEN THE REEVALUATION OF THE SALES FORECAST AS REFLECTED IN MFRS B-3 AND C-2. NOTE THAT THE COMMISSION APPROVED A SETTLEMENT AGREEMENT UNDER DOCKET NO. 990067-EI WHICH ESTABLISHED THE AUTHORIZED ROE RANGE OF 10.00% TO 12.00%. FPL AGREED TO THIS ROE RANGE AS PART OF THE OVERALL SETTLEMENT. FPL DID NOT THEN, AND DOES NOT NOW, BELIEVE THAT THE ROE RANGE ESTABLISHED IN THAT SETTLEMENT WAS NECESSARILY REFLECTIVE OF THE CAPITAL MARKETS AT THAT TIME, OR AT THE CURRENT TIME.

FPL ALSO NOTES THAT IT IS NOT PROPOSING ANY COMPANY ADJUSTMENTS AT THIS TIME. HOWEVER, IF CHANGES TO RATES ARE PROPOSED SUBSEQUENT TO THIS FILING, AMONG THE ADJUSTMENTS FPL MIGHT PROPOSE INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:

1. INCLUDE FOR RECOVERY RTO COSTS THAT ARE NOT RECOVERED THROUGH A CLAUSE MECHANISM THESE COSTS ARE CURRENTLY ESTIMATED AT $60 MILLION ON AN ANNUAL BASIS.
2. THE ACCOUNTING STANDARDS EXECUTIVE COMMITTEE OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS HAS ISSUED A PROPOSED STATEMENT OF POSITION (SOP) WHICH WILL RESTRICT A COMPANY'S ABILITY TO CAPITALIZE CERTAIN COSTS FPL ESTIMATES THAT THIS SOP, IF IT WERE EFFECTIVE, WOULD RESULT IN A $129 MILLION INCREASE IN EXPENSES FOR THE YEAR 2002.
3. INCLUDE AN ADDITIONAL $2 MILLION IN O&M AND $16 MILLION IN DEPRECIATION EXPENSES ASSOCIATED WITH THE ANNUALIZATION OF NEW PRODUCTION PLANT PLACED IN SERVICE DURING 2002.
4 INCLUDE $6 MILLION OF COSTS ASSOCIATED WITH THE UNBURNED NUCLEAR FUEL THAT WILL REMAIN IN THE NUCLEAR REACTOR WHEN THE NUCLEAR UNITS ARE REMOVED FROM SERVICE AT THE END OF THEIR USEFUL LIFE.
5 INCLUDE $5 MILLION ASSOCIATED WITH EMPLOYEES' DENTAL INSURANCE
6 INCLUDE EXPENDITURES ON SECURITY MEASURES RESULTING FROM RECENT WORLD EVENTS.

AS NOTED IN THE OCTOBER 1, 2001, MFR TRANSMITTAL LETTER, FPL IS STILL IN THE PROCESS OF REEVALUATING ITS 2002 SALES FORECAST, AND IS ALSO EVALUATING THE ADDITIONAL IMPACT OF THE SEPTEMBER 11 TRAGEDY ON CERTAIN OF OUR COSTS, SUCH AS SECURITY AND INSURANCE.

FPL HAS MADE ADJUSTMENTS TO MFRS A2, A9, A10, A12a, A12b, B3, B10, C2, C59, D1 AND F17 TO REFLECT THE FOLLOWING FACTORS: (i) THE AFOREMENTIONED REVISIONS TO FPL'S SALES FORECAST, (ii) IMPACTS ON FORECASTED COSTS AND EXPENSES BECAUSE THE ASSUMPTIONS AND INPUTS USED IN FPL'S FORECASTS HAVE BEEN AFFECTED BY THE ECONOMIC DETERIORATION AND THE SEPTEMBER 11 TRAGEDIES, (iii) IMPACTS ON FORECASTED COSTS AND EXPENSES BECAUSE OF OTHER SIGNIFICANT CHANGES TO ASSUMPTIONS AND INPUTS THAT HAVE COME TO FPL'S ATTENTION SINCE THE FORECASTS WERE PREPARED IN JUNE, 2001, AND (iv) ANTICIPATED CHANGES TO FPL'S FUEL ADJUSTMENT CHARGES FOR 2002. WHILE THE ADJUSTMENTS MADE TO THESE MFRS COULD AFFECT CERTAIN OTHER MFRS, FPL BELIEVES THAT THE ENCLOSED, UPDATED MFRS ADEQUATELY CAPTURE AND PORTRAY THE IMPACTS ON THE 2002 TEST YEAR OF THE CHANGES FPL IDENTIFIED IN ITS REVIEW. FPL HAS NOT INCORPORATED INTO THESE MFRS ANY COMPANY ADJUSTMENTS THAT FPL BELIEVES COULD BE APPROPRIATE IF CHANGES TO RATES WERE SUBSEQUENTLY PROPOSED

SUPPORTING SCHEDULES: A- 1a, A- 9, A-10, A-12b

RECAP SCHEDULES:

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
Document KMD-1, Page 8 of 41
November 9, 2001 FPL filing explaining changes to the initial forecast

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. A – 9

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE A SUMMARY OF JURISDICTIONAL RATE BASE AS REQUESTED FOR THE TEST YEAR AS COMPARED TO JURISDICTIONAL RATE BASE AS DETERMINED BY THE COMMISSION IN THE PREVIOUS FULL RATE CASE

TYPE OF DATA SHOWN:

___ HISTORIC YEAR:
_X_ PROJECTED TEST YEAR: 12/31/02
___ PRIOR YEAR:
WITNESS: NA

DESCRIPTION	(1) 11/09/01 REVISED JURISDICTIONAL ADJUSTED RATE BASE 12/31/02 ($000)	(2) JURISDICTIONAL ADJUSTED RATE BASE AS DETERMINED BY COMMISSION IN LAST CASE 12/31/85* ($000)	(3) DOLLAR DIFFERENCE (1) - (2) ($000)	(4) PERCENTAGE DIFFERENCE (3) / (2) (%)	(5) COMPOUND ANNUAL GROWTH RATE (%)
PLANT IN SERVICE	$18,901,692	$7,853,377	$11,048,315	140.68%	5.30%
ACCUMULATED DEPRECIATION AND AMORTIZATION	(10,028,613)	(1,974,659)	(8,053,954)	407.87%	10.03%
NET PLANT IN SERVICE	8,873,079	5,878,718	2,994,361	50.94%	2.45%
CONSTRUCTION WORK IN PROGRESS	903,823	0	903,823	n/a	n/a
PLANT HELD FOR FUTURE USE	68,266	38,625	29,641	76.74%	3.41%
NUCLEAR FUEL	0	256,743	(256,743)	(100.00)%	(100.00)%
ACCUMULATED AMORTIZATION OF NUCLEAR FUEL	0	(100,396)	100,396	(100.00)%	(100.00)%
TOTAL NET PLANT	9,845,168	6,073,690	3,771,478	62.10%	2.88%
TOTAL WORKING CAPITAL	63,687	111,611	(47,924)	(42.94)%	(3.25)%
OTHER RATE BASE ADJUSTMENTS	0	0	0	0.00%	0.00%
TOTAL RATE BASE	$9,908,855	$6,185,301	$3,723,554	60.20%	2.81%

NOTE: FPSC ORDER NO. 13948, DOCKET 830465-EI. FPL'S RATES WERE REVIEWED BY THE COMMISSION IN DOCKET 900038-EI, BUT THE COMMISSION DETERMINED IN THAT DOCKET THAT FPL WAS NOT OVEREARNING AND THAT NO RATE CHANGE OR REVENUE REFUND WAS REQUIRED. FPL INTERPRETS THE REFERENCE IN THIS MFR TO THE "PREVIOUS FULL CASE" TO APPLY TO DOCKET 830465-EI.
* FPSC ORDER NO. 13948, DOCKET 830465-EI.
NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.

SUPPORTING SCHEDULES: B-3 RECAP SCHEDULES: A-1a, A-2, A-3

Docket No. 001148-EI
K.M.Davis Exhibit No. ___
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November 9, 2001 FPL filing explaining changes to the initial forecast

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. A – 10

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE A SUMMARY OF JURISDICTIONAL NET OPERATING INCOME REQUESTED FOR THE TEST YEAR AS COMPARED TO JURISDICTIONAL NET OPERATING INCOME AS DETERMINED BY THE COMMISSION IN THE PREVIOUS FULL RATE CASE.

TYPE OF DATA SHOWN:

___HISTORIC YEAR:
_X_PROJECTED TEST YEAR: 12/31/02
___PRIOR YEAR:
WITNESS: NA

NET OPERATING INCOME COMPONENT	(1) JURISDICTIONAL ADJUSTED NET OPERATING INCOME 12 MONTHS ENDED 12/31/02 AS FILED ON 10/15/01 ($000)	(1a) 11/09/01 REVISION	(1b) 11/09/01 REVISED JURISDICTIONAL ADJUSTED NET OPERATING INCOME 12 MONTHS ENDED 12/31/02 ($000)	(2) JURISDICTIONAL ADJUSTED NET OPERATING INCOME AS DETERMINED BY COMMISSION IN LAST CASE 12 MONTHS ENDED 12/31/85* ($000)	(3) DOLLAR DIFFERENCE (1b) - (2) ($000)	(4) PERCENTAGE DIFFERENCE (3) / (2) (%)	(5) COMPOUND ANNUAL GROWTH RATE (%)
OPERATING REVENUES	$3,649,342	0	$3,649,342	$1,974,997	$1,674,345	84.78	3.68%
OPERATING AND MAINTENANCE EXPENSE:							
FUEL AND INTERCHANGE (NON-RECOVERABLE)	10,266	0	10,266	46,605	(36,339)	(77.97)	(8.51)%
PURCHASED POWER (NON-RECOVERABLE)	62,888	0	62,888	0	62,888	n/a	n/a
OTHER	1,123,230	22,560	1,145,790	734,258	411,532	56.05	2.65%
TOTAL OPERATION & MAINTENANCE EXPENSE	1,196,384	22,560	1,218,944	780,863	438,081	56.10	2.65%
DEPRECIATION AND AMORTIZATION	802,872	(1,194)	801,678	275,342	526,336	191.16	6.49%
DECOMMISSIONING AND DISMANTLEMENT	99,794	0	99,794	18,822	80,972	430.20	10.31%
TAXES OTHER THAN INCOME TAXES	273,168	0	273,168	114,000	159,168	139.62	5.28%
INCOME TAXES	392,725	(8,510)	384,215	254,536	129,679	50.95	2.45%
GAIN(LOSS)ON DISPOSITION OF UTILITY PLANT	(1,474)	0	(1,474)	(6,927)	5,453	(78.72)	(8.70)%
TOTAL OPERATING EXPENSES	2,763,469	12,856	2,776,325	1,436,636	1,339,689	93.25	3.95%
OPERATING INCOME	$885,873	(12,856)	873,016	$538,361	$334,655	62.16%	2.88%

NOTE: FPSC ORDER NO. 13948, DOCKET 830465-EI. FPL'S RATES WERE REVIEWED BY THE COMMISSION IN DOCKET 900038-EI, BUT THE COMMISSION DETERMINED IN THAT DOCKET THAT FPL WAS NOT OVEREARNING AND THAT NO RATE CHANGE OR REVENUE REFUND WAS REQUIRED. FPL INTERPRETS THE REFERENCE IN THIS MFR TO THE "PREVIOUS FULL RATE CASE" TO APPLY TO DOCKET 830465-EI.

* FPSC ORDER NO. 13948, DOCKET 830465-EI.

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.

NOTE: THE ABOVE 2002 NET OPERATING INCOME REFLECTS THE REEVALUATION OF THE SALES FORECAST, AS EXPLAINED ON MFR C-2.

SUPPORTING SCHEDULES: C-2 RECAP SCHEDULES: A-1a, A-2, A-3

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. A – 12a

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE A SUMMARY OF JURISDICTIONAL CAPITAL STRUCTURE AS REQUESTED FOR THE TEST YEAR AS COMPARED TO THE JURISDICTONAL CAPITAL STRUCTURE AS DETERMINED BY THE COMMISSION IN THE PREVIOUS RATE CASE.

TYPE OF DATA SHOWN:

___ HISTORIC YEAR:
X PROJECTED TEST YEAR: 12/31/02
___ PRIOR YEAR:
WITNESS: NA

LINE NO.	CAPITAL STRUCTURE ITEM	(1) 11/09/01 REVISED JURISDICTIONAL ADJUSTED CAPITAL STRUCTURE IN CURRENT CASE 12/31/02 ($000)	(2) JURISDICTIONAL ADJUSTED CAPITAL STRUCTURE AS DETERMINED BY COMMISSION IN LAST CASE 12/31/85* ($000)	(3) DOLLAR DIFFERENCE (1) - (2) ($000)	(4) PERCENTAGE DIFFERENCE (3) / (2) (%)
1	LONG TERM DEBT	$2,808,533	$2,207,159	$601,374	27.25%
3	SHORT TERM DEBT	52,463	45,302	7,161	15.81%
5	PREFERRED STOCK	227,170	451,126	(223,956)	(49.64)%
7	CUSTOMER DEPOSITS	268,464	126,735	141,729	111.83%
9	COMMON EQUITY	5,505,315	1,983,784	3,521,531	177.52%
11	DEFERRED TAX CREDITS - ZERO COST	0	5,455	(5,455)	(100.00)%
13	DEFERRED TAX CREDITS - WEIGHTED COST	130,531	416,767	(286,236)	(68.68)%
15	DEFERRED INCOME TAXES - ZERO COST	916,379	948,973	(32,594)	(3.43)%
17	OTHER (EXPLAIN)	0	0	0	0.00%
19	TOTAL RATE BASE	$9,908,855	$6,185,301	$3,723,554	60.20%

* FPSC ORDER NO. 13948.

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.

SUPPORTING SCHEDULES: D-1 RECAP SCHEDULES:

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
Document KMD-1, Page 14 of 41
November 9, 2001 FPL filing explaining changes to the initial forecast

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. A – 12b

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE A SUMMARY OF JURISDICTIONAL CAPITAL COST RATES AS REQUESTED FOR THE TEST YEAR AS COMPARED TO JURISDICTIONAL CAPITAL COST RATES AS DETERMINED BY THE COMMISSION IN THE PREVIOUS RATE CASE.
[FPL IS NOT REQUESTING A CHANGE IN RATES AT THIS TIME AND THEREFORE, IS NOT REQUESTING A ROE. THE ROE SHOWN IN THIS MFR REFLECTS THE COMPANY'S PROJECTED ACHIEVED RETURN FOR 2002.]

TYPE OF DATA SHOWN.

___ HISTORIC YEAR:
X PROJECTED TEST YEAR ENDED: 12/31/02
___ PRIOR YEAR:
WITNESS: NA

CAPITAL STRUCTURE ITEM	(1) JURISDICTIONAL COST RATES IN CURRENT CASE 12/31/02 AS FILED ON 10/15/01 (%)	(1a) 11/09/01 REVISED JURISDICTIONAL COST RATES IN CURRENT CASE 12/31/02 (%)	(2) JURISDICTIONAL COST RATES PER LAST RATE CASE 12/31/85* (%)	(3) DIFFERENCE (1a) - (2) (%)	(4) PERCENTAGE DIFFERENCE (3) / (2) (%)
LONG TERM DEBT	6.25%	6.25%	10.64%	(4.39)%	(41.27)%
SHORT TERM DEBT	4.20%	4.20%	10.59%	(6.39)%	(60.31)%
PREFERRED STOCK	6.59%	6.59%	9 20%	(2.61)%	(28.34)%
CUSTOMER DEPOSITS	6 02%	6.02%	7.27%	(1.25)%	(17.25)%
COMMON EQUITY (NOTE)	12.12%	11.83%	15.60%	(3.77)%	(24.17)%
DEFERRED TAX CREDITS - ZERO COST	0.00%	0.00%	0.00%	0.00%	0 00%
DEFERRED TAX CREDITS - WEIGHTED COST (A)	10.04%	9.86%	10.40%	(0.54)%	(5 19)%
DEFERRED INCOME TAXES - ZERO COST	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER (EXPLAIN)	0 00%	0.00%	0.00%	0 00%	0.00%
TOTAL CAPITAL	8.97%	8.81%	10.40%	(1.59)%	(15 29)%

NOTE: THE COMMISSION APPROVED A SETTLEMENT AGREEMENT UNDER DOCKET NO. 990067-EI WHICH ESTABLISHED THE AUTHORIZED RETURN ON EQUITY (ROE) RANGE OF 10.00% TO 12.00%. FPL AGREED TO THIS ROE AS PART OF THE OVERALL SETTLEMENT. FPL DID NOT THEN, AND DOES NOT NOW, BELIEVE THAT THE AGREED RETURN ON EQUITY WAS NECESSARILY REFLECTIVE OF THE CAPITAL MARKETS AT THAT TIME, OR AT THE CURRENT TIME. FPL BELIEVES THAT THE RETURN ON EQUITY PROJECTED TO BE EARNED FOR 2002, AS REFLECTED ABOVE, IS BELOW THE BOTTOM OF A RANGE THAT WOULD BE REASONABLE IF AN ROE RANGE WERE BEING ESTABLISHED AT THIS TIME. THE ABOVE 2002 COMMON EQUITY COST REFLECTS AN ESTIMATED EARNED RETURN GIVEN THE REEVALUATION OF THE SALES FORECAST, AND THE IMPACT OF THE SEPTEMBER 11, 2001 TRAGEDIES AND OTHER CHANGES AS NOTED ON MFR A-2 (ALSO SEE MFR'S B-3 and C-2), BUT DOES NOT REFLECT OTHER APPROPRIATE ADJUSTMENTS THAT FPL FEELS SHOULD BE MADE IF RATES ARE CHANGED INCLUDING, BUT NOT LIMITED TO, THOSE IDENTIFIED IN MFR A-2. PRELIMINARY ANALYSES INDICATE THAT INCLUSION OF THE ABOVE ADJUSTMENTS FPL HAS BEEN ABLE TO QUANTIFY TO DATE WOULD REDUCE PROJECTED EARNED ROE TO LESS THAN 10% IN 2002, WHICH WOULD BE FURTHER REDUCED IN 2003. PLEASE NOTE THAT REFLECTING ALL OF THESE ADJUSTMENTS IN THE ATTRITION ALLOWANCE CALCULATION WOULD SUBSTANTIALLY INCREASE THE REVENUE DEFICIENCY SHOWN ON MFR C-59.

* FPSC ORDER NO. 13948, DOCKET 830465-EI.

NOTES: (A) PER COMMISSION ORDER NO. 16527, DEFERRED ITC COST IS CALCULATED IN THE CURRENT CASE AT THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY. IN THE LAST CASE IT WAS CALCULATED AT THE TOTAL WEIGHTED AVERAGE COST OF CAPITAL.

TOTALS MAY NOT ADD DUE TO ROUNDING.

SUPPORTING SCHEDULES: D-1 RECAP SCHEDULES: A-1a, A-2, A-3

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
Document KMD-1, Page 16 of 41
November 9, 2001 FPL filing explaining changes to the initial forecast

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. B – 3

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY. FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE A SCHEDULE OF 13-MONTH AVERAGE RATE BASE AS ADJUSTED FOR THE TEST YEAR, AND THE PRIOR YEAR IF THE TEST YEAR IS PROJECTED. PROVIDE DETAIL OF ALL ADJUSTMENTS ON SCHEDULE B-4.

[FPL NOTES THAT PROPOSED ADJUSTMENTS INCLUDE ALL ADJUSTMENTS ORDERED BY THE COMMISSION IN THE LAST RATE CASE AND DO NOT NECESSARILY REPRESENT ADJUSTMENTS FPL BELIEVES ARE APPROPRIATE]

TYPE OF DATA SHOWN

___ HISTORIC YEAR:
X PROJECTED TEST YEAR: 12/31/02
___ PRIOR YEAR:
WITNESS: NA

LINE NO	DESCRIPTION	(1) TOTAL COMPANY PER BOOKS ($000)	(2) NON-ELECTRIC UTILITY ($000)	(3) TOTAL ELECTRIC (1) - (2) ($000)	(4) COMMISSION ADJUSTMENTS (SCHED B-4) ($000)	(5) ADJUSTED PER COMMISSION (3) + (4) ($000)	(6) COMPANY ADJUSTMENTS (SCHED B-4) ($000)	(7) ADJUSTED PER COMPANY & COMMISSION (5) + (6) ($000)	(8) JURISDICTIONAL SEPARATION FACTOR	(9) JURISDICTIONAL UTILITY ADJ PER COMPANY & COMMISSION (7) X (8) ($000)	(10) JURISDICTIONAL CHANGE IN SALES FORECAST AS FILED ON 10/01/01 ($000)	(11) ADJUSTED FOR CHANGE IN SALES FORECAST AS FILED ON 10/01/01 ($000)	(12) 11/09/01 REVISION ($000)	(13) 11/09/01 REVISED TOTAL ($000)
1														
2	PLANT IN SERVICE	19,222,386	0	19,222,386	(190,428)	19,031,958	0	19,031,958	0.994591	18,929,013	0	18,929,013	(27,321)	18,901,692
3														
4	ACCUMULATED PROVISION FOR													
5	DEPRECIATION AND AMORTIZATION	(11,939,334)	0	(11,939,334)	1,849,722	(10,089,611)	0	(10,089,611)	0.993991	(10,028,982)	0	(10,028,982)	369	(10,028,613)
6														
7	NET PLANT IN SERVICE (LINE 2 + LINE 5)	7,283,053	0	7,283,053	1,659,294	8,942,347	0	8,942,347	0.995268	8,900,031	0	8,900,031	(26,952)	8,873,079
8														
9	CONSTRUCTION WORK IN PROGRESS	912,691	0	912,691	0	912,691	0	912,691	0.990284	903,823	0	903,823	0	903,823
10														
11	PLANT HELD FOR FUTURE USE	68,611	0	68,611	0	68,611	0	68,611	0.994966	68,266	0	68,266	0	68,266
12														
13	NUCLEAR FUEL	131,918	0	131,918	(131,918)	0	0	0	0.000000	0	0	0	0	0
14														
15	ACCUMULATED AMORTIZATION OF													
16	NUCLEAR FUEL ASSEMBLIES	0	0	0	0	0	0	0	0.000000	0	0	0	0	0
17														
18	NET UTILITY PLANT (LINE 7 + LINE 9 + LINE 11													
19	+ LINE 13 + LINE 16)	8,396,272	0	8,396,272	1,527,376	9,923,649	0	9,923,649	0.994807	9,872,120	0	9,872,120	(26,952)	9,845,168
20														
21	WORKING CAPITAL ALLOWANCE	(118,356)	0	(118,356)	123,615	5,259	0	5,259	0.332761	1,750	0	1,750	61,937	63,687
22														
23	OTHER RATE BASE	0	0	0	0	0	0	0	0.000000	0	0	0	0	0
24														
25	TOTAL RATE BASE (LINE 19 + LINE 21 + LINE 23)	8,277,916	0	8,277,916	1,650,991	9,928,908	0	9,928,908	0.994457	9,873,870	0	9,873,870	34,985	9,908,855
26														
27														
28	NET OPERATING INCOME	958,983	0	958,983	(6,761)	952,223	0	952,223	0.993542	946,073	(60,200)	885,873	(12,856)	873,016
29														
30														
31	RATE OF RETURN (LINE 28 / LINE 25) * 100	11.58		11 58				9.59		9.58		8.97		8.81
32														
33														

34 NOTE: FPL IS NOT PROPOSING TO CHANGE RATES AT THIS TIME AND, THEREFORE, IS NOT PROPOSING ANY COMPANY ADJUSTMENTS. HOWEVER, IF CHANGES TO RATES ARE PROPOSED SUBSEQUENT TO THIS FILING, AMONG
35 THE ADJUSTMENTS FPL MIGHT PROPOSE INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:
36 - THE ACCOUNTING STANDARDS EXECUTIVE COMMITTEE OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS HAS ISSUED A PROPOSED STATEMENT OF POSITION (SOP) WHICH WILL RESTRICT A COMPANY'S
37 ABILITY TO CAPITALIZE CERTAIN COSTS. FPL ESTIMATES THAT THIS SOP, IF IT WERE EFFECTIVE, WOULD RESULT IN A $129 MILLION INCREASE IN EXPENSES FOR THE YEAR 2002
38 - INCLUDE AN ADDITIONAL $2 MILLION IN O&M AND $16 MILLION IN DEPRECIATION EXPENSES, ASSOCIATED WITH THE ANNUALIZATION OF NEW PRODUCTION PLANT PLACED IN SERVICE DURING 2002.
39 - INCLUDE $6 MILLION OF COSTS ASSOCIATED WITH THE UNBURNED NUCLEAR FUEL THAT WILL REMAIN IN THE NUCLEAR REACTOR WHEN THE NUCLEAR UNITS ARE REMOVED FROM SERVICE AT THE END OF THEIR USEFUL
40 LIFE.
41 - INCLUDE $5 MILLION ASSOCIATED WITH EMPLOYEE'S DENTAL INSURANCE.
42 - INCLUDE ADDITIONAL EXPENDITURES FOR SECURITY MEASURES RESULTING FROM RECENT WORLD EVENTS.
43
44 NOTE: COLUMN 10 REFLECTS THE IMPACT OF A REEVALUATION OF FPL'S SALES FORECAST, WHICH WAS MADE SUBSEQUENT TO THE 9/17/01 FILING. THIS WAS DONE AS A RESULT OF THE DETERIORATION IN
45 THE ECONOMY WHICH HAS TAKEN PLACE SINCE THE ORIGINAL FORECAST WAS MADE. IT WAS NOT FEASIBLE TO REVISE ALL AFFECTED MFRS PRIOR TO THE 10/01/01 FILING. THEREFORE, FPL HAS ADJUSTED ONLY
46 SUMMARY-LEVEL MFRS (B-3, C-2 AND D-1). COLUMN 12 REFLECTS THE IMPACT OF THE SEPTEMBER 11, 2001 TRAGEDIES AND OTHER CHANGES AS NOTED ON MFR A-2.
47
48 NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
49
50 SUPPORTING SCHEDULES: B-4, B-7, D-12a

RECAP SCHEDULES. A-9

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. B – 10

SCHEDULE B - 10 (REVISED 11/09/01)

CAPITAL ADDITIONS AND RETIREMENTS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: ITEMIZE MAJOR CAPITAL ADDITIONS GREATER THAN $10 MILLION TO AND RETIREMENTS FROM ELECTRIC PLANT IN SERVICE FOR THE MOST RECENT CALENDAR YEAR, THE TEST YEAR MINUS ONE, THE TEST YEAR AND THE YEAR PLUS ONE.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED _____
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

LINE NO.	DESCRIPTION OF ADDITIONS OR (RETIREMENTS)	TEST YEAR MINUS ONE YEAR 2001 ($000)	TEST YEAR - 2002 ($000)	TEST YEAR - 2002 11/09/01 ADJ. ($000)	TEST YEAR - 2002 ADJUSTED ($000)	TEST YEAR PLUS ONE YEAR - 2003 ($000)	TEST YEAR PLUS ONE YEAR - 2003 11/09/01 ADJ. ($000)	TEST YEAR PLUS ONE YEAR - 2003 ADJUSTED ($000)	CALENDAR YEAR 2000
1	Martin Peaking Combustion Turbines	91,514							See separate B-10 schedule for
2	Ft. Myers Repowering - Combustion Turbine "D"	34,248							Historic year ended 12/31/2000.
3	Ft. Myers Repowering - Combustion Turbine "E"	34,269							
4	Ft. Myers Repowering - Combustion Turbine "F"	32,663							
5	Ft. Myers Repowering - Combined Cycle HRSG Plant		199,990		199,990				
6	Ft. Myers Repowering - Peaking Combustion Turbines					117,225		117,225	
7	Sanford Repowering - Combined Cycle Unit #4		285,528	18,546	304,074				
8	Sanford Repowering - Combined Cycle Unit #5		259,369	12,532	271,901				
9	Sanford Repowering - Transmission Interconnection		24,562		24,562				
10	Brevard - Malabar 230 KV Project		18,002		18,002				
11	Ft. Myers Repowering - Peaking Transmission Interconnect					15,271		15,271	
12	Broward - Corbett - Yamato Transmission Line/Sub					10,085		10,085	
13	HR System Project					37,000	(10,000)	27,000	
14	CSC Visioning Procurement Project	10,655							
15	Juno Office Building						25,500	25,500	
16	TOTAL MAJOR ADDITIONS	203,349	787,451	31,078	818,529	179,581	15,500	195,081	
17									
18	MINOR ADDITIONS	754,859 **	892,311 **	(55,881) **	836,430 **	1,048,904 **	(83,820) **	965,084 **	
19									
20	TOTAL ADDITIONS	958,208	1,679,762	(24,803)	1,654,959	1,228,485	(68,320)	1,160,165	
21									
22	Ft..Myers Steam Units	(43,363)							
23	Sanford Steam Unit 4		(38,356)		(38,356)			-	
24	Sanford Steam Unit 5	(33,617)			-			-	
25	TOTAL MAJOR RETIREMENTS	(76,980)	(38,356)	-	(38,356)	-	-	-	
26									
27	MINOR RETIREMENTS	(244,357) **	(196,649) **		(196,649) **	(271,123) **		(271,123) **	
28									
29	TOTAL RETIREMENTS	(321,337)	(235,005)	-	(235,005)	(271,123)	-	(271,123)	
30									
31	TOTAL NET ADDITIONS	636,871	1,444,757	(24,803)	1,419,954	957,362	(68,320)	889,042	

** Denotes items that individually are less than $10 million, however in aggregate are in excess of $10 million.

SUPPORTING SCHEDULES:

RECAP SCHEDULES: B-8a, B-8b

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. C – 2

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY. FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION. PROVIDE THE CALCULATION OF JURISDICTIONAL NET OPERATING INCOME FOR THE TEST YEAR AND THE PRIOR YEAR

[FPL NOTES THAT PROPOSED ADJUSTMENTS INCLUDE ALL ADJUSTMENTS ORDERED BY THE COMMISSION IN THE LAST RATE CASE AND DO NOT NECESSARILY REPRESENT ADJUSTMENTS FPL BELIEVES ARE APPROPRIATE]

TYPE OF DATA SHOWN:

___ HISTORIC YEAR
X PROJECTED TEST YEAR· 12/31/02
___ PRIOR YEAR
WITNESS: NA

LINE NO.	DESCRIPTION	(1) TOTAL COMPANY PER BOOKS ($000)	(2) NON-ELECTRIC UTILITY ($000)	(3) TOTAL ELECTRIC (1) - (2) ($000)	(4) JURIS-DICTIONAL SEPARATION FACTOR	(5) JURIS-DICTIONAL AMOUNT ($000)	(6) JURISDICTIONAL COMMISSION ADJUSTMENTS ($000)	(7) JURISDICTIONAL CHANGE IN SALES FORECAST AS FILED ON 10/01/01 ($000)	(8) ADJUSTED JURISDICTIONAL AMOUNT AS FILED ON 10/01/01 ($000)	(9) 11/09/01 REVISIONS ($000)	(10) 11/09/01 REVISED JURISDICTIONAL AMOUNT ($000)
1	OPERATING REVENUES										
2											
3	SALES OF ELECTRICITY	7,436,827	0	7,436,827	0 992844	7,383,612	(3,751,722)	(99,700)	3,532,190	0	3,532,190
4	OTHER OPERATING REVENUES	142,226	0	142,226	0 983022	139,812	(22,660)	0	117,152	0	117,152
5											
6	TOTAL OPERATING REVENUES	7,579,053	0	7,579,053	0 992660	7,523,424	(3,774,382)	(99,700)	3,649,342	0	3,649,342
7											
8	OPERATING EXPENSES										
9											
10	OPERATION AND MAINTENANCE										
11	FUEL	2,275,421	0	2,275,421	0 988099	2,248,341	(2,238,075)	0	10,266	0	10,266
12	PURCHASED POWER	1,023,145	0	1,023,145	0 987459	1,010,314	(947,426)	0	62,888	0	62,888
13	OTHER	1,210,795	0	1,210,795	0 992854	1,202,143	(78,787)	(126)	1,123,230	22,560	1,145,790
14	DEPRECIATION, AMORTIZATION	826,450	0	826,450	0.994758	822,117	(19,245)	0	802,872	(1,194)	801,678
15	DECOMMISSIONING	100,225	0	100,225	0 995703	99,794	0	0	99,794	0	99,794
16	AMORTIZATION OF PROPERTY LOSSES	44,500	0	44,500	0.987459	43,942	(43,942)	0	0	0	0
17	TAXES OTHER THAN INCOME TAXES	703,035	0	703,035	0.998427	701,929	(427,194)	(1,567)	273,168	0	273,168
18	CURRENT INCOME TAXES										
19	FEDERAL	473,253	0	473,253	1.000270	473,380	(36,518)	(32,416)	404,446	(7,297)	397,149
20	STATE	76,790	0	76,790	1 000270	76,811	(6,073)	(5,390)	65,348	(1,213)	64,135
21	DEFERRED INCOME TAXES - NET										
22	FEDERAL	(92,926)	0	(92,926)	0 999957	(92,922)	30,607	0	(62,315)	0	(62,315)
23	STATE	0	0	0	0.000000	0	5,090	0	5,090	0	5,090
24	CHARGE EQUIVALENT TO INVESTMENT TAX CREDIT	0	0	0	0.000000	0	0	0	0	0	0
25	AMORTIZATION OF INVESTMENT TAX CREDIT	(19,952)	0	(19,952)	0.994591	(19,844)	0	0	(19,844)	0	(19,844)
26	GAIN (LOSS) ON DISPOSITION OF UTILITY PLANT	(666)	0	(666)	0 989376	(659)	(815)	0	(1,474)	0	(1,474)
27											
28	TOTAL OPERATING EXPENSES	6,620,070	0	6,620,070	0 991734	6,565,346	(3,762,377)	(39,500)	2,763,469	12,856	2,776,325
29											
30	NET OPERATING INCOME	958,983	0	958,983	0.999056	958,077	(12,005)	(60,200)	885,873	(12,856)	873,016
31											
32											
33											

NOTE: FPL IS NOT PROPOSING TO CHANGE RATES AT THIS TIME AND, THEREFORE, IS NOT PROPOSING ANY COMPANY ADJUSTMENTS HOWEVER, IF CHANGES TO RATES ARE PROPOSED SUBSEQUENT TO THIS FILING, AMONG THE ADJUSTMENTS FPL MIGHT PROPOSE INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING

- THE ACCOUNTING STANDARDS EXECUTIVE COMMITTEE OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS HAS ISSUED A PROPOSED STATEMENT OF POSITION (SOP) WHICH WILL RESTRICT A COMPANY'S ABILITY TO CAPITALIZE CERTAIN COSTS FPL ESTIMATES THAT THIS SOP, IF IT WERE EFFECTIVE, WOULD RESULT IN A $129 MILLION INCREASE IN EXPENSES FOR THE YEAR 2002
- INCLUDE AN ADDITIONAL $2 MILLION IN O&M AND $16 MILLION IN DEPRECIATION EXPENSES, ASSOCIATED WITH THE ANNUALIZATION OF NEW PRODUCTION PLANT PLACED IN SERVICE DURING 2002
- INCLUDE $6 MILLION OF COSTS ASSOCIATED WITH THE UNBURNED NUCLEAR FUEL THAT WILL REMAIN IN THE NUCLEAR REACTOR WHEN THE NUCLEAR UNITS ARE REMOVED FROM SERVICE AT THE END OF THEIR USEFUL LIFE
- INCLUDE $5 MILLION ASSOCIATED WITH EMPLOYEE'S DENTAL INSURANCE.
- INCLUDE ADDITIONAL EXPENDITURES FOR SECURITY MEASURES RESULTING FROM RECENT WORLD EVENTS.

NOTE: COLUMN 7 REFLECTS THE IMPACT OF A REEVALUATION OF FPL'S SALES FORECAST WHICH WAS MADE SUBSEQUENT TO THE 9/17/01 MFR FILING. THIS WAS DONE AS A RESULT OF THE DETERIORATION IN THE ECONOMY WHICH HAS TAKEN PLACE SINCE THE ORIGINAL FORECAST WAS MADE IT WAS NOT FEASIBLE TO REVISE ALL AFFECTED MFRS PRIOR TO THE 10/01/01 FILING. THEREFORE, FPL HAS ADJUSTED ONLY 3 SUMMARY-LEVEL MFRS (B-3, C-2 AND D-1) COLUMN 9 REFLECTS THE IMPACT OF THE SEPTEMBER 11, 2001 TRAGEDIES AND OTHER CHANGES AS NOTED ON MFR A-2.

NOTE. TOTALS MAY NOT ADD DUE TO ROUNDING.

SUPPORTING SCHEDULES· C-3, C-9 RECAP SCHEDULES A-10, C-1

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. C – 59

SCHEDULE C - 59 (REVISED 11/09/01) ATTRITION ALLOWANCE

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: IF ANY ATTRITION ALLOWANCE IS REQUESTED, PROVIDE DETAILED SUPPORTING CALCULATIONS FOR:
1) THE ATTRITION EXPECTED FROM THE TEST YEAR TO THE NEXT YEAR, AND
2) THE ACTUAL ATTRITION FROM THE PRIOR 3 YEARS TO THE TEST YEAR.
EXPLAIN ANY DIFFERENCES. SUBMIT SCHEDULES ____________ FOR THE YEAR FOLLOWING THE TEST YEAR.

TYPE OF DATA SHOWN:
___HISTORIC TEST YEAR ENDED _____
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

FPL IS NOT REQUESTING AN ATTRITION ALLOWANCE AT THIS TIME SINCE IT IS NOT CURRENTLY REQUESTING ANY ADJUSTMENT IN RATES. HOWEVER, FPL ANTICIPATES AN INCREASE IN 2003 REVENUE REQUIREMENTS WHICH WOULD SUPPORT THE APPLICATION OF AN ATTRITION ADJUSTMENT. FOLLOWING IS AN ESTIMATE OF THE INCREMENTAL REVENUE REQUIREMENTS FOR 2003.

IN ADDITION, PLEASE NOTE THAT FPL HAS REEVALUATED ITS SALES FORECAST SUBSEQUENT TO ITS SEPTEMBER 17, 2001 FILING, THE RESULTS OF WHICH AFFECT THIS AND OTHER MFRS. (FPL WOULD NORMALLY HAVE PREPARED ITS 2002 AND 2003 SALES FORECASTS IN OCTOBER, 2001, IN ORDER TO PROVIDE THE MOST ACCURATE FORECAST POSSIBLE. DUE TO THE FPSC'S MFR FILING SCHEDULE, HOWEVER, THE FORECASTS WERE ACCELERATED AND PRODUCED IN MAY, 2001. CHANGES IN THE ECONOMY SINCE THAT TIME HAVE NECESSITATED THE REEVALUATION OF THE FORECAST.) ADDITIONALLY, FPL HAS INCLUDED THE IMPACT OF THE SEPTEMBER 11, 2001 TRAGEDIES AND OTHER CHANGES AS NOTED ON MFR A-2. IN ORDER TO COMPLY WITH THE COMMISSION'S TIMETABLE FOR FILING, FPL HAS MADE ADJUSTMENTS TO THIS MFR AND MFRS A-2, A-9, A-10, A-12a, A-12b, B-3, B-10, C-2, D-1 and F-17.

Florida Power & Light Company
Estimated 2003 Incremental Revenue Requirement
($ millions)

	As filed on 10/01/01	11/09/01 Revisions	11/09/01 Revised Total
Base O & M Increase	82	38	120
Depreciation			
Generation	29 [1]	0	29
Distribution	16	(1)	15
Transm. & General Plant	13	(3)	10
Total	58	(4)	54
Rate Base Additions			
Generation	(1)	0	(1)
Distribution	40	(3)	37
Transmission	22	(7)	15
General Plant	7	0	7
Total	68	(10)	58
Property tax increase	17 [2]	0	17
Adjustment for Impact of proposed SOP	116 [3]	0	116
All Other	13	0	13
Total Increase in Revenue Requirement	354	24	378
Increase in Sales Revenues	167 [4]	0	167
Deficiency	187	24	211

[1] Increase is due to: #4 Sanford Unit $14, #5 Sanford Unit $ 7, Balance of Sanford Plant $2, Ft. Myers HRSG $5
[2] Increase is due to. Sanford Unit $6, Ft Myers $2, Distribution $6
[3] Exposure Draft of proposed SOP - Accounting for Certain Costs and Activities Related to Property, Plant & Equipment
[4] Based on the sales forecast revised due to the recent economic downturn included on MFRs B-3, C-2 and D-1

SUPPORTING SCHEDULES

RECAP SCHEDULES: A-1a

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. D – 1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE THE COMPANY'S 13-MONTH AVERAGE COST OF CAPITAL FOR (1) THE TEST YEAR, (2) THE PRIOR YEAR IF THE TEST YEAR IS PROJECTED, AND (3) THE TEST YEAR OF THE LAST RATE CASE.

[FPL IS NOT REQUESTING A CHANGE IN RATES AT THIS TIME AND THEREFORE, IS NOT REQUESTING A ROE. THE ROE SHOWN IN THIS MFR REFLECTS THE COMPANY'S PROJECTED ACHIEVED RETURN FOR 2002.]

TYPE OF DATA SHOWN:

___ HISTORIC YEAR:
X PROJECTED TEST YEAR: 12/31/02
X PRIOR YEAR: 12/31/01
WITNESS: NA

CLASS OF CAPITAL	REQUESTED LAST RATE CASE 12/31/85 (1) DOLLARS ($000)	(2) RATIO	(3) COST RATE	(4) WEIGHTED COST RATE	APPROVED LAST RATE CASE 12/31/85 (5) DOLLARS ($000)	(6) RATIO	(7) COST RATE	(8) WEIGHTED COST RATE
LONG TERM DEBT	$2,404,083	35.75%	10.64%	3.80%	$2,207,159	35.68%	10.64%	3.80%
PREFERRED STOCK	493,327	7.34	9.20	0.67	451,126	7.29	9.20	0.67
COMMON EQUITY	2,171,150	32.28	17.35	5.60	1,983,784	32.07	15.60	5.00
SHORT TERM DEBT	49,513	0.74	10.50	0.08	45,302	0.73	10.59	0.08
CUSTOMER DEPOSITS	137,875	2.05	7.27	0.15	126,735	2.05	7.27	0.15
INVESTMENT TAX CREDITS - ZERO COST	5,943	0.09	0.00	0.00	5,455	0.09	0.00	0.00
INVESTMENT TAX CREDITS - WEIGHTED COST	454,077	6.75	11.05	0.75	416,767	6.74	10.40	0.70
DEFERRED INCOME TAXES - ZERO COST	1,009,181	15.01	0.00	0.00	948,973	15.34	0.00	0.00
TOTAL	$6,725,149	100.00%		11.05%	$6,185,301	100.00%		10.40%

NOTE: THE COMMISSION APPROVED A SETTLEMENT AGREEMENT UNDER DOCKET NO. 990067-EI WHICH ESTABLISHED THE AUTHORIZED RETURN ON EQUITY (ROE) RANGE OF 10.00% TO 12.00%. FPL AGREED TO THIS ROE RANGE AS PART OF THE OVERALL SETTLEMENT. FPL DID NOT THEN, AND DOES NOT NOW, BELIEVE THAT THE AGREED RETURN ON EQUITY WAS NECESSARILY REFLECTIVE OF THE CAPITAL MARKETS AT THAT TIME, OR AT THE CURRENT TIME.

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.

SUPPORTING SCHEDULES: D-3a, D-4a, D-7, D-8, D-12a

RECAP SCHEDULES: A-1a, A-12a, A-12b, C-44, C-64

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K.M.Davis Exhibit No. ___
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[redacted]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE THE COMPANY'S 13-MONTH AVERAGE COST OF CAPITAL FOR (1) THE TEST YEAR, (2) THE PRIOR YEAR IF THE TEST YEAR IS PROJECTED, AND (3) THE TEST YEAR OF THE LAST RATE CASE.

[FPL IS NOT REQUESTING A CHANGE IN RATES AT THIS TIME AND THEREFORE, IS NOT REQUESTING A ROE. THE ROE SHOWN IN THIS MFR REFLECTS THE COMPANY'S PROJECTED ACHIEVED RETURN FOR 2002.]

TYPE OF DATA SHOWN:

__ HISTORIC YEAR:
X PROJECTED TEST YEAR: 12/31/02
X PRIOR YEAR: 12/31/01
WITNESS: NA

	TEST YEAR ENDED 12/31/02							PRIOR YEAR ENDED 12/31/01			
	(1)	(2)	(2a)	(3)	(3a)	(4)	(4a)	(5)	(6)	(7)	(8)
CLASS OF CAPITAL	DOLLARS AS FILED ON 10/01/01 ($000)	11/09/01 REVISED DOLLARS ($000)	11/09/01 REVISED RATIO	COST RATE AS FILED ON 10/01/01	11/09/01 REVISED COST RATE	WEIGHTED COST RATE AS FILED ON 10/01/01	11/09/01 REVISED WEIGHTED COST RATE	DOLLARS ($000)	RATIO	COST RATE	WEIGHTED COST RATE
LONG TERM DEBT (A)	$2,798,617	$2,808,533	28.34%	6.25%	6.25%	1.77%	1.77%	$2,585,555	25.91%	6.18%	1.60%
PREFERRED STOCK	226,368	227,170	2.29	6.59	6.59	0.15	0.15	228,682	2.29	6.59	0.15
COMMON EQUITY	5,485,877	5,505,315	55.56	12.12	11.83	6.73	6.57	5,403,718	54.14	12.28	6.65
SHORT TERM DEBT	52,278	52,463	0.53	4.20	4.20	0.02	0.02	199,696	2.00	5.25	0.10
CUSTOMER DEPOSITS	267,516	268,464	2.71	6.02	6.02	0.16	0.16	264,436	2.65	6.03	0.16
DEFERRED TAX CREDITS-ZERO COST	0	0	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00
DEFERRED TAX CREDITS-WEIGHTED COST	130,070	130,531	1.32	10.04	9.86	0.13	0.13	152,556	1.53	10.20	0.16
DEFERRED INCOME TAXES-ZERO COST	913,144	916,379	9.25	0.00	0.00	0.00	0.00	1,145,697	11.48	0.00	0.00
TOTAL	$9,873,870	$9,908,855	100.00%			8.97%	8.81%	$9,980,338	100.00%		8.82%

NOTE: FPL BELIEVES THAT THE RETURN ON EQUITY PROJECTED TO BE EARNED FOR 2002, AS REFLECTED ABOVE, IS BELOW THE BOTTOM OF A RANGE THAT WOULD BE REASONABLE IF A ROE RANGE WERE BEING ESTABLISHED AT THIS TIME. THE ABOVE 2002 COMMON EQUITY COST REFLECTS AN ESTIMATED EARNED RETURN GIVEN THE REEVALUATION OF THE SALES FORECAST AND THE IMPACT OF THE SEPTEMBER 11, 2001 TRAGEDIES AND OTHER CHANGES AS NOTED ON MFR A-2.

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.

SUPPORTING SCHEDULES: D-3a, D-4a, D-7, D-8, D-12a

RECAP SCHEDULES: A-1a, A-12a, A-12b, C-44, C-64

Docket No. 001148-EI
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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE THE COMPANY'S 13-MONTH AVERAGE COST OF CAPITAL FOR (1) THE TEST YEAR, (2) THE PRIOR YEAR IF THE TEST YEAR IS PROJECTED, AND (3) THE TEST YEAR OF THE LAST RATE CASE.

[FPL IS NOT REQUESTING A CHANGE IN RATES AT THIS TIME AND THEREFORE, IS NOT REQUESTING A ROE. THE ROE SHOWN IN THIS MFR REFLECTS THE COMPANY'S PROJECTED ACHIEVED RETURN FOR 2002.]

TYPE OF DATA SHOWN:

___ HISTORIC YEAR:
X PROJECTED TEST YEAR: 12/31/02
X PRIOR YEAR: 12/31/01
WITNESS: NA

LINE NO.	CLASS OF CAPITAL	TEST YEAR ENDED 12/31/02 (1) 13-MONTH AVERAGE CAPITAL AMOUNT ($000)	(2) 12-MONTH ENDED CAPITAL COST ($000)	(3) COST RATE	PRIOR YEAR ENDED 12/31/01 (4) 13-MONTH AVERAGE CAPITAL AMOUNT ($000)	(5) 12-MONTH ENDED CAPITAL COST ($000)	(6) COST RATE
1	LONG TERM DEBT	$2,863,775	$172,237		$2,623,839	$155,426	
2	ADD:						
3	UNAMORTIZED DISCOUNT	-15,197	3,327		-17,445	3,259	
4	UNAMORTIZED LOSS (A)	-11,722	1,027		-12,614	1,024	
5	SPECIAL AMORT - REACQ	0	0		0	0	
6	UNAMORTIZED PREMIUM	0	0		0	0	
7	EXCLUDE:						
8	UNAMORTIZED DEBT EXPENSE (B)	-10,947	0		-9,813	0	
9	OBF ADJUSTMENT	0	0		0	0	
10							
11	TOTAL LONG-TERM DEBT	$2,825,909	$176,591	6.25%	$2,583,967	$159,709	6.18%
12							
13							
15	PREFERRED STOCK	$226,250	$14,762		$226,250	$14,762	
16	ADD:						
17	PREMIUM ON CAPITAL STOCK	118			118		
18	CAPITAL STOCK EXPENSE	-2,440			-2,440		
19	EXCLUDE:						
20	OBF ADJUSTMENT	0	0		0	0	
21							
22	TOTAL PREFERRED STOCK	$223,929	$14,762	6.59%	$223,929	$14,762	6.59%
23							
24							
26	CUSTOMER DEPOSITS	$265,854	$15,993	6.02%	$260,274	$15,698	6.03%
27							

29 (A) UNAMORTIZED LOSS AND GAIN ARE COMBINED IN THE UNAMORTIZED LOSS LINE.
30 (B) DEBT DISCOUNT AND DEBT EXPENSE AMORTIZATION ARE COMBINED IN THE
31 UNAMORTIZED DISCOUNT LINE
32
32 NOTE: FPL BELIEVES THAT THE RETURN ON EQUITY PROJECTED TO BE EARNED FOR 2002, AS REFLECTED ABOVE, IS BELOW THE BOTTOM OF A RANGE
33 THAT WOULD BE REASONABLE IF A ROE RANGE WERE BEING ESTABLISHED AT THIS TIME. THE ABOVE 2002 COMMON EQUITY COST REFLECTS AN ESTIMATED
34 EARNED RETURN GIVEN THE REEVALUATION OF THE SALES FORECAST AND THE IMPACT OF THE SEPTEMBER 11, 2001 TRAGEDIES AND OTHER CHANGES AS
35 NOTED ON MFR A-2.
36 NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
37
38 SUPPORTING SCHEDULES: D-3a, D-4a, D-7, D-8, D-12a

RECAP SCHEDULES: A-1a, A-12a, A-12b, C-44, C-64

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

MINIMUM FILING REQUIREMENTS

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE NO. F – 17

SCHEDULE F-17 (REVISED 11/09/01) — ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

SALES, CUSTOMERS, NET ENERGY FOR LOAD

GENERAL ASSUMPTIONS

		2002
A.	Population of FPL Service Territory	7,891,055
B.	Gross Domestic Product (Chained 1996)	9,735
C.	Florida Non-Agricultural Employment (000's)	7,358
D.	Florida Manufacturing Employment (000's)	465
E.	Florida Total Personal Income (Billions of Dollars)	495
F.	Air Conditioning Saturation	97.0%
G.	Electric Heating Saturation	88 7%
H.	FPL Service Territory Cooling Degree Days	1627
I.	FPL Service Territory Heating Degree Days	318
J.	FPL Service Territory Minimum Temperature (Fahrenheit)	36
K.	FPL Service Territory Maximum Temperature (Fahrenheit)	92

L. *2002 Sales by Revenue Class - Most likely (in Million KWH) (REVISED 11/09/01)*

Residential	*Commercial*	*Industrial*	*Street & Highway*	*Other Authority*	*Railway*	*Total Retail*	*Sales For Resale*	*Total* [1]
49,065	*38,360*	*3,947*	*417*	*61*	*81*	*91,930*	*1,207*	*93,137*

M. *2002 Customers by Revenue Class (REVISED 11/09/01)*

Residential	*Commercial*	*Industrial*	*Street & Highway*	*Other Authority*	*Railway*	*Total Retail*	*Sales For Resale*	*Total* [1]
3,548,523	*433,548*	*15,131*	*2,530*	*248*	*23*	*4,000,003*	*4*	*4,000,007*

N. *2002 Net Change in Customers by Revenue Class (REVISED 11/09/01)*

Residential	*Commercial*	*Industrial*	*Street & Highway*	*Other Authority*	*Railway*	*Total Retail*	*Sales For Resale*	*Total* [2]
57,725	*7,526*	*-330*	*80*	*-2*	*0*	*65,000*	*1*	*65,001*

[1] Totals may not add-up due to rounding.
[2] Average customers - sum of the projected customers for each month divided by twelve.

SUPPORTING SCHEDULES: F-9 RECAP SCHEDULES: C-56, E-13

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SCHEDULE F-17 (REVISED 11/09/01) ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

SALES, CUSTOMERS, NET ENERGY FOR LOAD (con't)

LINE No.			
1.	*O.*	*Most Likely Forecast of Monthly Net Energy for Load (Million KWH) (REVISED 11/09/01)*	
2.			*2002*
3.		*January*	*7375*
4.		*February*	*6859*
5.		*March*	*7368*
6.		*April*	*7683*
7.		*May*	*8442*
8.		*June*	*9299*
9.		*July*	*9710*
10.		*August*	*9881*
11.		*September*	*9608*
12.		*October*	*8578*
13.		*November*	*7737*
14.		*December*	*7618*
15.			*100,158*
16.			
17.	*P.*	*Most Likely Forecast of System Monthly Peaks (Megawatts) (REVISED 11/09/01)*	
18.			*2002*
19.		*January*	*18988*
20.		*February*	*16070*
21.		*March*	*14353*
22.		*April*	*15645*
23.		*May*	*17373*
24.		*June*	*18218*
25.		*July*	*18727*
26.		*August*	*19131*
27.		*September*	*18494*
28.		*October*	*17266*
29.		*November*	*15721*
30.		*December*	*16317*

SUPPORTING SCHEDULES: F-9 RECAP SCHEDULES: C-56, E-13

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SCHEDULE F-17 (REVISED 11/09/01) ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

II. INFLATION RATE FORECAST

		Most Likely Annual Rates of Change 2002
A.	Consumer Price Index (CPI) (1)	2.56%
B.	GDP Deflator (2)	1.74%
C.	Producer Price Index (PPI): Materials & Supplies (3)	0.32%
D.	Producer Price Index (PPI) Capital Equipment	0.31%
E.	Compensation Per Hour (Non-FPL) Index: All workers, including pension and benefits	3.25%

(1) The CPI Measures the price change of a constant market basket of goods and services over time. For company purposes it is a useful escalator for determining trends in wage contracts and income payments, excluding construction work (see E above).

(2) The GDP deflator is the broadest of all categories and captures price trends for the four major macro-economic sectors in the nation, which are: the household sector, the business sector, the government sector and the foreign sector. The GDP deflator tends to be more stable than the other indices and is used where very broad price trends are needed.

(3) The PPI for all goods (formerly the Wholesale Price Index) is a comprehensive measure of the average changes in price received in primary markets by producers of commodities in all stages of processing. This index represents price movements in the manufacturing, agriculture, forestry, fishing, mining, gas and electricity, and public utilities sector of the economy.

(4) PPI for Capital Goods reflects changes in the prices of capital equipment such as motor trucks, furniture, generators, hand tools, fans and blowers, machine tools, and construction equipment.

(5) The average Hourly Earnings Index for construction workers reflects percent wage changes in hourly earnings for construction workers.

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SCHEDULE F-17 (REVISED 11/09/01)

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

LINE NO. III. FINANCING AND INTEREST RATE ASSUMPTIONS

General Assumptions

A. Target Capitalization Ratios
During the projected test year, Florida Power & Light Company's capitalization is projected to be as follows: equity (55.83%), a preferred stock (2.30%) and a debt (41.87%), adjusted for off-balance sheet obligations.

B. Preferred Stock Premium and Underwriting Discount
It is assumed that no preferred stock will be issued.

C. First Mortgage Bond Prices and Underwriting Discount
It is assumed that first mortgage bonds will be issued to the public at par with an underwriting commission of .875%.

D. Issuance Costs
First Mortgage Bonds: $1,150,000

Preferred Stock: None

	Interest Rate Assumptions	2002
E.	Long Term Debt	7.45%
	Short Term Debt	4.3%
F.	Pollution Control Bonds	2.8%
G.	Preferred Stock	8.0%
H.	30-Day Commercial Paper	4.3%
I.	Prime Interest Rate	7.1%

Supporting Schedules: F-9

RECAP SCHEDULES: C-56, E-13

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ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

LINE NO. IV. IN SERVICE DATES OF MAJOR PROJECTS

LINE NO.			
1.	A.		
2.	BUDGET		IN SERVICE
3.	ITEM #	PROJECT DESCRIPTION	DATE
4.			
5.	181	Unit #5 Martin - Combined Cycle	06/2005
6.	279	HR System Project	12/2003
7.	346	St. Lucie Independent Spent Fuel Storage	11/2005
8.	372	CSC Visioning Procurement Project	12/2001
9.	710	Ft. Myers Peaking Combustion Turbines & Transmission Interconnection	06/2003
10.	712	Martin - Peaking Combustion Turbines & Transmission Interconnection	06/2001
11.	715	Martin - Conversion of Simple Cycle to Combined Cycle & Trans. Interconnection	06/2005
12.	716	Ft. Myers- Conversion of Simple Cycle to Combined Cycle & Trans. Interconnection	06/2005
13.	717	Midway Combined Cycle	06/2005
14.	720	Ft. Myers Repowering - Combined Cycle HRSG Steam Plant	06/2002
15.	720	Combustion Turbine "D" Ft. Myers Repowering	04/2001
16.	720	Combustion Turbine "E" Ft. Myers Repowering	05/2001
17.	720	Combustion Turbine "F" Ft. Myers Repowering	05/2001
18.	722	Unit #5 Sanford Repowering - Combined Cycle & Transmission Interconnection	06/2002
19.	722	Unit #4 Sanford Repowering - Combined Cycle & Transmission Interconnection	12/2002
20.	740	Miami - Miami Beach Relocate South Channel	12/2004
21.	761	Brevard - Malabar 230 KV Project	12/2002
22.	763	Dade - Overtown Project	06/2004
23.	780	Broward - Corbett - Yamato - Transmission Line/Substation	12/2003

Supporting Schedules: F-9

RECAP SCHEDULES: C-56, E-13

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SCHEDULE F-17 (REVISED 11/09/01) ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

LINE NO.				
	V.	MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS		
1.	A.	Nuclear Maintenance Schedules (including outage period and reason)		
2.				
3.			2002	
4.				
5.	Unit		Outage Period	Outage Description
6.				
7.	St Lucie 1		09/30/02-10/30/02	Refueling/Reactor Head Inspection
8.	Turkey Point 4		03/25/02-04/24/02	Refueling/Reactor Head Inspection

Supporting Schedules: F-9

RECAP SCHEDULES: C-56, E-13

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SCHEDULE F-17 (REVISED 11/09/01)

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

LINE NO. V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS (Cont'd)

LINE NO.				
1.	B.	Fossil Units Outage Schedule (Including outage period and reason)		
2.				
3.				
4.				
5.		Unit	2002 Outage Period	Outage Description
6.				
7.		Fort Myers 1	01/01/02-06/03/02	PERMANENT SHUTDOWN TO REPOWER TO COMBUSTION TURBINE
8.		Fort Myers 2	01/01/02-06/03/02	PERMANENT SHUTDOWN TO REPOWER TO COMBUSTION TURBINE
9.		Sanford 5	01/01/02-06/30/02	PERMANENT SHUTDOWN TO REPOWER TO COMBUSTION TURBINE
10.		Cape Canaveral 1	01/01/02-05/20/02	MINOR BOILER REPAIRS
11.		Martin 1	01/01/02-05/20/02	MINOR BOILER REPAIRS
12.		Port Everglades 3	01/01/02-05/20/02	MINOR BOILER REPAIRS/CLEAN BOILER TUBES
13.		Putnam 1	01/01/02-05/20/02	MINOR REPAIRS/COMBUSTOR INSPECTION 50% UNIT CURTAILMENT
14.		Putnam 2	01/01/02-05/20/02	MINOR REPAIRS/COMBUSTOR INSPECTION 50% UNIT CURTAILMENT
15.		Riviera 3	01/01/02-05/20/02	MINOR BOILER/INTAKE WATER PUMPS/AIR PREHEATER BASKETS
16.		Ft Myers Gas Turbine 2	02/01/02-02/28/02	EXHAUST STACK/ DUST REPAIR/ COMBUSTOR INSPECTION
17.		Ft Myers Gas Turbine 3	03/01/02-03/07/02	COMBUSTOR INSPECTION
18.		Ft Myers Gas Turbine 7	03/01/02-03/28/02	EXHAUST STACK REPAIR
19.		Martin 2	03/02/02-03/17/02	MINOR BOILER REPAIRS
20.		Fort Lauderdale 4	03/09/02-03/18/02	COMBUSTOR INSPECTION
21.		Sanford 4	03/15/02-12/31/02	PERMANENT SHUTDOWN TO REPOWER TO COMBUSTION TURBINE
22.		St. Johns River Power Park 2	03/16/02-04/15/02	BOILER/SCRUBBER REPAIRS
23.		Putnam 2	03/23/02-04/20/02	COMBUSTION TURBINE MAJOR REPAIR 50% UNIT CURTAILMENT
24.		Cape Canaveral 2	04/03/02-04/17/02	MINOR BOILER/TURBINE VALVE REPAIRS
25.		Port Everglades 2	04/06/02-04/21/02	MINOR BOILER/INTAKE WATER PUMP REPAIRS
26.		Manatee 1	04/15/02-05/12/02	STEAM TURBINE/INTAKE SCREEN REPAIRS
27.		Martin 4	04/20/02-05/14/02	UNIT B COMBUSTION TURBINE MAJOR ROTOR REPAIR
28.		Manatee 2	04/20/02-05/19/02	MAJOR BOILER REPAIR
29.		Ft Myers Gas Turbine 10	05/01/02-05/07/02	COMBUSTION INSPECTION
30.		Port Everglades 1	09/01/02-12/01/02	MINOR BOILER REPAIRS/OVERHAUL INTAKE WATER PUMPS
31.		Riviera 4	09/01/02-12/01/02	MINOR BOILER REPAIRS/OVERHAUL INTAKE WATER PUMPS/REPAIR BOILER BURNERS
32.		Turkey Point 2	09/01/02-12/01/02	MINOR BOILER REPAIRS
33.		Scherer 4	11/09/02-12/22/02	COAL CRUSHERS/BOILER TUBE REPAIRS
34.		Fort Lauderdale 5	09/28/02-10/07/02	UNIT A & B COMBUSTOR INSPECTION
35.		Putnam 2	09/28/02-10/26/02	COMBUSTION TURBINE MAJOR REPAIR 50% UNIT CURTAILMENT
36.		Martin 4	10/01/02-10/08/02	UNIT A COMBUSTOR INSPECTION 50% UNIT CURTAILMENT
37.		Ft Myers Gas Turbine 9	10/12/02-11/08/02	EXHAUST STACK REPAIR/COMBUSTOR INSPECTION
38.		Putnam 1	10/26/02-11/30/02	COMBUSTION TURBINE MAJOR REPAIR 50% UNIT CURTAILMENT
39.		Port Everglades 4	11/02/02-12/01/02	MAJOR BOILER/TURBINE VALVE REPAIR
40.		Sanford 3	11/16/02-11/30/02	TURBINE VALVES/AIR PREHEATER REPAIR
41.		Martin 1	11/30/02-12/15/02	BOILER REPAIRS
42.		Turkey Point 1	11/30/02-12/27/02	MAJOR BOILER REPAIRS

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SCHEDULE F-17 (REVISED 11/09/01) — ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

LINE NO. VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS

A. Contractual Commitments for Scheduled Interchange/Purchased Power

1. Unit Power Purchase (UPS) - Southern Companies
   a. Capacity (MW) based on 2000 Net Dependable Capacity Unit Ratings:
      2001 928
      2002 928

   b. Minimum (MW) scheduling requirements
      2001 378
      2002 378

   c. Capacity and energy costs based on Southern's estimate, subject to true up and audit.

   d. Energy costs recovered through Fuel Cost Recovery Clause (FCRC) and capacity through Capacity Cost Recovery Clause (CCRC).

2. Unit Power Purchase - St Johns River Power Park
   a. 30% of rated net capacity of each unit is considered purchased power.
   b. All energy scheduled by FPL in excess of 20% (FPL owned generation) is considered purchased energy.
   c. Capacity costs are recovered through CCRC and base rates. Energy costs are recovered through FCRC.

3. Power Sold and Economy Energy Purchases (Schedule "OS")
   *Schedule OS sales based upon projected market prices and expected available generation relative to FPL's projected incremental cost of sale (generation and transmission)
   *Schedule OS purchases based upon FPL's projected incremental generation cost relative to projected market prices plus incremental costs and transmission associated with short-term purchase power agreements.
   *Energy & transmission costs of OS purchases recovered through the FCRC. For OS sales, FCRC credited for incremental generation cost, CCRC credited for FPL transmission incurred to make sale, Base credited for incremental costs of running gas turbines, if applicable, and FCRC credited for gain on sale

4. Interchange related to St Lucie Unit 2 Reliability Exchange agreement based on POWERSYM projection for PSL 1 and PSL 2 output as applied to the contract formula.

5. Schedule of New and Expiring Interchange/Purchase Power Contracts for the period.
   *Royster 9 MW, expiring March 31, 2002.

Supporting Schedules: F-9

RECAP SCHEDULES: C-56, E-13

Docket No. 001148-EI
K.M.Davis Exhibit No. _____
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November 9, 2001 FPL filing explaining changes to the initial forecast

SCHEDULE F-17 (REVISED 11/09/01)

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS (con't)

6. Purchased Power from Qualifying Facilities:

		Capacity (MW)	Energy (MWH)
*Firm			
	2001	886	6,464,273
	2002	877	6,459,001
*As Available			
	2001	-	354,204
	2002		335,036

7. Schedule of Sales and Purchased Power Contracts for the Period (contracts Impact 2002)

Sales: Utilities Commission - City of New Smyrna Beach dated February 1, 2000 (3/00 to 4/02)

Purchases:

Florida Power Corporation dated March 1, 2001 (4/01 to 12/04)
Oleander Power Project, LP dated April 30, 2001 (6/02 to 5/05) (6/02 to 5/03)
Reliant Energy Services dated June 15, 2001 (3/02 to 2/07)
Desoto County Generating Company, LLC dated August 6, 2001 (6/02 to 5/05)

VII. FUEL ASSUMPTIONS

a. Fuel Related Assumptions

(Fossil Fuel)

The current real and nominal fuel price forecast for light and heavy fuel oil, natural gas, coal, and petroleum coke, and the projection for the availability of natural gas to the FPL system for 2001 and 2002 was issued on July 10, 2001 and was based on current and projected market conditions, and existing supply and transportation contracts. This forecast was used as input into the POWERSYM production costing model for development of the 2002 FPL Rate Case MFR filing, the 2002 FPL Fuel Budget development, and the 2002 FPL Fuel Cost Recovery filing.

(Nuclear Fuel)

The NUFFS computer code was used to develop the Nuclear Fuel Forecast. The 2002 Nuclear Fuel Operating Budget is consistent with the Fuel Operating Budget POWERSYM extract files. The projected plant operation is based on the Approved Operating Schedule dated August 24, 2000.

K.M.Davis Exhibit No. ____
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SCHEDULE F-17 (REVISED 11/09/01)

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

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_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

VIII. OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS

INFLATION RATE FORECAST

See Section II. Inflation Rate Forecast on Page 3.

PAY PROGRAMS

a. Merit Pay Program Increases
3.5 % - 4% depending on pay classifications.

b. Performance Excellence Rewards Program (PERP) Incentive.
Amounts are determined by Corporate and Business Unit Indicators and Individual performance. Exempt Employees only are eligible.

Supporting Schedules: F-9

RECAP SCHEDULES: C-56, E-13

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SCHEDULE F-17 (REVISED 11/09/01)

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
X PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

IX OTHER ASSUMPTIONS

A. Amount of CWIP and NFIP In Rate Base - FPSC

	2002
CWIP	100%
NFIP (Capital Lease)	0

B. Amount of CWIP and NFIP In Rate Base - FERC

	2002
	0

C. AFUDC RATES FOR CAPITAL EXPENDITURES (FPSC & FERC)

FPL did not capitalize AFUDC during 2000 and is not projecting that any will be capitalized during 2001 or 2002.

If FPL were to capitalize AFUDC, the approved rate is 6.26%, approved in Docket No. 930383-EI, Order No. PSC-93-1457-FOF-EI, approved on October 7, 1993.

D. AFUDC DEBT/EQUITY SPLIT - FPSC AND FERC

	FPSC Ratio	FERC Ratio
Debt %	39.59%	46.37%
Equity %	60.41%	53.63%

E. Depreciation Rates

Depreciation Rates are as approved by the Florida Public Service Commission in Docket 971660-EI (Order No. PSC-99-0073-FOF-EI). Depreciation rates specifically applicable to the Ft. Myers Combined Cycle Units were approved in Docket No. 001437-EI (Order No. PSC-00-2434-PAA-EI), and for the Martin Simple Cycle Units in Docket No. 010107-EI (Order No. PSC-01-1337-PAA-EI). For projection purposes, a composite rate was developed to calculate depreciation expense. The composite rate was calculated based on May, 2001 plant balances, at the following level:

For steam, nuclear and other production, the composite rate is at the site level.
For transmission plant, the composite rate is at the function level.
For distribution plant, the composite rate is calculated at the plant account level.
For general plant, the composite rate is calculated for Account 390, structures; Account 392, transportation and all other general plant accounts.
For intangible plant, the rate is calculated at the composite level.

F. Total Line Losses

2002	
6.72%	of Net Energy for Load

G. Company Usage

2002	
0.15%	of Net Energy for Load

H. RESERVE FUND REQUIREMENT AT TIME OF EXPENDITURE

DECOMMISSION

Nuclear Decommissioning Reserve

Nuclear Decommissioning Reserve accruals are based on amounts last authorized by Orders Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI, Docket No. 941350-EI which resulted in monthly accruals of $7,054,371 (annual $84,652,456) effective January 1, 1995.

No change in the level of accrual was forecasted for the period 2001 and 2002. Nuclear Decommissioning

Supporting Schedules: F-9

RECAP SCHEDULES: C-56, E-13

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
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SCHEDULE F-17 (REVISED 11/09/01) ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR A PROJECTED TEST YEAR, PROVIDE A SCHEDULE OF ASSUMPTIONS USED IN DEVELOPING PROJECTED OR ESTIMATED DATA. AS A MINIMUM, STATE ASSUMPTIONS USED FOR BALANCE SHEET, INCOME STATEMENT AND SALES FORECAST.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED ____
WITNESS: NA

IX OTHER ASSUMPTIONS (Cont'd)

LINE NO.

accruals are currently under review by the Commission in Docket No. 981246-EI. Any change in the authorized accrual approved by the Commission prior to the conclusion of Docket No. 001148-EI will need to be reflected in the test year cost of service.

Storm and Property Damage Reserve

The annual accrual for 2001 is $20.3 million as approved by Commission Order No. PSC-98-0953-FOF-EI, Docket No. 971237-EI. FPL has forecasted an annual accrual of $50.3 million for year 2002, which is the result of an updated study of FPL's potential storm losses. FPL will file this updated study along with a request for the increased accrual separate from this filing.

I. FEDERAL INCOME TAX RATE (REGULAR)
35%

J. State Income Tax Rate
5.5%

K. Regulatory Assessment Fee Rate (FPSC)

0.00072 Per Rule 25.0131,"Investor Owned Electric Company Regulatory Assessment Fee", Florida Administrative Code

L. GROSS RECEIPTS TAX RATE
2.50% 1.5 % of the rate is included in base rates, and 1% is provided as a pass through to customers as provided in in Florida Statute Chapter 203.

M. FRANCHISE FEE RATE
Composite rate is 4.379%

N. PRIOR YEAR
Year 2001

O. TEST YEAR
Year 2002

P. HISTORICAL YEAR
Year 2000

Q. LAST MONTH OF HISTORICAL DATA
May, 2001

R. MILLAGE RATE FOR PROPERTY TAXES
Overall millage rate used for 2001 is 2.093%.
Overall millage rate used for 2002 is 2.1035%

S. STATUTORY SALES TAX RATE
The statutory sales tax rate is 6% for the state and a sur-tax may be provided at the county or municipal level at 1/2% to 11/2%. Based on historical payments a blended rate of 6.317% was developed for use in the projections.

T. FEDERAL AND STATE UNEMPLOYMENT TAX RATES
FUTA .8% on the first $7,000 of wage base per employee
SUTA .26% on the first $7,000 of wage base per employee

U. FICA TAX RATES
Social Security Tax is 6.2% on $80,400 wage base for 2001 and on $84,900 wage base for 2002
Medicare is 1.45% on total compensation.

Supporting Schedules: F-9 RECAP SCHEDULES: C-56, E-13

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
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November 9, 2001 FPL filing explaining changes to the initial forecast

Florida Power & Light Company
MFR Sponsor List

MFR	Title	Sponsor(s)
A- 1a	REVENUE REQUIRE INCREASE REQUESTED	Davis
A- 2	SUMMARY OF RATE CASE	Davis, Evanson
A- 3a	REASONS FOR REQUESTED RATE INCREASE	Davis
A- 7	STATISTICAL INFORMATION	Davis, Waters
A- 8	5 YR ANALYSIS - CHANGE IN COST	Davis, Olivera, Waters
A- 9	SUMMARY OF JURIS ADJ RATE BASE	Davis
A-10	SUMMARY OF JURISDICTIONAL NOI	Davis
A-12a	SUMMARY OF JURIS CAPITAL STRUCTURE	Davis
A-13	AFFILIATED COMPANY RELATIONSHIPS	Davis
B- 1	BALANCE SHEET - JURISDICTIONAL	Davis
B- 2a	BALANCE SHEET - JURIS ASSETS	Davis
B- 2b	BALANCE SHEET - JURIS LIABILITIES	Davis
B- 3	ADJUSTED RATE BASE	Davis
B- 4	RATE BASE ADJUSTMENTS	Davis
B- 7	JURIS SEPARATION FACTORS - RATE BASE	Davis, Morley
B- 8a	PLANT BALANCES BY ACCOUNT AND SUB-ACCOUNT	Davis
B- 8b	DEPR RESERVE BALANCES BY ACCT AND SUB-ACCOUNT	Davis
B-10	CAPITAL ADDITIONS & RETIREMENTS	Davis, Olivera, Peterson, Waters
B-12a	FUTURE USE PROP - 13 MONTH AVG	Davis, Olivera, Peterson, Waters
B-12d	FUTURE USE - COLD STANDBY	Davis
B-13a	CWIP - 13 MONTH AVERAGE	Davis
B-13b	CWIP - OTHER DETAILS	Davis, Olivera, Peterson, Waters
B-13c	CWIP- AFUDC	Davis
B-14	WORKING CAPITAL - 13 MTH AVG	Davis
B-16	NUCLEAR FUEL BALANCES	Davis, Waters
B-20	PLANT MATERIALS & OPERATING SUPPLIES	Davis, Olivera, Peterson, Waters
B-21	OTHER DEFERRED CREDITS	Davis
B-22	MISCELLANEOUS DEFERRED DEBITS	Davis
B-24a	TOTAL ACCUM DEFERRED INCOME TAX	Davis
B-26	ACCOUNTING POLICY CHANGES AFFECTING RATE BASE	Davis
B-27	DETAIL CHANGES IN RATE BASE	Davis, Olivera, Peterson, Waters
B-28a	LEASING ARRANGEMENTS	Davis, Olivera, Peterson
B-28b	LEASING ARRANGEMENTS (ERTA 1981)	Davis
B-29	10 YEAR HISTORICAL BALANCE SHEET	Davis
B-30	NET PRODUCTION PLANT ADDITIONS	Davis, Waters
C- 1	JURISDICTIONAL NOI	Davis
C- 2	ADJUSTED JURISDICTIONAL NOI	Davis
C- 3	JUR NOI ADJUSTMENTS	Davis
C- 6	OUT OF PERIOD ADJUSTMENTS TO REVENUE & EXPENSES	Davis
C- 7	EXTRAORDINARY REVS & EXPS	Davis
C- 8	REPORT OF OPERATION VS FORECAST	Davis, Hamilton, Olivera, Peterson, Waters
C- 9	JURIS SEPARATION FACTORS - NOI	Davis, Morley
C-11	UNBILLED REVENUES	Davis
C-12	BUDGET VS ACTUAL - REV/EXP	Davis, Hamilton, Olivera, Peterson, Waters
C-13	MONTHLY FUEL REVENUES & EXPENSES	Davis
C-14	MONTHLY FUEL EXPENSES	Davis, Waters

Florida Power & Light Company
MFR Sponsor List

MFR	Title	Sponsor(s)
C-15	FUEL REVENUES & EXP RECONCILIATION	Davis, Waters
C-19	O&M EXPENSES - TEST YEAR	Davis, Hamilton, Olivera, Waters
C-20	O&M EXPENSES - PRIOR YEAR	Davis, Hamilton, Olivera, Waters
C-21	DETAIL CHANGES IN EXPENSES	Davis, Dewhurst, Olivera, Waters
C-23	RATE CASE EXPS FOR O/S CONSULTANTS	Davis
C-24	TOTAL RATE CASE EXP & COMPARISONS	Davis
C-27	INDUSTRY ASSOCIATION DUES	Davis, Hamilton, Olivera, Waters
C-28	ACCM PROVSN ACCTS - 228.1-228.2-228.4	Davis, Dewhurst
C-29	LOBBYING AND OTHER POLITICAL EXPENSES	Davis
C-30	CIVIC AND CHARITABLE CONTRIBUTIONS	Davis
C-31	ADMINISTRATIVE EXPENSES	Davis, Hamilton, Peterson
C-32	MISCELLANEOUS GENERAL EXPENSES	Davis
C-34	DEPRECIATION EXPENSE COMPUTED ON PLANT BAL TEST YR	Davis
C-35	AMORTIZATION / RECOVERY SCHEDULE - 12 MONTHS	Davis
C-36	CURRENT DEPRECIATION RATES	Davis
C-37	PROPOSED DEPRECIATION RATES	Davis
C-38a	TAXES OTHER THAN INCOME TAXES	Davis
C-38b	REVENUE TAXES	Davis
C-39	STATE DEFERRED INCOME TAXES	Davis
C-40	FEDERAL DEFERRED INCOME TAXES	Davis
C-41	DEFERRED TAX ADJUSTMENTS	Davis
C-42	STATE AND FEDERAL INCOME TAXES	Davis
C-43	RECONCILIATION OF TAX EXP	Davis
C-44	INTEREST IN TAX EXP CALCULATION	Davis
C-45	CONSOLIDATED RETURN	Davis
C-46	INCOME TAX RETURNS	Davis
C-47	PARENT DEBT INFORMATION	Davis
C-48	RECONCILIATION OF INCOME TAX PRVSN	Davis
C-49	MISCELLANEOUS TAX INFORMATION	Davis
C-51	GAIN/LOSS ON DISPOSITION OF PLANT OR PROPERTY	Davis
C-52	NON-FUEL O&M & MAINTENANCE EXP COMPARED TO CPI	Davis
C-53	O&M BENCHMARK COMPARISON BY FUNCTION	Davis
C-54	O&M ADJUSTMENTS BY FUNCTION	Davis
C-55	BENCHMARK YEAR RECOVERABLE O&M EXP BY FUNCTION	Davis
C-56	O&M COMPOUND MULTIPLIER	Davis
C-57	O&M BENCHMARK VARIANCE BY FUNCTION	Davis, Hamilton, Waters
C-58	REVENUE EXPANSION FACTOR	Davis
C-59	ATTRITION ALLOWANCE (test+1, prior)	Davis
C-60	TRANSACTIONS WITH AFFILIATED COMP	Davis
C-61	PERFORMANCE INDICES	Davis
C-62	NON-UTILITY OPER UTILIZ UTILITY ASSETS	Davis
C-63	STATEMENT OF CASH FLOWS	Davis
C-64	EARNINGS TEST	Davis
C-65	OUTSIDE PROFESSIONAL SERVICES	Davis, Hamilton, Olivera, Peterson, Waters
D-12a	RECONCILIATION OF JURIS RATE BASE/CAPITAL STRUCTURE	Davis
D-12b	PRO-RATA ADJUSTMENTS	Davis
F- 1	REPORTS TO SHAREHOLDERS	Davis

Florida Power & Light Company
MFR Sponsor List

MFR	Title	Sponsor(s)
F- 2	CERTIFIED FINANCIAL STATEMENTS	Davis
F- 3	SEC REPORTS	Davis
F- 4	FERC AUDIT	Davis
F- 9	FORECASTING MODELS	Davis, Waters
F-17	ASSUMPTIONS	Davis, Dewhurst, Olivera, Peterson, Waters

FLORIDA PUBLIC SERVICE COMMISSION FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES DOCKET NO. 001148-EI	EXPLANATION: IF A PROJECTED TEST YEAR IS USED, PROVIDE A BRIEF DESCRIPTION OF EACH METHOD OR MODEL USED IN THE FORECASTING PROCESS. PROVIDE A FLOWCHART WHICH SHOWS THE POSITION OF EACH MODEL IN THE FORECASTING PROCESS. PROVIDE UNDER SEPARATE COVER TO STAFF, COMMISSIONERS, COMMISSION CLERK, AND UPON REQUEST, OTHER PARTIES TO THIS DOCKET A DETAILED DESCRIPTION OF THE COMPLETE FORECASTING MODEL USED TO PROVIDE THE FORECASTS OF THE NUMBER OF CUSTOMERS, ENERGY SALES AND PEAK DEMANDS SUBMITTED IN SCHEDULES E-27A, E-27B, AND E-27C. THIS DESCRIPTION SHALL INCLUDE THE METHOD(S) USED TO CALCULATE AND VALIDATE THE MODEL(S). A DESCRIPTION OF THE DIFFERENCES BETWEEN THIS FORECASTING MODEL AND THAT USED IN THE COMMISSION'S MOST RECENT PLANNING HEARING SHALL BE INCLUDED.	TYPE OF DATA SHOWN: ___ HISTORICAL TEST YEAR ENDED _X_ PROJECTED TEST YEAR ENDED 12/31/02 ___ PRIOR YEAR ENDED WITNESS: NA

FORECASTING METHODOLOGY AND MODELS

SUPPORTING SCHEDULES: RECAP SCHEDULES:

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
Document KMD-3, Page 1 of 28
MFR F-9, Forecasting Models

FLORIDA PUBLIC SERVICE COMMISSION FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES DOCKET NO. 001148-EI	EXPLANATION: IF A PROJECTED TEST YEAR IS USED, PROVIDE A BRIEF DESCRIPTION OF EACH METHOD OR MODEL USED IN THE FORECASTING PROCESS. PROVIDE A FLOWCHART WHICH SHOWS THE POSITION OF EACH MODEL IN THE FORECASTING PROCESS. PROVIDE UNDER SEPARATE COVER TO STAFF, COMMISSIONERS, COMMISSION CLERK, AND UPON REQUEST, OTHER PARTIES TO THIS DOCKET A DETAILED DESCRIPTION OF THE COMPLETE FORECASTING MODEL USED TO PROVIDE THE FORECASTS OF THE NUMBER OF CUSTOMERS, ENERGY SALES AND PEAK DEMANDS SUBMITTED IN SCHEDULES E-27A, E-27B, AND E-27C. THIS DESCRIPTION SHALL INCLUDE THE METHOD(S) USED TO CALCULATE AND VALIDATE THE MODEL(S). A DESCRIPTION OF THE DIFFERENCES BETWEEN THIS FORECASTING MODEL AND THAT USED IN THE COMMISSION'S MOST RECENT PLANNING HEARING SHALL BE INCLUDED.	TYPE OF DATA SHOWN: __ HISTORICAL TEST YEAR ENDED _X_ PROJECTED TEST YEAR ENDED 12/31/02 ___ PRIOR YEAR ENDED WITNESS: NA

I. OVERVIEW OF THE FORECASTING PROCESS

The projected data is the output of the following processes:

- Resource Assessment and Planning - An econometric model is used to forecast customers, sales and peak load. The POWERSYM model is used to model the generation power supply plan and develop the fuel expense forecast.

- O&M Expense Forecast - Forecast of O&M expenses for 2001 and 2002 prepared by each Business Unit.

- Capital Expenditures - Forecast of Capital Expenditures for 2001 through 2006 prepared by each Business Unit.

- Consolidated Financial Model (CFM) - Generates summary level financial forecasts for management purposes.

In addition to the processes identified above, a new integrated database, the Regulatory Filing Data Repository (RFDR), was developed to assist in the preparation of Minimum Filing Requirements. This database consolidates information from the CFM and supporting inputs to generate data at the cost of service level which is then used to calculate rate base, net operating income and capital structure on a per book and jurisdictional basis.

Attachment 1 of 9 shows the position of each model within the forecasting process.

In developing data for 2001 and 2002, actual data for the period ended May 31, 2001 was used as the starting point. Projected data for the last seven months of 2001 and for all of 2002 was then developed. Historical year (2000) data included in any presentation consists of actual data for the year ended December 31, 2000.

SUPPORTING SCHEDULES: RECAP SCHEDULES:

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO 001148-EI

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TYPE OF DATA SHOWN:

___ HISTORICAL TEST YEAR ENDED
_X_ PROJECTED TEST YEAR ENDED 12/31/02
___ PRIOR YEAR ENDED
WITNESS: NA

II. RESOURCE ASSESSMENT AND PLANNING

Econometric Model

The Forecasting section of the Resource Assessment and Planning (RAP) Department uses an econometric model to project Customers, Energy Sales, Net Energy for Load and Peaks to support various planning processes in the company. Short-term forecasts for these items are developed on a monthly basis for a five-year period. Customers and Energy Sales are developed by customer class. The instructions of this filing requests that a detailed description of the forecasting methodology for these items be provided under separate cover. In order to comply with these instructions, the methodology is included as Attachment 2 of 9. However, a description of the differences between this forecasting model and that used in the Commission's most recent planning hearing is not included since such hearings are no longer held.

Electric Production Cost Forecast

The RAP department also develops the power supply plan to meet FPL's power generation needs. Load data, fuel prices, plant operating parameters, plant outage schedules, DSM program data, qualifying facilities and interchange projections are all entered into the POWERSYM model. This model then generates an electric production cost forecast that includes MWH produced, wholesale sales and purchases and fuel expense.

III. O&M EXPENSE FORECAST

The Operation and Maintenance (O&M) Expense forecasts were prepared using the same basic process employed by the company since the early 1990's.

The process requires each Business Unit to provide an updated estimate for the current year's budget (2001 in this instance), and identify requirements for the upcoming budget year (2002). The Business Units must also identify the drivers of any expected variance from the current year's plan, as well as any increase or decrease in the level of funding required in the forecast year. To facilitate a meaningful comparison of the two budget years, the Business Units must identify any necessary adjustments to current year end estimates such as the removal of any non-recurring events and the addition any normalizing amounts not previously included in the current year end estimate.

When developing its funding requirements for the upcoming year, the Business Unit takes into account the published corporate inflation factors and payroll assumptions, as well as any unit specific assumptions, such as fleet vehicle utilization rates. A guideline is issued by Corporate Budgets to assist the Business Units in developing their updated estimates of the current year and upcoming year budgets.

SUPPORTING SCHEDULES: RECAP SCHEDULES:

FLORIDA PUBLIC SERVICE COMMISSION FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES DOCKET NO. 001148-EI	EXPLANATION: IF A PROJECTED TEST YEAR IS USED, PROVIDE A BRIEF DESCRIPTION OF EACH METHOD OR MODEL USED IN THE FORECASTING PROCESS. PROVIDE A FLOWCHART WHICH SHOWS THE POSITION OF EACH MODEL IN THE FORECASTING PROCESS. PROVIDE UNDER SEPARATE COVER TO STAFF, COMMISSIONERS, COMMISSION CLERK, AND UPON REQUEST, OTHER PARTIES TO THIS DOCKET A DETAILED DESCRIPTION OF THE COMPLETE FORECASTING MODEL USED TO PROVIDE THE FORECASTS OF THE NUMBER OF CUSTOMERS, ENERGY SALES AND PEAK DEMANDS SUBMITTED IN SCHEDULES E-27A, E-27B, AND E-27C. THIS DESCRIPTION SHALL INCLUDE THE METHOD(S) USED TO CALCULATE AND VALIDATE THE MODEL(S). A DESCRIPTION OF THE DIFFERENCES BETWEEN THIS FORECASTING MODEL AND THAT USED IN THE COMMISSION'S MOST RECENT PLANNING HEARING SHALL BE INCLUDED.	TYPE OF DATA SHOWN: __ HISTORICAL TEST YEAR ENDED X PROJECTED TEST YEAR ENDED 12/31/02 __ PRIOR YEAR ENDED WITNESS: NA

Each Business Unit head ensures his or her funding requirements have been reviewed by the Chief Operating Officer, before submitting them to the Financial Business Unit's Corporate Budget section for consolidation. Each Business Unit head explains the purpose and justifies the necessity of his or her Business Unit's funding requirements. Explanations and justifications include such drivers as customer service, system reliability, customer growth, improved productivity and regulatory requirements. Follow-up review may be held, as necessary, until the Chief Operating Officer determines an appropriate funding level for the coming budget year.

Due to the timing of the rate review process, the 2002 O&M forecast process was started about eight weeks sooner than usual, and the duration of the process was reduced to about eight weeks, or about half the normal length.

This year's process was begun with a notification, to the Business Unit heads and their budget and planning staff, from the Corporate Budgets section of the Financial Business Unit, announcing the accelerated and compressed schedule. The notification included a calendar of key dates and the general guidelines.

Next, Corporate Budgets collected the key economic assumptions. Inflation rates were obtained from the Financial Business Unit's Planning section. Payroll program assumptions were obtained from the Compensation section of Human Resources. These assumptions were issued in the notification to the Business Unit budget coordinators.

The Business Units submitted their funding requirements to Corporate Budgets, per the published schedule. The Chief Operating Officer released the updated 2001 estimate and the 2002 forecast which was used in preparing the Minimum Filing Requirements.

IV. CAPITAL EXPENDITURES FORECAST

The Company performs both an annual capital forecast and a five-year forecast of capital requirements. The annual capital forecasting process is the same as the O&M expense forecasting process. They are performed concurrently. See the previous section for a discussion of the forecast development methodology and review process.

The five-year capital forecast is basically an extension of the annual process, employing the same requirements for identifying, explaining and justifying changes in the funding levels from year to year, through the final year of the forecast (in this instance 2006). In addition, the five-year capital forecast seeks special information required by the Consolidated Financial Model as follows.

SUPPORTING SCHEDULES: RECAP SCHEDULES:

FLORIDA PUBLIC SERVICE COMMISSION FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES DOCKET NO. 001148-EI	EXPLANATION: IF A PROJECTED TEST YEAR IS USED, PROVIDE A BRIEF DESCRIPTION OF EACH METHOD OR MODEL USED IN THE FORECASTING PROCESS. PROVIDE A FLOWCHART WHICH SHOWS THE POSITION OF EACH MODEL IN THE FORECASTING PROCESS. PROVIDE UNDER SEPARATE COVER TO STAFF, COMMISSIONERS, COMMISSION CLERK, AND UPON REQUEST, OTHER PARTIES TO THIS DOCKET A DETAILED DESCRIPTION OF THE COMPLETE FORECASTING MODEL USED TO PROVIDE THE FORECASTS OF THE NUMBER OF CUSTOMERS, ENERGY SALES AND PEAK DEMANDS SUBMITTED IN SCHEDULES E-27A, E-27B, AND E-27C. THIS DESCRIPTION SHALL INCLUDE THE METHOD(S) USED TO CALCULATE AND VALIDATE THE MODEL(S). A DESCRIPTION OF THE DIFFERENCES BETWEEN THIS FORECASTING MODEL AND THAT USED IN THE COMMISSION'S MOST RECENT PLANNING HEARING SHALL BE INCLUDED.	TYPE OF DATA SHOWN: ___HISTORICAL TEST YEAR ENDED _X_PROJECTED TEST YEAR ENDED 12/31/02 ___PRIOR YEAR ENDED WITNESS: NA

Each Business Unit must classify its capital investments by project. Projects must be classified as either major or minor. Major projects are those with a total cost over the life of the project of more than $10,000,000 and which have a specific in service date. Capital investments that do not meet the criteria for a major project are grouped under one or more minor projects at the Business Unit's discretion. All major and minor projects must be further defined by FERC function, and a plant site code, if applicable. All projects also must indicate the anticipated recovery mechanism, either through base rates or a cost recovery clause. Additional administrative requirements of the Consolidated Financial Model are included in a special guideline issued to the Business Units by Corporate Budgets to assist them in developing their five-year capital forecasts.

This year's capital forecasting process was communicated along with the announcement of the start of the O&M forecasting process. Refer to the previous section for a description of this year's deployment.

V. CONSOLIDATED FINANCIAL MODEL

A. SYSTEM OVERVIEW

In developing data for the 2002 test year, actual data for the period ended May 31, 2001 was used as a base for the forecast. Projected data for the last seven months of 2001 and for all of 2002 was then developed.

The corporate modeling system used by the Finance Department uses CompetiSoft™ Financial Planner Technology created by Utilities International, Inc. Financial Planner (FP) is an integrated financial planning model used to consolidate FPL's forecasted financial data for reporting to management and external parties.

FP design uses a module-based structure in which the Consolidated Financial Module (CFM) serves as a central collection point for all of FP's feeder calculations. Feeder calculations consist of Electric Sales and Revenues, O&M, Construction and Plant Accounting, Long-Term Financing and User inputs. CFM calculations are made using Visual Basic (VB) code in the model. The CFM consolidates the data from each of the feeder module outputs and performs the business logic calculations to generate financial statements for the Company.

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For data inputs that do not fall into one of the modules listed below, the CFM allows for the inputs to be forecasted outside of the model and manually input into the CFM module. Once balance sheet and income statement items have been calculated based upon inputs into the other modules, the CFM logic balances these statements where imbalances occur, and schedules the issuance or retirement of commercial paper or short-term investments to make such adjustments.

Additionally, in certain instances where values for miscellaneous items are not specifically forecasted, either as a manual input, or through another module, the CFM applies a standardized forecast method to forecast future periods. An example of one of the standard methods used is "most recent balance of corresponding historical month plus a growth factor of CPI". This method takes each month of the historical year and multiplies it by CPI to arrive at the forecast for the corresponding month in the projected year.

The CFM module also consolidates forecasted calculations and manual inputs from the feeder modules to calculate deferred income taxes and income tax expense for presentation in the financial statements.

B. FLOWCHART

See Attachment 7 of 9.

C. INTEGRATED MODULES

1. Electric Sales & Revenue Module (ES&R)

- Historical Information

  On a monthly basis, historical information on electric and other revenues is updated into the ES&R via an interface from the Financial Accounting Management System (FAMS). Some items that are not captured in the FAMS data load are manually input into the ES&R.

- Forecasted Information

  ES&R forecasts electric revenues for each customer class. Electric sales/loads (MWH) as well as production and fuel expense (in dollars) are fed from the production costing model (POWERSYM) and used for calculations in the revenue module.

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Electric sales and load forecast files are obtained from the RAP Department and input into the ES&R module. The ES&R module is also updated with RAP's electric production cost forecast that includes MWH produced, wholesale sales and purchases and fuel expense. Retail Base and Wholesale Base Revenue Forecasts are provided by the Rates and Tariff Department, and input into the ES&R module for each customer class. For the year 2002, retail base revenues are forecasted based on a projection of billing determinants by rate class. The methodology for developing projected billing determinants is described in MFR E-18d. Projected billing determinants by rate class are then applied against the currently approved tariff charges to obtain a forecast of base revenues by rate class. Base revenues by customer class are then determined based on the historical relationships between revenues by rate class and revenues by customer class. For the year 2001, retail base revenues are forecasted by projecting the cents per kWh for base revenues by customer class and applying the results to the forecasted sales by customer class. For both 2001 and 2002, wholesale base revenues are forecasted by applying projected billing determinants to wholesale base rates by rate class and/or contract.

The ES&R module uses the input data to calculate:

- MWH sales, electric production and fuel expense for use in calculations of base revenues and clause revenues.
- Rates by customer class.
- Fuel clause projections based on jurisdictional factors.
- Billed and unbilled revenues.
- Over/under recovery for all cost recovery clauses.

2. O&M Calculation Module

- Historical Information

On a monthly basis, historical information on operating and maintenance expenses is updated into the O&M module via an interface from FAMS. Some items that are not captured in the FAMS data load are manually input into the O&M module.

- Forecasted Information

O&M forecast data is obtained from Corporate Budgets and is input into the O&M module at a summary level. This data is then output to the CFM for preparation of forecasted financial statements.

SUPPORTING SCHEDULES: RECAP SCHEDULES:

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TYPE OF DATA SHOWN:

___ HISTORICAL TEST YEAR ENDED
_X_ PROJECTED TEST YEAR ENDED 12/31/02
___ PRIOR YEAR ENDED
WITNESS: NA

3. Construction and Plant Accounting Module (CPA)

- Historical Information

On a monthly basis, historical data for property, plant and equipment is updated in the CPA module via an interface from the Walker Property Records System (WPRS). The Construction Work in Process is also updated on a monthly basis via an interface with the General Ledger .

- Forecasted Information

Capital expenditures forecast data is obtained from Corporate Budgets and is input into the CPA module. Forecasted retirements, depreciation rates, and tax depreciation on vintage assets are manually input into the CPA module.

The CPA module uses the input data to calculate plant activity, depreciation, deferred taxes and tax depreciation on asset additions. These calculations are then consolidated in the CFM module for use in generating financial statements.

4. Finance Module -- Long-term Financing

The Finance Module forecasts long-term financing activity for all outstanding debt and new debt instruments added to the model. Data is manually input into the module on an individual debt issue basis.

The module generates details of each issues' transactions for all items that apply to the income statement, cash flow statement, and balance sheet (issuances, retirements, premium, discounts, interest, amortization, etc.).

5. User Input Module -- Other

The FP model also allows the capability to input forecast assumptions and actual values for items that are budgeted and calculated outside of the system - that are not captured by the modules listed above. These include items such as property taxes, commercial paper rates, miscellaneous revenues, etc.

SUPPORTING SCHEDULES: RECAP SCHEDULES:

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VI. REGULATORY FILING DATA REPOSITORY

A new integrated proprietary database was developed to assist in the preparation of the Minimum Filing Requirements. It is referred to as the Regulatory Filing Data Repository. See Attachment 8 of 9 for a detailed description of this database and process.

NOTE: FPL is presently reevaluating its sales forecast, the results of which affect some MFRs. In order to comply with the Commission's timetable for filing MFRs, FPL's sales forecast for 2002 was prepared in May 2001, using the best information available at that time, as discussed in this filing. In the past few months, however, the U.S. economy has experienced some unexpected deterioration. In addition, the recent tragedies in New York and Washington may have economic and other consequences that could affect FPL's sales forecast in ways that cannot yet be determined. FPL is continuing to reevaluate its 2002 sales forecast to determine the impact of these national and world events, and will advise the FPSC of any material changes in forecasted data.

SUPPORTING SCHEDULES: RECAP SCHEDULES:

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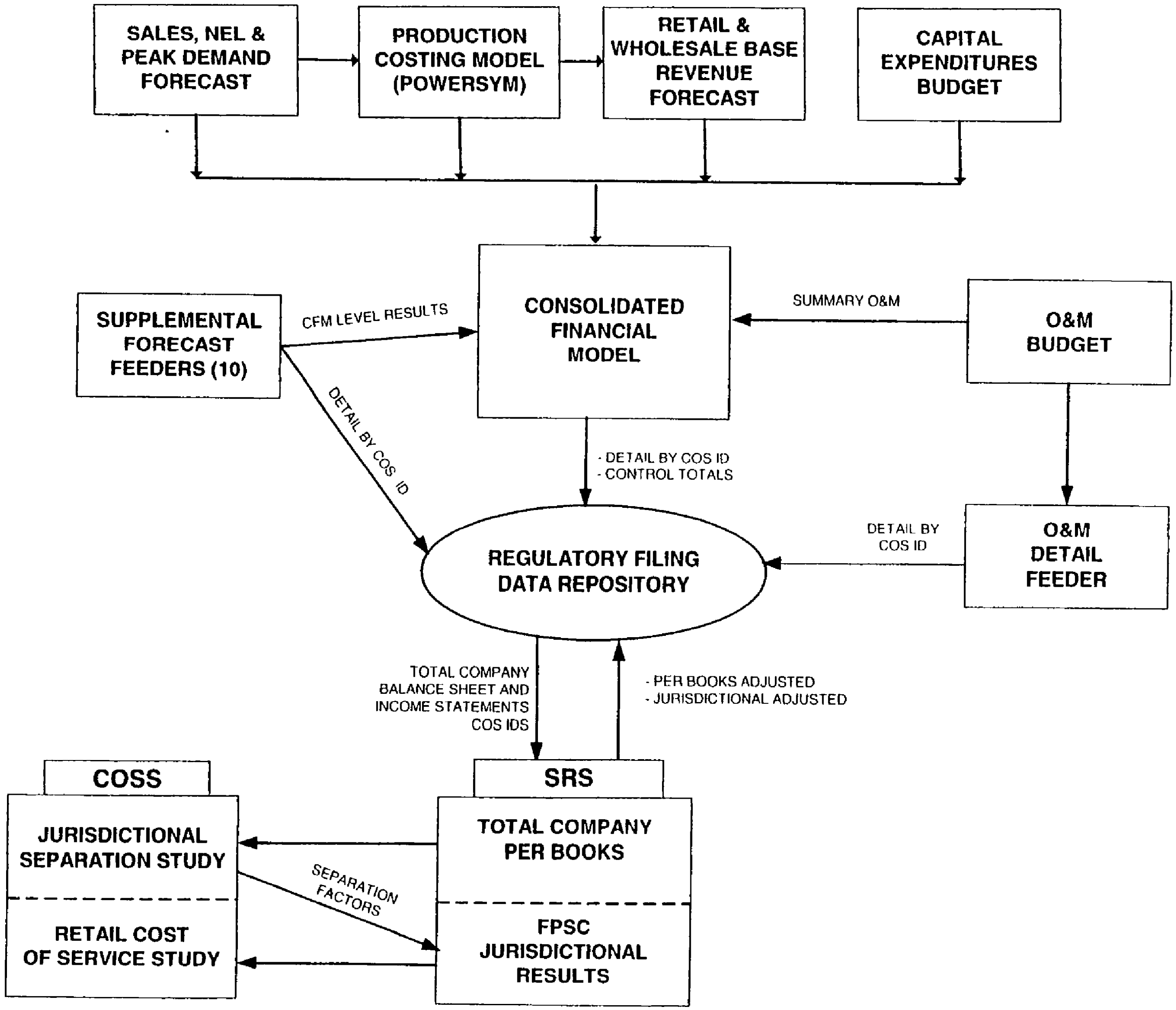
MFR F-9, Forecasting Models

FLORIDA POWER & LIGHT COMPANY
FORECASTING PROCESS OVERVIEW



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K.M.Davis Exhibit No. ____
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ATTACHMENT 1 OF 9
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CUSTOMERS, ENERGY SALES AND PEAK DEMAND FORECASTING METHODOLOGY

The Forecasting section of Resource Assessment and Planning projects Customers, Energy Sales, Net Energy for Load and Peaks to support various planning processes in the company.

Short-term forecasts are developed on a monthly basis for a five-year period for Customers, Energy Sales, Net Energy for Load (NEL), and Peaks. Customers and Energy Sales are developed by customer class.

ASSUMPTIONS:

In developing the forecasts, assumptions were made about the most likely conditions for the economy, population, and weather. The forecasts for the economic variables is obtained from Data Resources Incorporated (DRI) and Wharton Econometrics (WEFA). Population estimates are obtained from the University of Florida's Bureau of Economic & Business Research (BEBR). The weather data is gathered every month from four weather stations across our service territory and various weather assumptions are developed.

Weather is the most important factor, which affects the company's sales and peak demand. Weather variables are used in our forecasting models of short-term sales, summer and winter peak demand. These are two sets of weather variables developed and used in forecasting models:

1. Cooling & Heating Degree Days are used to forecast short-term energy sales.

2. Temperature data is used to forecast summer & winter peaks.

The Cooling & Heating Degree Days are used to capture the changes in the electric usage of weather sensitive appliances, such as air conditioners and electric heaters that occur because of changing weather conditions. The procedure for calculating cooling and heating degree days is as follows:

First a composite system-wide temperature is developed using hourly temperatures from the four weather stations (Miami, Fort Myers, Daytona Beach, West Palm Beach) in our service territory. The hourly temperatures from the four stations are weighted by the sales in that region to produce a system temperature.

Heating Degree Days are calculated by subtracting actual daily composite temperature from a base temperature of 66° (ignore the negative values). This results in a value for heating degree days for that day. A monthly value is obtained by summing the daily heating degree days for the month.

$$\text{Heating Degree Days (HDD)} = \sum_{I=1}^{30} (66^\circ - T_I)$$

Cooling Degree Days are calculated by subtracting a base temperature of 72° from actual daily composite temperature (ignore the negative values). This results in a value for cooling degree days for that day. A monthly value is obtained by summing the daily cooling degree days for the month.

$$\text{Cooling Degree Days (CDD)} = \sum_{I=1}^{30} (T_I - 72^\circ)$$

CUSTOMER FORECAST:

The monthly customer forecast is developed by customer class. Econometric models are developed for residential, commercial, industrial and street & highway classes. For Other Public Authority, Railroads & Railways and Resale, exclusive information pertaining to these classes is used to develop the forecast. See Attachment 3 of 9.

Residential Customer Forecast:

Residential customers are projected for a period of five years using an econometric model with Florida's population, a 12-month lagged dependent variable and an autoregressive term. The growth in Florida's population is a key indicator in projecting FPL's residential customers. The model is as follows:

DEPENDENT VARIABLE:
Residential Customers

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
Florida Population	43,825.8	4.85
Residential Customers (Lagged 12 months)	0.812	18.962
Auto-Regressive(1)	0.735	12.044

Adjusted R-Square = .999
Durbin-Watson = 2.309

Commercial Customer Forecast:

Commercial customers are projected for a five year period using an econometric model with a one-month lagged commercial employment, a 12-month lagged dependent variable and an autoregressive term. The model is as follows:

DEPENDENT VARIABLE:
Commercial Customers

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
Commercial Employment (Lagged 1 Month)	1.403	1.991
Commercial Customers (Lagged 12 Months)	1.000	92.118
Auto-Regressive(1)	0.872	18.659

Adjusted R-Square = .999
Durbin-Watson = 1.992

Industrial Customer Forecast:

Industrial customers are projected for a period of five years, using an econometric model with an intercept term, net annual change in residential customers and an autoregressive term. The net annual change in residential customers is a good indicator for industrial customers since a significant number of industrial customers are temporary meters installed during construction.
The model is as follows:

DEPENDENT VARIABLE:
Industrial Customers

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
Intercept	14,470.779	50.883
Net Annual Change in Residential Customer	0.012	5.668
Auto-Regressive(1)	0.951	46.254

Adjusted R-Square = .958
Durbin – Watson = 1.442

Street & Highway Customers:

Street & Highway customers are projected using an econometric model where the customers are a function of Florida's Population and an autoregressive term.

DEPENDENT VARIABLE:
Street & Highway Customers

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
Florida Population	157.566	3.871
Auto-Regressive(1)	.972	50.876

Adjusted R-Square = .931
Durbin - Watson = 1.978

Other Public Authority:

This customer class primarily consists of government accounts and sports fields. This is a closed customer class, resulting in a declining number of customers. The number of customers in this class is determined by using the information provided by service planners.

Railroads & Railways:

This customer class is made up of the 13 Miami-Dade county's metrorail stations. The number of customers in this customer class are projected to remain the same over the next few years.

Resale:

This class consists of wholesale customers that provide electricity to ultimate consumers. At the present time FPL has three such customers: City of Key West, Florida Keys, and Miami-Dade County. FPL will be adding FMPA in June of 2002.

ENERGY SALES FORECAST:

FPL's Net Energy for Load (NEL) and billed energy sales by customer class are projected on a monthly basis. Weather & economic conditions are the two most important factors in forecasting monthly sales.

Historical monthly billed sales are based on meter readings taken throughout the current month and may include some energy generated and used during the previous month. However, the total recorded usage is credited to the current month's sales. Due to this accounting method it is often difficult to match economic and weather data corresponding to a customer's electric consumption for a given period of time. Therefore, monthly NEL is forecasted since it is the electricity generated to meet customer demand, net of plant use. NEL is used as the control forecast because the model for NEL usage can better capture the impact of weather and other factors affecting monthly sales. Monthly generation output can be appropriately matched with variables affecting usage. Transmission and distribution conversion losses, Company use of electricity, and interchange sales account for other differences between net energy for load and energy sales.

The Net Energy for Load forecast is developed using an econometric model. The key inputs to the model are price of electricity, heating & cooling degree-days, and Florida per capita income.

DEPENDENT VARIABLE:
Net Energy for Load per Customer

INDEPENDENT VARIABLE:	COEFFICIENTS	T RATIO
Intercept	1.013	6.202
Heating Degree Days x Heating Saturation	0.001	8.903
Cooling Degree Days x Cooling Saturation	0.002	60.164
Real Price of Electricity (Lagged 3 months)	-5.514	-4.294
Real Florida Per Capita Income	0.035	7.972
Dummy Variable (February)	-0.117	-8.172

Adjusted R-Square = .977
Durbin - Watson = 1.892

Once the NEL forecast is obtained using the above-mentioned model, total billed sales are computed using a historical ratio of sales to NEL. See Attachment 4 of 9.

To project sales by customer class models for the residential, commercial, and industrial classes are developed. The sum of all the classes will result in total sales, which is adjusted for the total sales derived from the NEL model. The models are developed to obtain a reasonable monthly share of each customer class. See Attachment 5 of 9.

Residential Sales:

Sales for this customer class are projected using an econometric model. Residential sales are a function of heating and cooling degree days, price of electricity, Florida personal income, and a dummy variable for the months of April, May and June along with an autoregressive term. This model used to forecast residential sales on a monthly basis for the short-term.

DEPENDENT VARIABLE:
Residential sales

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
(Heating Degree Days) x (Heating Saturation)	3,775.355	5.564
(Cooling Degree Days) x (Cooling Saturation)	5,191.197	27.259
Real Price of Electricity (Lagged 3 months)	-7,551,839.453	-5.091
Real Florida Personal Income	8,586.643	37.448
Dummy Variable (April)	-350,772.264	-5.366
Dummy Variable (May)	-580,543.474	-9.809
Dummy Variable (June)	-295,271.234	-4.688
Auto-Regressive(1)	0.022	0.233

Adjusted R-Square = .927
Durbin - Watson = 1.925

Commercial Sales:

Sales for this class are forecasted using an econometric model. Commercial sales are a function of commercial employment, cooling degree days, price of electricity and an autoregressive term. This model is used to forecast sales for the commercial class on a monthly basis for the short-term period.

DEPENDENT VARIABLE:
Commercial Sales

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
Intercept	631,222.394	1.636
Commercial Employment in Florida	392.034	40.014
Cooling Degree Days	1,525.838	131.710
Real Price of Electricity	-10,720,758.484	-2.462
Auto-Regressive(1)	0.587	7.061

Adjusted R-Square = .937
Durbin - Watson = 1.891

Industrial Sales:

An econometric model is developed to forecast the sales for this class. The key inputs to the industrial sales model are price of electricity and manufacturing employment. This model is used to project industrial sales on a monthly basis for the short-term.

DEPENDENT VARIABLE:
Industrial Sales

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
Intercept	53,834.213	1.681
Manufacturing Employment in Florida	601.572	9.290
Real Price of Electricity (Lagged 2 months)	-656,370.037	-5.304
Auto-Regressive(1)	0.389	6.733

Adjusted R-Square = .572
Durbin - Watson = 2.084

Street & Highway Sales:

Street & Highway sales are projected based on an assumed constant use per customer, which is multiplied by the forecasted number of customers.

Other Public Authority Sales:

This customer class is a closed class with no new customers being added. This class consists of sports fields and a government account. The forecast for this class is based on historical knowledge of its characteristics.

Railroads & Railways Sales:

The level of sales for this class is projected to remain steady.

Resale Sales:

Resale (Wholesale) customers are composed of municipalities and/or electric cooperatives. These customers differ from jurisdictional customers in that they are not the ultimate users of the electricity they buy. Instead, they resell this electricity to their own customers.

Currently there are four customers in this class: the Florida Keys Electric Cooperative, City Electric, Inc. of Key West, Metro-Dade County, and FMPA. Sales to the Florida Keys are forecasted using a regression model. Forecasted sales to City Electric, Inc. of Key West are based on assumptions regarding their contract demand and expected load factor. Metro-Dade County sells 60 MW to Florida Power Corporation. Line losses are billed to Metro-Dade under a wholesale contract. The forecast is calculated based on assumptions about line losses, their capacity factor, and the number of hours in a particular month. FMPA has contracted for delivery of 75 MWs for the period of June 2002 through October 2007.

Total Sales:

The forecasts for all the customer classes are reconciled to the total sales forecast obtained from the NEL model.

SYSTEM PEAK FORECASTS

In recent years, the absolute growth in FPL system load has been associated with a larger customer base, varying weather conditions, continued economic growth, changing patterns of customer behavior (including an increasing stock of electricity consuming appliances), and more efficient heating and cooling appliances. The Peak Forecast models were developed to capture these behavioral relationships. See Attachment 6 of 9.

The forecasting methodology for summer and winter system peaks is discussed below.

System Summer Peak

The Summer peak forecast is developed using an econometric model. Key variables included in the model are the total average customers, the price of electricity, a ratio of Florida total personal income and Florida Non-Agricultural employment, and the maximum peak day temperature. The model below is based on summer peak per customer, therefore is multiplied by total customers to derive FPL's system summer peak.

DEPENDENT VARIABLE:
Summer Peak Per Customers

INDEPENDENT VARIABLE:	COEFFICIENTS	T RATIO
Intercept	0.500	0.269
Ratio of Personal Income and Employment in Florida	3.095	0.696
Real Price of Electricity	-0.153	-3.002
Maximum Peak Day Temperature	0.040	4.960
Auto-Regressive(1)	0.809	12.886

Adjusted R-Square	=	0.935
Durbin - Watson	=	2.212

System Winter Peak

Like the system summer peak model, this model is also an econometric model. The model consists of three weather-related variables: the minimum temperature on the peak day, a weather term which is a product of heating saturation and minimum winter day temperature, and heating degree hours for the prior day as well as for the morning of the winter peak day. In addition the model also has an economic term which is a ratio of Florida total personal income and Florida non-agricultural employment, a dummy variable to capture the effects of larger homes and a dummy variable to provide additional emphasis for the more recent weather data. The model below is based on winter peak per customer, therefore is multiplied by total customers to derive FPL's system winter peak.

DEPENDENT VARIABLE:
Winter Peak Per Customers

INDEPENDENT VARIABLES:	COEFFICIENTS	T RATIO
Intercept	4.885	1.489
Ratio of Personal Income & Employment in Florida	1.787	0.187
Minimum Peak Day Temperature	-0.105	-3.351
(Minimum Winter Day Temperature) x (Heating Saturation)	0.001	1.979
Heating Degree Hours Prior day to time of peak	0.001	1.921
Dummy for Larger Homes	1.060	1.054
Dummy for Larger Homes*Minimum Peak Day Temperature	-0.044	-1.420
Seasonal Auto-Regressive(1)	0.348	1.850

Adjusted R-Square = 0.812
Durbin – Watson = 2.305

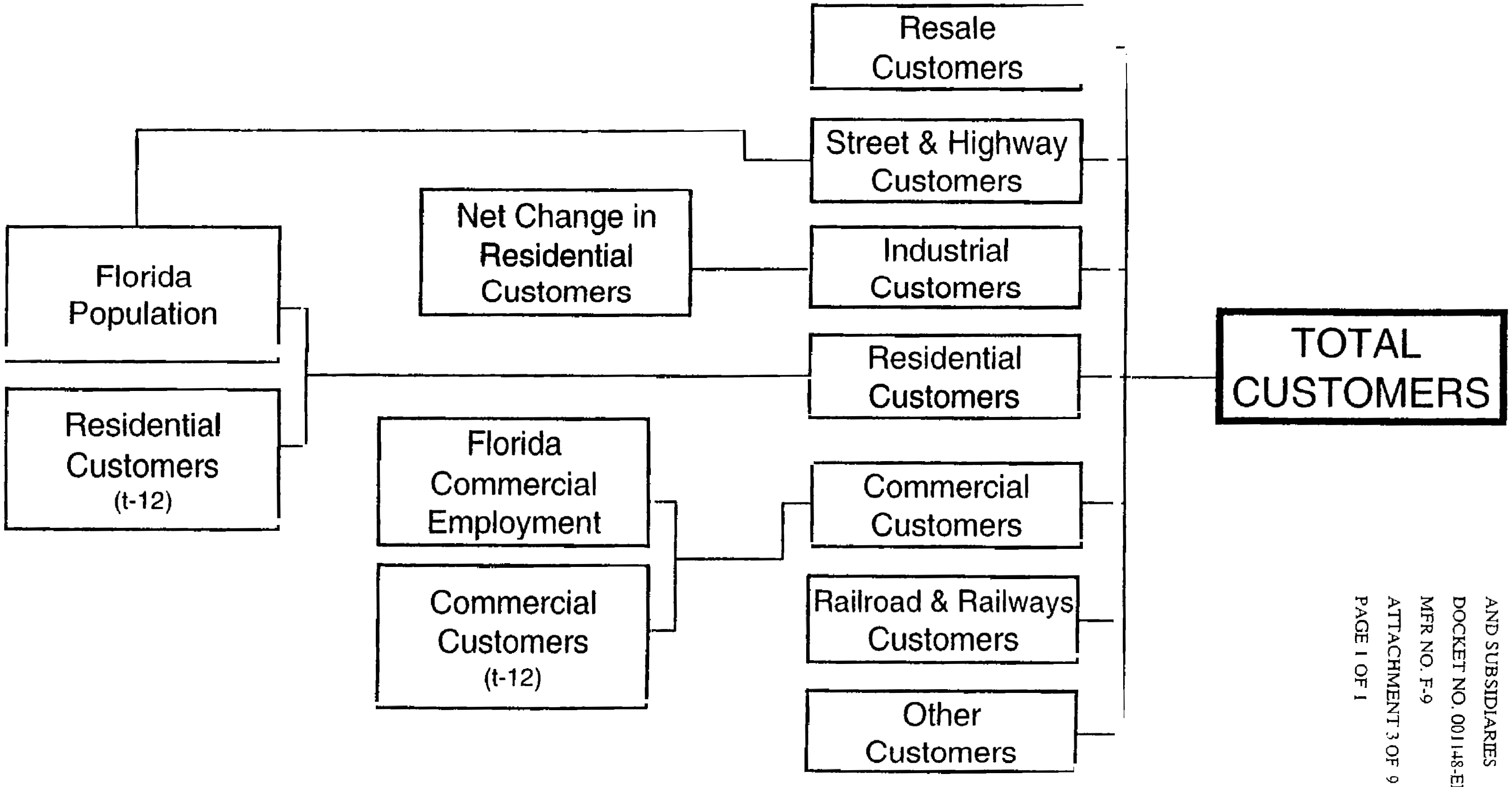
Monthly Peak Forecasts

Monthly peaks are forecasted to provide information for the scheduling of maintenance for power plants and fuel budgeting. The monthly forecasts are developed using a ratio of month to the seasonal peak.

a. Develop the historical seasonal factor for each month by using ratios of historical monthly peaks to seasonal peak (Summer = April-October, Winter = November-March).

b. Apply the monthly ratios to their respective seasonal peak forecast to derive the peak forecast by month. This process assumes that the seasonal factors remain unchanged over the forecasting period.

Florida Power & Light Company
Short-Term Forecast Customer Model



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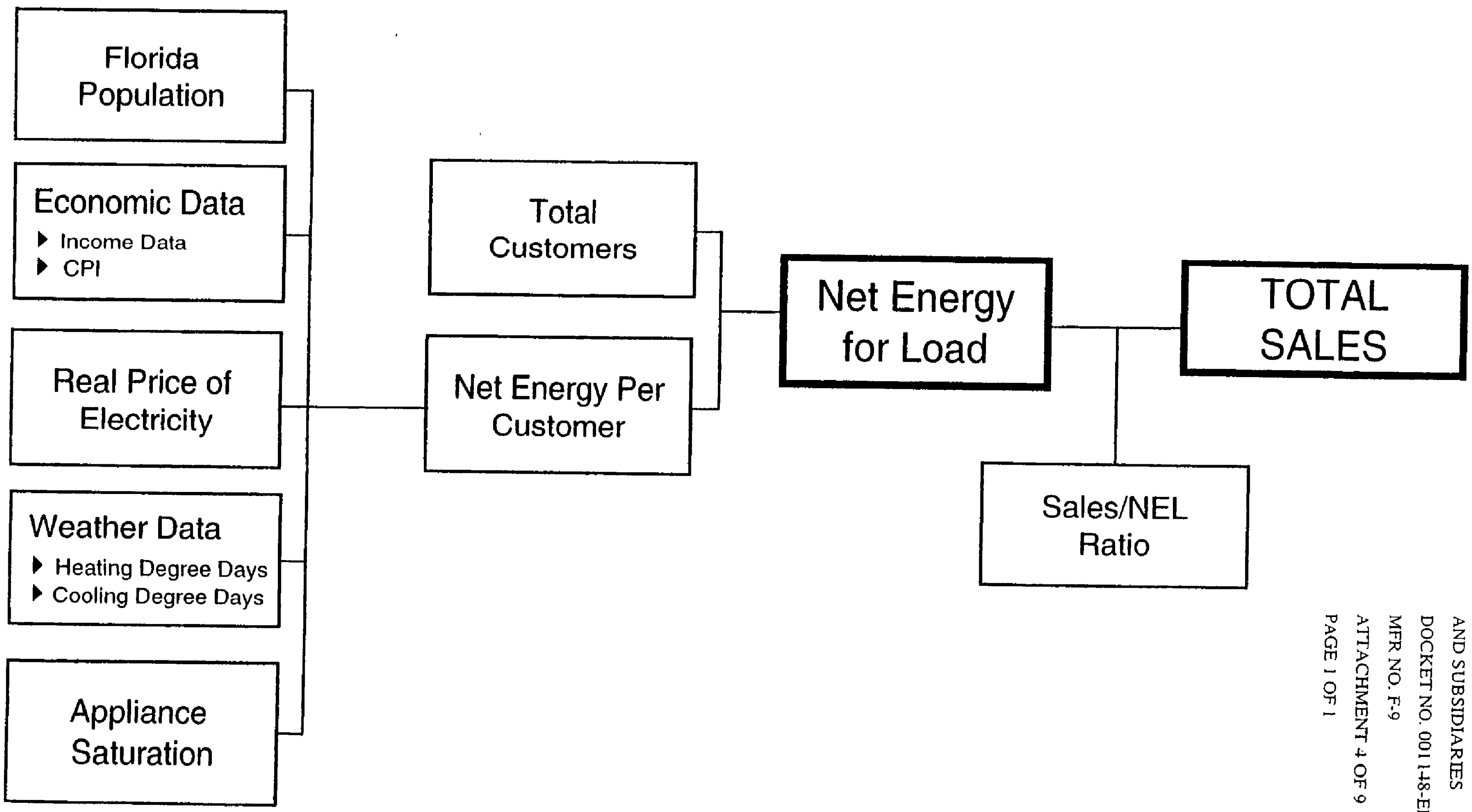
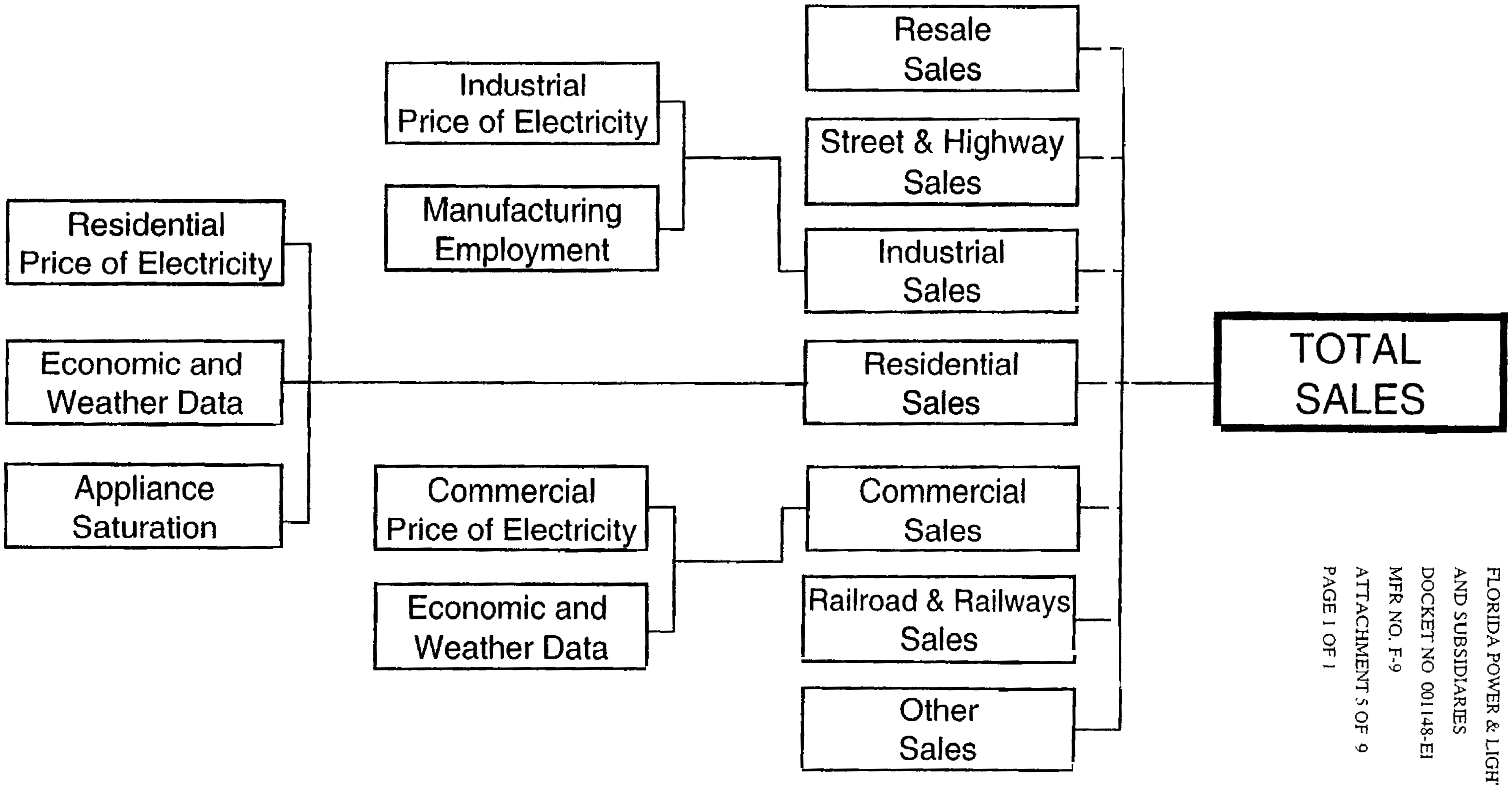
Florida Power & Light Company
Short-Term Net Energy for Load Model



Florida Power & Light Company
Total Short-Term Sales By Customer Class



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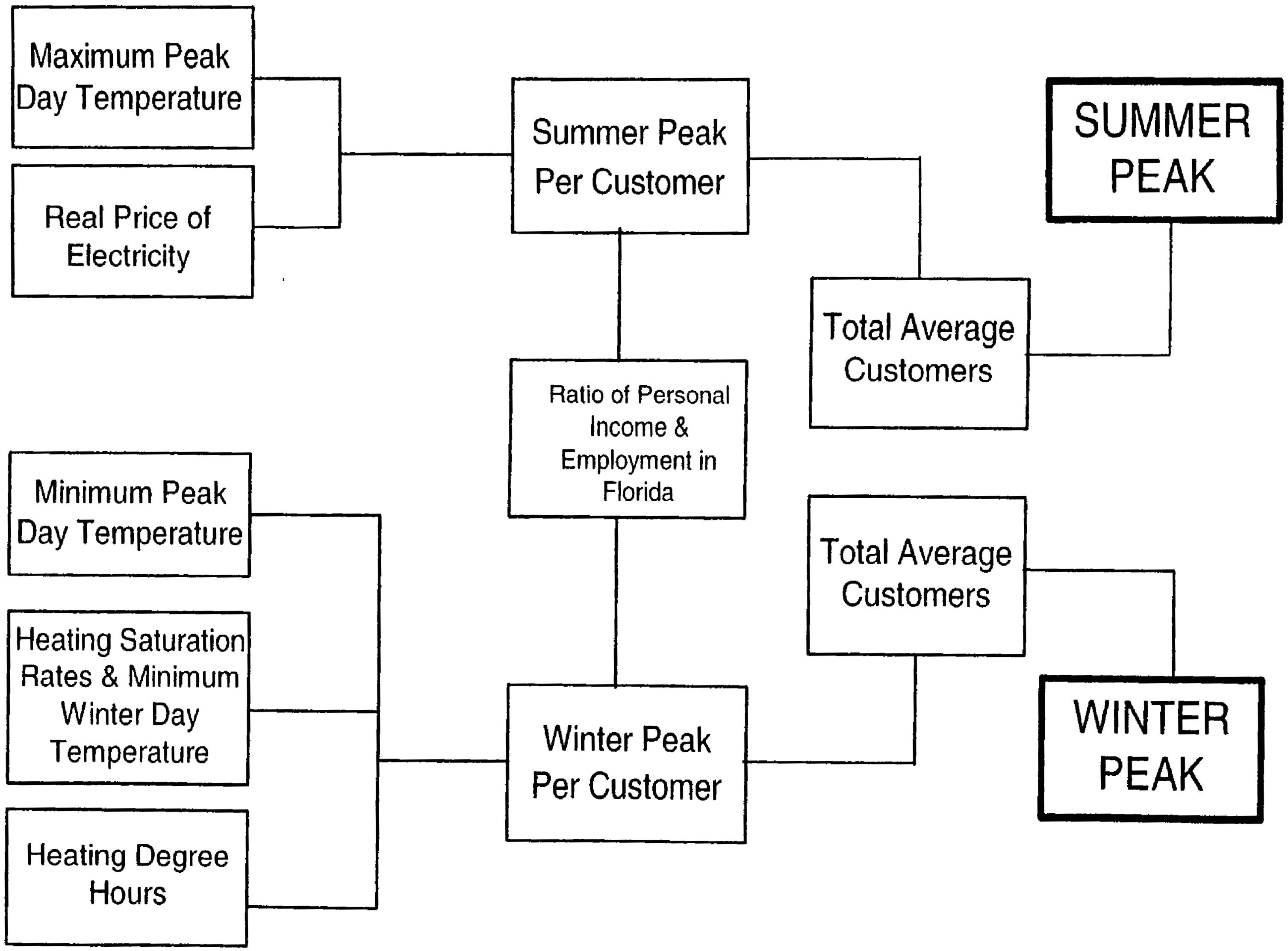
Florida Power & Light Company
Modeling the Summer & Winter Peaks



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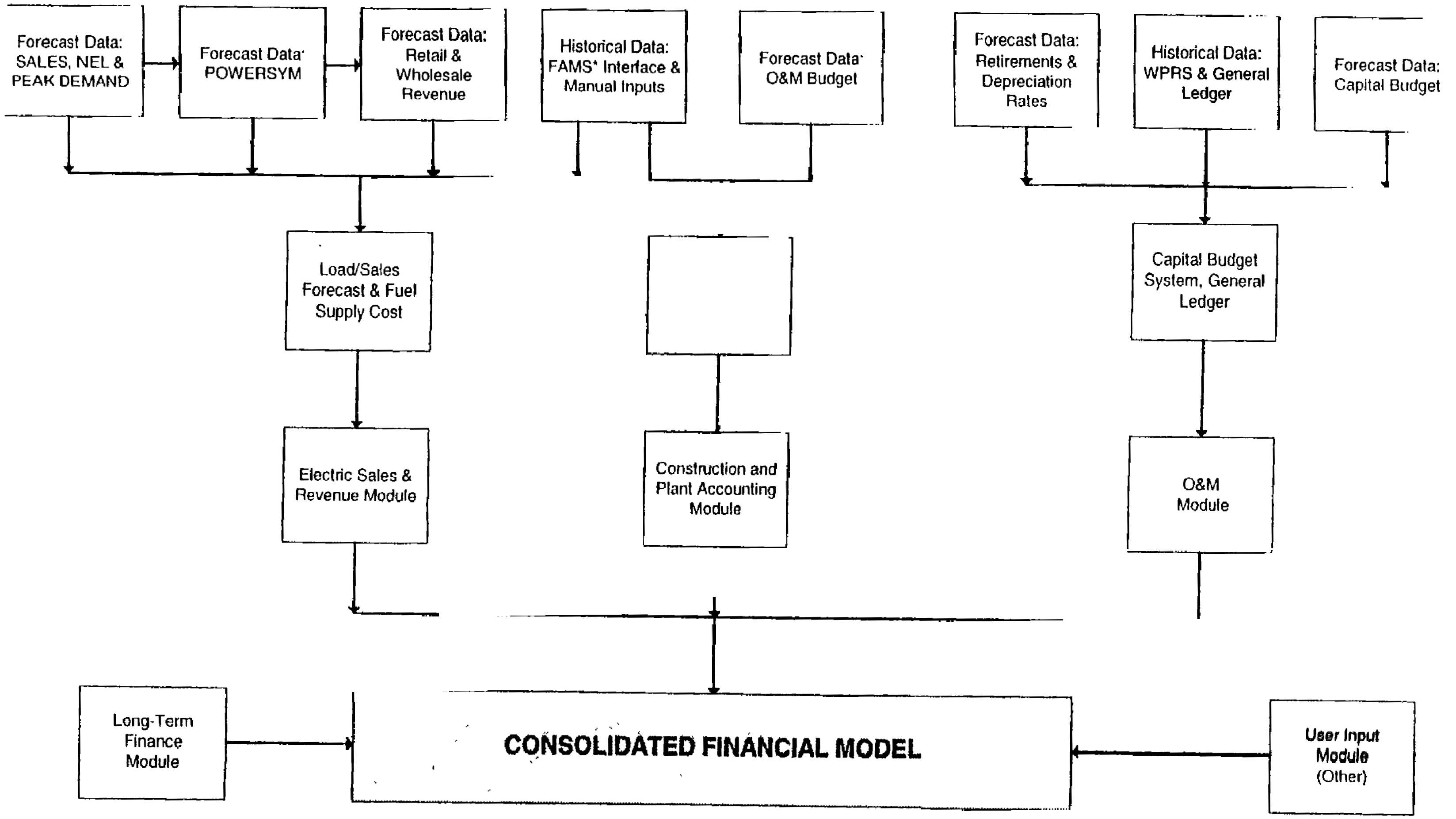
FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED FINANCIAL MODEL (CFM)



*FAMS: FINANCIAL ACCOUNTING MANAGEMENT SYSTEM

REGULATORY FILING DATA REPOSITORY

A. SYSTEM OVERVIEW

A new integrated proprietary database system has been implemented to assist in the preparation of Minimum Filing Requirements (MFRs) based on a 2002 test year. This new database and process, depicted in the flowchart shown on Attachment 9 of 9, involved the development of a data repository, referred to as Regulatory Filing Data Repository (RFDR). The RFDR was developed to:

1. Enable the integration of certain FPL systems in order to produce financial details required for compliance with MFR data requirements. The RFDR database integration effort involves the following corporate systems:
   - Consolidated Financial Model (CFM),
   - Surveillance Reporting System (SRS), and
   - Cost of Service System (COSS).

2. Facilitate the preparation of MFRs, and

3. Ensure the integrity of MFR data through data validation and MFR data controls.

By developing the RFDR, FPL was able to use pertinent existing corporate systems in an attempt to meet the MFR filing deadlines. Implementation of the RFDR structure also provided FPL the added benefit of minimizing modifications to existing systems, thus preserving their primary corporate functions.

The RFDR contains forecast financial data for the 2001 and 2002 periods at the cost of service identifier (COS ID) level of detail, which generally is more detailed than data items in the CFM. Developing financial data at the COS ID level is essential to the preparation of MFRs, particularly those requiring detailed balance sheet and income statements, and FPSC jurisdictional and cost of service data. The COS ID financial data for rate base, net operating income (NOI), and capital structure is stored in the RFDR as follows:

Company Per Book
Non Utility
- Utility Per Book

Commission Adjustments Per Book
- Adjusted Utility Per Book

Jurisdictional Utility
Jurisdictional Commission Adjustments
- Jurisdictional Adjusted Utility

B. FLOWCHART

See Attachment 9 of 9.

C. PROCESS DESCRIPTION

The RFDR contains financial data at a COS ID level obtained via electronic interfaces from the corporate systems identified above. Following is a description of the systems, processes and results of the integrated RFDR process.

1. Consolidated Financial Model

The Consolidated Financial Model (CFM) is used by FPL to generate summary level financial forecasts for management purposes. Since CFM is an integrated financial forecast model, which produces a full compliment of total company financial forecast data, it is essential for FPL to use this system as the primary source of RFDR per book data. The per book data feed from CFM consists of COS IDs and a number of validation controls which are used to ensure consistency of the forecast results.

To facilitate the use of CFM as a primary source of MFR-related data, the system was modified to allow for the referencing of detail data items to COS IDs. Data items in CFM were assigned COS ID codes consistent with the translation of matching historical General Ledger (GL) items. For example, GL Account 131, Cash, is assigned COS ID BAL231000. Consistent with this translation, the line item in the CFM item titled "Cash" is assigned COS ID BAL231000.

The CFM COS ID data feed is electronically transferred to RFDR along with control and validation summary totals. CFM summary totals are used for validation and RFDR control in order to ensure data integrity.

a) Supplemental Forecast Feeders

In order to accommodate the forecast of detail regulatory financial data for those CFM items normally forecast at aggregate levels, supplemental forecast feeders have been developed. There are a total of ten supplemental forecast feeders which provide forecast data at the COS ID level for such CFM items as current and accrued liabilities, deferred credits and deferred debits.

Each supplemental forecast feeder contains forecast results at the COS ID level for each month of the forecast period. Trending and other forecasting methods were utilized in the forecasting of the COS IDs. The COS ID forecast for each feeder was input to RFDR via electronic interfaces. The aggregate total of the COS IDs for each of the supplemental forecast feeders was entered into the corresponding line item in the CFM. Data validation and control routines are used to ensure consistency of data between the RFDR and each feeder and between the RFDR and CFM.

b) O&M Detail Feeder

The forecast of Operations and Maintenance Expense (O&M) is reported in CFM at a summary level. In order to meet regulatory filing requirements, a process was developed to provide the O&M forecast at a COS ID level of detail. The process, titled O&M Detail Feeder, has as its primary input the FPL budgeted O&M expense by Business Unit for 2001 and 2002. The Business Unit O&M budget is initially converted to FERC Functions, then to FERC Accounts and ultimately to COS IDs. The conversion to FERC Functions and Accounts relies primarily on historical relationships but allows for adjustments necessary to reflect current business conditions. Business Unit management has final approval authority in this process.

Fiscal year 2000 actual data was used as the historical base year. Data validation and control routines were used to ensure consistency of data between the RFDR and O&M detail feeder and between the RFDR and CFM.

In summary, the CFM and supporting O&M detail feeder and supplemental forecast feeders provide the RFDR total company balance sheet and income statements at the COS ID level of detail for the 2001 and 2002 forecast periods.

2. Surveillance Reporting System

The total company balance sheet and income statement data at the COS ID level for the 2001 and 2002 forecast periods in the RFDR is electronically transferred to the Surveillance Reporting System (SRS). Data validation and control routines are used to ensure consistency of data between the RFDR and SRS.

SRS is the system currently used by FPL to prepare the monthly Rate of Return Surveillance Report filed with this Commission. In order to meet the regulatory filing requirements in this docket, SRS was modified to allow for the processing of forecast COS ID data.

a) Adjustments

The per book balance sheet and income statement by COS ID from the RFDR is used in SRS to develop regulatory adjustments. These adjustments are assigned a COS ID as part of the SRS process. The regulatory adjustments COS IDs along with the per book balance sheet and income statement are electronically transferred to COSS in order to develop jurisdictional separation factors for 2001 and 2002.

b) Jurisdictional Separation

The per book balance sheet, income statement and regulatory adjustments amounts by COS ID are input into the Cost of Service System along with other data used to perform jurisdictional separation studies for the 2001 and 2002 forecast periods. Examples of such other data include:

- Load Forecasts – Coincident and Non-Coincident Peak Demand for Retail and Wholesale customers
- Energy Sales – Retail and Wholesale
- Number of Customers – Retail and Wholesale

Jurisdictional separation study results for 2001 and 2002 forecasts, in the form of FPSC separation factors by COS ID, are electronically transferred to SRS in order to calculate FPSC jurisdictional results for NOI, rate base, and capital structure.

c) Jurisdictional Adjusted Results

Utilizing the COSS feed containing jurisdictional factors for each COS ID, SRS then applies a jurisdictional factor to each COS ID and then calculates FPSC jurisdictional results. The balance sheet, income statement and regulatory adjustments' COS IDs, both per book and jurisdictional, are used in SRS to calculate:

- Adjusted Utility Per Book
    - Rate Base
    - NOI
    - Capital Structure
- Jurisdictional Adjusted Utility
    - Rate Base
    - NOI
    - Capital Structure

The per book and jurisdictional results for rate base, NOI and capital structure are electronically transferred to the RFDR for MFR reporting and MFR data integrity validation and control.

3. Cost of Service System (COSS)

COSS is used by FPL to perform jurisdictional separation studies and retail rate class cost of service studies. See section C.2.b) for a description of the jurisdictional separation study process.

a) Retail Cost of Service Study

The FPSC jurisdictional adjusted NOI and rate base by COS ID for the 2002 forecast year produced in SRS provides the financial starting point for the 2002 retail cost of service study. The data is electronically transferred from the SRS to COSS for use in the development of a retail cost of service study by rate class. This financial data combined with other rate class inputs such as revenues, sales, customers, coincident and non-coincident peak demands are used to produce the 2002 test year cost of service by rate class.

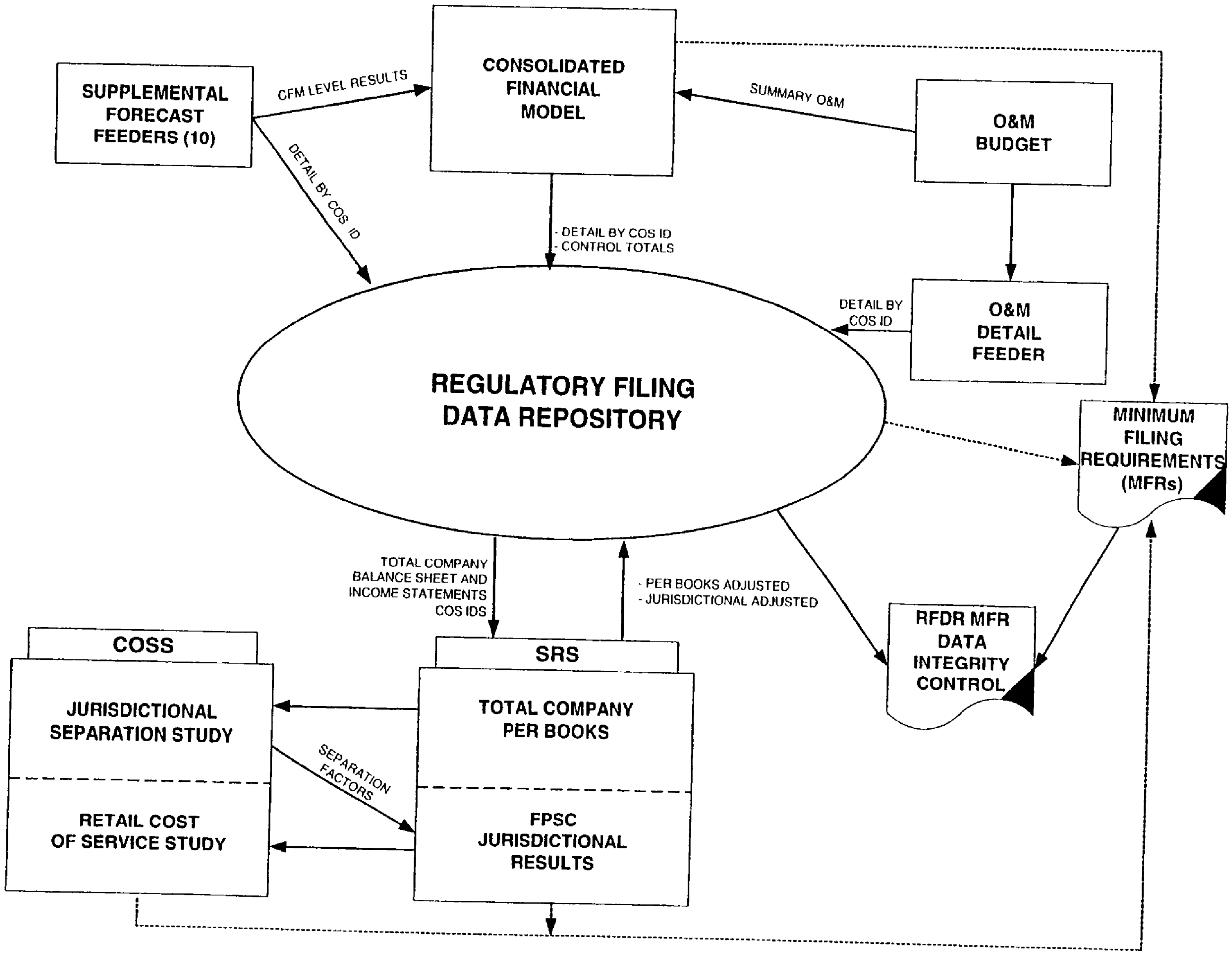
D. MINIMUM FILING REQUIREMENTS

Several corporate systems have been used in the preparation of MFR schedules prescribed by the FPSC for this docket. These systems include those integrated in the RFDR process and other source systems such as fuel and sales forecasts.

MFR data integrity is assured by a combination of RFDR exception reporting and financial data output validations. The MFR Control Report produced by the RFDR ensures data integrity for the majority of MFRs prepared by the RFDR integrated system. MFR Control Reports provide the necessary information to verify the accuracy and consistency of MFR data with data in the RFDR. Additionally, all MFRs are reviewed and approved by the originating Business Unit to ensure consistency with source data and compliance with MFR requirements.

Once the MFRs are produced and approved by the originating Business Unit they are routed to the Regulatory Affairs Department where they are reviewed for quality assurance and consistency with other MFRs. Upon quality assurance validation, MFRs are routed for attorney and Management Review as appropriate.

FLORIDA POWER & LIGHT COMPANY
REGULATORY FILING DATA REPOSITORY
PROCESS FLOWCHART



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Steel Hector & Davis LLP
215 South Monroe, Suite 601
Tallahassee, Florida 32301-1804
850.222.2300
850.222.8410 Fax
www.steelhector.com

October 1, 2001

RECEIVED-FPSC
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COMMISSION CLERK

-VIA HAND DELIVERY-

Ms. Blanca S. Bayó
Director of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 001148-EI

Dear Ms. Bayó:

On behalf of Florida Power & Light Company ("FPL") and in compliance with Order No. PSC-01-1535-PCO-EI, I am enclosing for filing in the above docket twenty-one (21) copies of the MFRs listed on Attachment 1 hereto. FPL is not filing testimony at this time. It is not presently proposing to change rates, and it is not aware of the issues that need to be addressed in this docket.

As noted in my transmittal letter for the MFRs that were filed on September 17, 2001, FPL has been reevaluating its sales forecast in light of (i) unexpected deterioration over the past few months in the U.S. economy, and (ii) the economic and other consequences of the September 11, 2001, tragedies. Based on this reevaluation, FPL expects its sales forecast to be significantly impacted, and has estimated the impacts on aggregate sales for 2002. It is not feasible at this time for FPL to reflect these changes in all of the MFRs that would be affected. However, FPL has adjusted three summary-level MFRs that are contained in this filing (MFRs B-3, C-2 and D-1). Additional detail regarding these changes is provided in Attachment 2.

FPL expects that these recent events also will affect its costs in 2002 and beyond. For example, security costs for FPL's nuclear plants and transmission facilities are likely to increase substantially in response to the threat of further terrorism. Certain of FPL's insurance costs are expected to increase dramatically as well. The economic deterioration may increase FPL's collection expenses and level of uncollectibles. At this time, FPL is still in the process of quantifying these impacts and hence has not adjusted the O&M or other costs reflected in any of the MFRs, including MFRs B-3, C-2 and D-1, but will provide such adjustments as soon as possible.

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Finally, FPL would like to draw the Commission's attention in reviewing the MFRs to the Company's strong performance over the past decade in controlling costs while achieving significant improvements in operational performance. I am enclosing as Attachment 3 a brief summary that FPL has prepared of the preliminary results of its "benchmarking" analysis, in which FPL is compared to a group of peer utilities on several measures of electricity price, cost of service and operational performance. As reflected in Attachment 3, FPL is among the top performers relative to its industry peers in all of these important measures.

As with the September 17, 2001, MFR filing, any party in this docket that needs to identify the person(s) responsible for a subject covered by the enclosed MFRs should contact Steve Romig of FPL at 305-552-4519.

Sincerely,

John T. Butler, P.A.

Enclosures
cc: Counsel of record (w/copy of enclosures)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Attachments 1, 2 and 3, and the FPL MFRs listed on Attachment 1, were served by hand delivery (*) or mailed this 1st day of October 2001 to the following:

Robert V. Elias, Esquire. *
Legal Division
Florida Public Service Commission
2540 Shumard Oak Boulevard
Room 370
Tallahassee, FL 32399-0850

Florida Industrial Power Users Group
c/o John McWhirter, Jr., Esq.
McWhirter Reeves
400 North Tampa Street, Suite 2450
Tampa, FL 33601-3350

Thomas A. Cloud, Esquire
Gray, Harris & Robinson, P.A.
301 East Pine Street, Suite 1400
Orlando, Florida 32802-3068

J. Roger Howe, Esquire
Office of Public Counsel
c/o Florida Legislature
111 W. Madison Street
Room No. 812
Tallahassee, Florida 32399-1400

Michael B. Twomey, Esq.
Post Office Box 5256
Tallahassee, FL 32314-5256

Andrews & Kurth Law Firm
Mark Sundback/Kenneth Wiseman
1701 Pennsylvania Ave., NW, Suite 300
Washington, DC 20006

Joseph A. McGlothlin, Esq.
Vicki Gordon Kaufman, Esq.
McWhirter Reeves
117 South Gadsden
Tallahassee, Florida 32301

By: [signature]
John T. Butler, P.A.

ATTACHMENT 2

Due to recent events, FPL expects its sales forecast to be significantly impacted. While FPL has not yet been able to undertake all of the steps required to create a new detailed forecast based on these events, FPL has estimated the impacts on aggregate sales for 2002. This current estimate would result in the following entries on MFR F-17:

Page	Line No.	Entry	
1 of 13	28	93,137	Total Sales (Million KWH)
1 of 13	34	4,000,007	Total Annual Average Customers
1 of 13	40	65,000	Annual Net Change in Customers
2 of 13	15	100,158	Net Energy For Load (Million KWH)
2 of 13	19	18, 968	January Peak (MW)
2 of 13	26	19,131	August Peak (MW)

ATTACHMENT A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for a full revenue requirements rate case for Florida Power & Light Company	DOCKET NO. 990067-EI

STIPULATION AND SETTLEMENT

WHEREAS, the Office of Public Counsel of the State of Florida ("OPC") has petitioned the Florida Public Service Commission to initiate and conduct a full revenue requirements base rate proceeding for Florida Power & Light Company ("FPL"). In its Petition, the OPC, among other matters, alleges that, while long-term benefits for both FPL and its customers may have been achieved by the "Plans" approved by the Florida Public Service Commission in Dockets Nos. 950359-EI and 970410-EI, the time has now come for the customers to share in the benefits;

WHEREAS, The Florida Industrial Power Users Group ("FIPUG") and The Coalition For Equitable Rates ("Coalition")have petitioned for and been granted leave to intervene;

WHEREAS, a base rate proceeding can be costly, time consuming, lengthy and disruptive to efficient and appropriate management and regulatory efforts; and,

WHEREAS, the Parties to this Stipulation and Settlement have undertaken to resolve the matters raised in the Petition so as to

ATTACHMENT A

effect a current and prompt reduction in base rates charged customers and achieve a degree of stability to the base rates and charges;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby stipulate and agree:

1. This Stipulation and Settlement will become effective on the day following the vote by the Florida Public Service Commission approving this Stipulation and Settlement which will be reflected in a final Order. The starting date for the three-year term of this Stipulation and Settlement will be 30 days following the vote and will be referred to as the "Implementation Date."

2. The continued amortization and booking of expenses and other cost recognition authorized and required by the Florida Public Service Commission in Dockets Nos. 950359-EI and 970410-EI will terminate on the day before the Implementation Date. Beginning on the Implementation Date, FPL is authorized to record an amortization amount of up to $100 million at the discretion of the Company per year for each twelve months of the term of this Stipulation and Settlement which shall be applied to reduce nuclear and/or fossil production plant in service. The amortization will be separate and apart from normal depreciation, and existing depreciation practices and resulting depreciation rates will not be adjusted, either before, during or after the term hereof to eliminate the effect of the additional amortization amount

recorded.

3. FPL will reduce its base rates by $350 million. The base rate reduction will be reflected on FPL's customer bills by reducing the base rate energy charge by .420 cents per kWh. FPL will begin applying the lower base rate energy charge required by this Stipulation and Settlement to meter readings made on and after the Implementation Date.

4. Effective on the Implementation Date, FPL's authorized return on equity range on a prospective basis will be 10.00% to 12.00% with a midpoint of 11.00% for all regulatory purposes; it being understood that during the term of this Stipulation and Settlement the achieved return on equity may, from time to time, be outside the authorized range and the sharing mechanism herein described is intended to be the appropriate and exclusive mechanism to address that circumstance. FPL's adjusted equity ratio will be capped at 55.83% as included in FPL's projected 1998 Rate of Return Report for surveillance purposes. The adjusted equity ratio equals common equity divided by the sum of common equity, preferred equity, debt and off-balance sheet obligations. The amount used for off-balance sheet obligations will be calculated per the Standard & Poor's methodology as used in its August 1998 credit report.

5. No party to this Stipulation and Settlement will request, support, or seek to impose a change in the application of any

provision hereof. OPC, FIPUG and the Coalition will neither seek nor support any additional reduction in FPL's base rates and charges, including interim rate decreases, to take effect for three years from the Implementation Date unless such reduction is initiated by FPL. FPL will not petition for an increase in its base rates and charges, including interim rate increases, to take effect before three years from the Implementation Date. Other than with respect to the environmental cost recovery clause as herein addressed, FPL will not use the various cost recovery clauses to recover new capital items which traditionally and historically would be recoverable through base rates.

6. During the term of this Stipulation and Settlement revenues which are above the levels stated herein will be shared between FPL and its retail electric utility customers--it being expressly understood and agreed that the mechanism for earnings sharing herein established is not intended to be a vehicle for "rate case" type inquiry concerning expenses, investment and financial results of operations. For the first 12 months beginning with the Implementation Date, FPL's retail base rate revenues in excess of $3.400 billion up to $3.556 billion will be shared between FPL and its customers on a one-third/two-thirds basis, one-third to be retained by FPL and two-thirds to be refunded to its customers. Retail base rate revenues above $3.556 billion for the first 12-month period will be refunded to FPL's customers. For the

second 12-month period, retail base rate revenues in excess of $3.450 billion up to $3.606 billion will be subject to the same one-third/two-thirds sharing between FPL and its customers. Retail base rate revenues above $3.606 billion for the second 12-month period will be refunded to FPL customers. For the third and final 12-month period, retail base rate revenues in excess of $3.500 billion up to $3.656 billion will be subject to the same one-third/two-thirds sharing between FPL and its customers. Retail base rate revenues above $3.656 billion for the third 12-month period will be refunded to FPL's customers. Because implementation of this Stipulation and Settlement may not begin on the first day of a calendar month, the three resulting 12 month periods used to calculate potential refunds may each include two partial calendar months. Revenues for these two partial calendar months will be calculated by multiplying total revenues for the full calendar month by the ratio of days the Stipulation and Settlement is in effect in the partial calendar month, or days to complete the applicable twelve month period, as the case may be, to the total days in that calendar month.

All refunds will be paid with interest at the 30-day commercial paper rate as specified in Rule 25-6.109, Florida Administrative Code, to customers of record during the last three months of each applicable 12-month period based on their proportionate share of kWh usage for the 12-month period. For purposes of calculating interest only, it will be assumed that revenues to be refunded were collected evenly throughout the preceding 12-month period at the rate of one-twelfth per month. All refunds with interest will be in the form of a credit on the customers' bills beginning with the first day of the first billing cycle of the second month after the end of the applicable twelve month period. Refunds to former customers will be completed as expeditiously as reasonably possible.

7. FPL's recovery of costs through the environmental cost recovery docket will be phased out over a three-year period beginning January 1, 2000. FPL will be allowed to recover its otherwise eligible and prudent environmental costs, including true-up amounts, in 2000 up to $12.8 million. For 2001, FPL will be allowed to recover its otherwise eligible and prudent environmental costs, including true-up amounts, up to $6.4 million. For 2002, FPL will not be allowed to recover any costs through the environmental cost recovery docket. FPL may, however, petition to recover in 2003 prudent environmental costs incurred after the expiration of the three-year term of this Stipulation and Settlement in 2002.

8. During the term of this Stipulation and Settlement, accruals for nuclear decommissioning and fossil dismantlement expense will be capped at the level previously approved by the Commission in Order No. PSC-95-1531-FOF-EI in Dockets Nos. 941350-

EI and 941352-EI as amended by Order No. PSC-95-1531A-FOF-EI and Order No. PSC-95-1532-FOF-EI in Docket No. 941343-EI. In addition, the Protests or Petitions on Proposed Agency Action by FIPUG and the Coalition of Order No. PSC-99-0073-FOF-EI will be withdrawn and that Order will be made final. Thereafter, depreciation rates as addressed in Order No. PSC-99-0073-FOF-EI will not be exceeded for the term of this Stipulation and Settlement.

9. The construction costs associated with the Ft. Myers and Sanford plant repowering projects will be treated as CWIP in rate base and AFUDC will not be accrued on these projects.

10. This Stipulation and Settlement is contingent on approval in its entirety by the Florida Public Service Commission. This Stipulation and Settlement will resolve all matters in this Docket pursuant to and in accordance with Section 120.57(4), Florida Statutes (1997). This Docket will be closed effective on the date the Florida Public Service Commission Order approving this Stipulation and Settlement is final.

11. This Stipulation and Settlement, dated as of March 10, 1999, may be executed in counterpart originals and a facsimile of an original signature shall be deemed an original.

ATTACHMENT A

In Witness Whereof, the Parties evidence their acceptance and agreement with the provisions of this Stipulation and Settlement by their signature.

Florida Power & Light Company
9250 West Flagler Street
Miami, Florida 33174

Steel Hector & Davis LLP

By: ______________________
Matthew M. Childs, P.A.

Office of Public Counsel
111 West Madison Street
Suite 810
Tallahassee, FL 32399

By: Jack Shreve
Jack Shreve

Florida Industrial
Power Users Group

John W. McWhirter, Jr., Esq.
McWhirter,Reeves,McGlothlin,
Davidson, Decker, Kaufman
Arnold & Steen, P.A.
P. O. Box 3350
Tampa, FL 33601-3350

By: ______________________
John W. McWhirter

The Coalition for
Equitable Rates

Ronald C. LaFace, Esq.
Seann M. Frazier, Esq.
Greenberg, Traurig, P.A.
101 East College Avenue
Tallahassee, FL 32301

By: ______________________
Ronald C. LaFace

Florida Power & Light Company

Company Adjustments

		Total Company			Retail Jurisdictional Amount		
		O & M and Other Costs (000)	Revenues (000)	Rate Base (000)	O & M and Other Costs (000)	Revenues (000)	Rate Base (000)
	Prior Commission adjustments that are no longer appropriate						
1	Dental Expenses Disallowed: To reverse the Commission adjustment for disallowance of employee dental plan expenses.	4,955			4,936		
2	Charitable Contributions. To include charitable contributions in cost of service.	2,000			1,992		
3	Over recoveries. To remove over recoveries associated with the Fuel, Capacity and Conservation cost recovery clauses from working capital.			14,076			14,076
4	Interest Synchronization: Discontinue recording the additional depreciation expense, required by FPSC Order No. 16257 and PSC-99-0073-FOF-EI to eliminate any excess revenues resulting from interest synchronization on investment tax credits.	(2,064)		1,032	(2,024)		1,012
5	Orange Groves: To reverse the Commission adjustment for imputed revenues associated with orange groves.		(47)			(46)	
	Adjustments if Base Rates are changed						
6	Pension and Welfare costs: To remove from cost of service employee pension and welfare costs associated with employees involved in conservation projects that should be recovered through the Conservation Cost Recovery Clause.	(1,554)			(1,554)		
7	Gross Receipts Tax: To remove the 1.5% gross receipts tax that is currently included in base rates and include the total 2.5% gross receipts tax as a pass through tax.	(54,831)			(54,831)		
8	Capacity Cost Recovery Clause: To remove capacity charges and revenues that are currently included in base rates and include these amounts in the Capacity Cost Recovery Clause.	(62,888)	(5,940)		(62,888)	(5,940)	
9	Plant in Service: To annualize expenses associated with new production plant placed in service during 2002.	18,733		(10,338)	18,493		(10,205)
10	Fuel Clause Under Recovery: To remove as non recurring the under recovered fuel costs that were included in base rates during 2001 and 2002 and recovered over the 24 month period through the Fuel Cost Recovery Clause.			(129,506)			(127,880)
11	Environmental Cost Recovery Clause: To remove environmental costs from base rates that will be recovered through the Environmental Cost Recovery Clause in the future.	(1,767)			(1,745)		
12	Revenue Refund: To remove the estimated refund accrual associated with FPL's settlement agreement that ends on April 14, 2002.		34,086			34,086	
13	Normalize Insurance Costs: To normalize increased insurance costs that will result from the September 11, 2001 terrorist attack.	30,050			29,887		
14	Decommissioning including Nuclear Last Core: To include in base rates the change in the nuclear decommission accrual, end of life stranded inventories and unburned nuclear fuel that will remain in the reactors when the nuclear units are removed from service. The amount also includes the reversal of the $98.6 million recorded as bottom line nuclear depreciation recorded under the previous settlement agreement. The $98 6 million will be reversed on a straight line basis over the average remaining life of the 4 units.	(5,130)		(499)	(4,458)		(525)
15	Okeelanta Settlement regulatory asset To annualize the rate base treatment of the Okeelanta Settlement which will be recovered through the capacity and fuel clauses starting in January 2002.			(17,115)			(16,900)

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
Document KMD-6, Page 1 of 1
Company Adjustments

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: FOR TEST YEAR FUNCTIONALIZED O & M EXPENSES, PROVIDE THE BENCHMARK VARIANCES.

TYPE OF DATA SHOWN:

___HISTORIC YEAR:
_X_PROJECTED TEST YEAR: 12/31/02
___PRIOR YEAR:
WITNESS: NA

FUNCTION	(1) FORECASTED 2002 TOTAL COMPANY PER BOOKS ($000)	(2) 2002 O&M EXPENSE ADJUSTMENTS ($000) (a)	(3) 2002 ADJUSTED O&M EXPENSES (1) - (2) ($000)	(4) 1988 BENCHMARK YEAR ADJUSTED O & M ($000)	(5) COMPOUND MULTIPLIER	(6) 2002 BENCHMARK (4) X (5) ($000)	(7) 2002 ADJUSTED BENCHMARK VARIANCE (3) - (6) ($000)
PRODUCTION - STEAM	$1,249,787	$1,129,205	$120,583	$161,927	1.537616	$248,982	$(128,399)
PRODUCTION - NUCLEAR	364,281	105,037	259,244	286,342	1.537616	440,284	(181,041)
PRODUCTION - OTHER	964,421	927,694	36,728	18,025	1.537616	27,716	9,012
OTHER POWER SUPPLY	1,141,456	1,136,756	4,700	3,829	1.537616	5,888	(1,188)
TRANSMISSION	51,380	19,214	32,166	39,103	2.093148	81,848	(49,682)
DISTRIBUTION	263,697	2,480	261,217	216,803	2.093148	453,801	(192,583)
CUSTOMER ACCOUNTS	106,019	0	106,019	105,965	2.093148	221,800	(115,781)
CUSTOMER SERVICE AND INFORMATION	78,959	61,730	17,229	16,280	2.093148	34,076	(16,847)
SALES EXPENSES	1,060	0	1,060	0	2.093148	0	1,060
ADMINISTRATIVE AND GENERAL	288,300	5,858	282,442	275,460	2.093148	576,579	(294,136)
TOTAL	$4,509,362	$3,387,973	$1,121,388	$1,123,734		$2,090,973	$(969,585)

NOTES: (a) IN ADDITION TO THE COMMISSION ADJUSTMENTS REFLECTED ON MFR C-4 AND C-54, THE FOLLOWING ITEMS HAVE ALSO BEEN ADJUSTED OUT OF O&M EXPENSES CONSISTENT WITH FPL'S LAST RATE CASE, DOCKET NO. 830465-EI, ORDER NOS. 13537, 13948, 13948-A, AND 14005: NON RECOVERABLE FUEL, AND TRANSMISSION OF ELECTRICITY BY OTHERS.

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.

SUPPORTING SCHEDULES: C-19, C-55, C-56

RECAP SCHEDULES:

Docket No. 001148-EI
K.M.Davis Exhibit No. ___
Document KMD-7, Page 1 of 2
MFR C-53 and C-57, "O&M Benchmark Comparison/Variance by Function"

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO. 001148-EI

EXPLANATION: PROVIDE A SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY FUNCTION FOR THE TEST YEAR, THE BENCHMARK YEAR AND THE VARIANCE. FOR EACH FUNCTIONAL BENCHMARK VARIANCE JUSTIFY THE DIFFERENCE.

TYPE OF DATA SHOWN:

___HISTORIC TEST YEAR ENDED _____
_X_PROJECTED TEST YEAR ENDED 12/31/02
___PRIOR YEAR ENDED _____
WITNESS: NA

($000 WHERE APPLICABLE)

FUNCTION	(1) TEST YEAR 2002 TOTAL COMPANY PER BOOKS	(2) 2002 O&M EXPENSE ADJUSTMENTS (A)	(3) 2002 ADJUSTED O&M EXPENSES (1) - (2)	(4) 2002 ADJUSTED BENCHMARK	(5) 2002 ADJUSTED BENCHMARK VARIANCE (3) - (4)	
PRODUCTION - STEAM	1,249,787	1,129,205	120,583	248,982	(128,399)	
PRODUCTION - NUCLEAR	364,281	105,037	259,244	440,284	(181,040)	
PRODUCTION - OTHER	964,421	927,694	36,728	27,716	9,012	SEE NOTE B
OTHER POWER SUPPLY	1,141,456	1,136,756	4,700	5,888	(1,188)	
TRANSMISSION	51,380	19,214	32,166	81,848	(49,682)	
DISTRIBUTION	263,697	2,480	261,217	453,801	(192,584)	
CUSTOMER ACCOUNTS	106,019	-	106,019	221,800	(115,781)	
CUSTOMER SERVICE & INFORMATION	79,989	61,730	18,259	34,076	(15,817)	
SALES EXPENSE	30	-	30	-	30	SEE NOTE C
ADMINISTRATIVE & GENERAL	288,300	5,858	282,442	576,579	(294,137)	
TOTAL	4,509,362	3,387,973	1,121,388	2,090,973	(969,586)	

NOTE A: IN ADDITION TO THE COMMISSION ADJUSTMENTS REFLECTED ON MFR C-4 AND C-54, THE FOLLOWING ITEMS HAVE ALSO BEEN ADJUSTED OUT OF O&M EXPENSES CONSISTENT WITH FPL'S LAST RATE CASE, DOCKET NO 830465-EI, ORDER NOS. 13537, 13948, 13948-A AND 14005: NON-RECOVERABLE FUEL AND TRANSMISSION OF ELECTRICITY BY OTHERS.

NOTE B: FPL OPERATES AND MAINTAINS A FOSSIL FLEET COMPRISED OF UNITS THAT FALL IN THE PRODUCTION FUNCTIONS OF BOTH "STEAM" AND "OTHER". WHEN LOOKING AT THE FLEET AS A WHOLE, FPL IS $119,387,000 BELOW THE ADJUSTED BENCHMARK. AT A FUNCTIONAL LEVEL, "OTHER PRODUCTION" O&M IS $9,012,000 ABOVE THE BENCHMARK. THIS INCREASE IS DUE TO SIGNIFICANT GENERATION GROWTH DURING THE 1988-2002 PERIOD TO MEET CUSTOMER LOAD. THIS GENERATION GROWTH INCLUDES COMBINED CYCLE REPOWERED UNITS AND NEW UNITS, AND SIMPLE CYCLE UNITS. FPL DETERMINED THAT THE UNIT ADDITIONS IN THIS CATEGORY ARE THE BEST IN MEETING ITS CUSTOMERS' SHORT AND LONG TERM NEEDS AS RELIABLY AND ECONOMICALLY AS POSSIBLE.

NOTE C: ALTHOUGH MFR C-53 SHOWS $1,060,000 AS 2002 SALES EXPENSE, THE CORRECT AMOUNT SHOULD HAVE BEEN SHOWN AS $30,000. THIS WAS DUE TO A MISCLASSIFICATION OF EXPENSES IN THE FORECAST. THE REMAINING BALANCE OF $1,030,000 SHOULD HAVE BEEN REPORTED AS "CUSTOMER SERVICE AND INFORMATION" EXPENSES THE $30,000 SALES EXPENSE REPRESENTS INFORMATION MANAGEMENT SUPPORT COSTS FOR THE SALES TRACKING AND REPORTING TOOL (START) SYSTEM. THIS SYSTEM PROVIDES AN EFFICIENT PLATFORM TO TRACK SALES OF VALUE ADDED PRODUCTS AND SERVICES TO CUSTOMERS. THESE PRODUCTS AND SERVICES WERE NOT OFFERED IN 1988.

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING

SUPPORTING SCHEDULES: C-53

RECAP SCHEDULES:

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
Document KMD-7, Page 2 of 2
MFR C-53 and C-57, "O&M Benchmark Comparison/Variance by Function"

Florida Power & Light Company
O&M Benchmark Calculation as Updated per November 9, 2001 Filing

	2002 ADJUSTED O&M AS FILED IN MFR C-53 AND MFR C-57 ($000)	UPDATES TO 2002 ADJUSTED O&M AS PER FILING November 9, 2001 ($000)	2002 ADJUSTED O&M UPDATED FOR November 9, 2001 ($000)	1988 BENCHMARK ADJUSTED O&M ($000)	VARIANCE ($000)
STEAM PRODUCTION	120,583	1,100	121,683	248,982	(127,299)
NUCLEAR PRODUCTION	259,244	4,000	263,244	440,284	(177,040)
OTHER PRODUCTION	36,728	0	36,728	27,716	9,012
OTHER POWER SUPPLY	4,700	0	4,700	5,888	(1,188)
TRANSMISSION	32,166	(159)	32,007	81,425	(49,418)
DISTRIBUTION	261,217	(1,840)	259,377	451,453	(192,076)
CUSTOMER ACCOUNTS	106,019	4,330	110,349	220,653	(110,304)
CUSTOMER SERVICE	17,229	0	17,229	33,900	(16,671)
SALES	1,060	0	1,060	0	1,060
ADMINISTRATIVE & GENERAL	282,442	15,209	297,651	573,596	(275,945)
TOTAL	1,121,388	22,640	1,144,028	2,083,897	(939,869)

1988 Benchmark Adjusted O&M reflects the update to customer growth as reflected in MFR F-17 of the November 9, 2001 filing, Document KMD-1

Docket No. 001148-EI
K.M.Davis Exhibit No. ____
Document KMD-8, Page 1 of 1
O&M Benchmark Calculation as updated per November 9, 2001 filing