

ORIGINAL

Florida Power & Light Company, P. O. Box 029100, Miami, FL 33102-9100



(305) 552-4657

December 4, 2001

RECEIVED-FPSC
01 DEC -5 AM 10:23
COMMISSION
CLERK

VIA FEDERAL EXPRESS

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

**Re: Florida Power & Light Company's Notice of Filing
Pursuant to Audit No. 01-067-4-1
Docket No. 011321-EI**

Dear Ms. Bayó:

Enclosed herewith for filing in the above-referenced docket is FPL's Notice of Filing which includes an original and two copies of Florida Power & Light Company's ("FPL") revised Exhibit C and the revised redacted WP 1 Report. Also included is a computer diskette containing the electronic version of FPL's revised Exhibit C, in Word and Excel formats.

I am also enclosing an additional copy of FPL's Notice of Filing. Please stamp file this additional copy and return to me in the enclosed stamped self-addressed envelope.

Please do not hesitate to me at (305) 552-4657 should you or your Staff have any questions regarding this filing.

Thanking you for your attention to this matter, I remain,

Sincerely,

Robert E. Stone
Attorney

APP
CAF
CMP
COM RES/sm
CTR
ECR Enclosures
LEG
OPC
PAI
RGO
SEC
SER
OTH
an FPL Group company

RECEIVED & FILED
RYM
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
15206 DEC-5 01
FPSC-COMMISSION CLERK

ORIGINAL

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Florida Power & Light Company's)
Request for Confidential Classification)
Of Material Provided pursuant to) Docket No. 011321-EI
Audit Control No. 01-067-4-1

NOTICE OF FILING

Petitioner, Florida Power & Light Company ("FPL"), hereby gives notice of filing:

1. Revised Exhibit C (Justification Table) to FPL's Request for Confidential Classification of Materials pursuant to Audit Control No. 01-067-4-1 filed on September 27, 2001.
2. Revised redacted WP 1 Report which is to be substituted for the redacted WP 1 Report included in Exhibit B to FPL's Request for Confidential Classification of Materials pursuant to Audit Control No. 01-067-4-1 filed on September 27, 2001.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4th day of December, 2001, a true and correct copy of the foregoing Notice of Filing was mailed to Samantha M. Cibula, Associate General Counsel, State of Florida, Public Service Commission, Capital Circle Office Center, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0862, and William G. Walker, III, Florida Power & Light Company, Vice President, 215 South Monroe Street, Suite 810, Tallahassee, Florida 32301-1859.



Robert E. Stone
Attorney for Florida Power & Light Company
P.O. Box 029100 LAW/GO
Miami, Florida 33102-9100
Tel. (305) 552-4657
Fax: (305) 552-4153

DOCUMENT NUMBER-DATE

15206 DEC-5 01

FPSC-COMMISSION CLERK

COMPANY:

Florida Power & Light Company

TITLE:

List of Confidential Workpapers

AUDIT:

Fibernet Allocation Methodology

PERIOD ENDING:

Estimated December 31, 2001

AUDIT CONTROL NO:

01-067-4-1

Workpaper No.	Description	No. of Pages	Confidential Yes / No	Line No. / Col. No.	Florida Statute 366.093(3) Subsection	Affiant
1	Audit Report	11	Y	p.1, line 22 p.1, Col. B, lines 13-20 & 24-26 p.2, Col. B, lines 14, 16, 26, 28 & 30 p.3, Col. B, lines 11, 13, 15, 27-29, 31, 33 & 35 p.5, lines 3, 8-10 p.5, Col B, lines 12-21 p.6, Col B, lines 8-10 & 14 p.7, line 6 p.8, lines 9-10 p.8, Col B, lines 14, 17 & 19 p.8, Col C, lines 14, 17 & 21 p.9, Col A, lines 15, 21 & 32 p.9, Col B, lines 8-9, 14-16, 18, 21, 22, 27-29, 32, 33 & 35 p.9, Col C, lines 8-9, 14-16, 18, 21, 22, 27-29, 32 & 36 p.10, Col B, lines 9-17, 19-21, 23-27, 29, 30, 32 & 34 p.10, Col C, lines 9-17, 19-21, 23-27, 29, 30, 32 & 34 p.11, Col A, line 11 p.11, Col B, lines 8-10, 14 & 16-18 p.11, Col C, lines 8 & 12-15	(e)	S. Stamm
5	Notes from Meeting with Company	3	Y	p.1, line 11 p.2, lines 3, 12, 18, 23 & 37 p.3, lines 1 & 3	(e)	S. Stamm
9	Notes from Internal Audit Report	5	Y	All	(b)	R. del Cueto
9-1	Info from Internal Audit Report	1	Y	Lines 10-14	(b)	R. del Cueto

COMPANY:
TITLE:
AUDIT:
PERIOD ENDING:
AUDIT CONTROL NO:

Florida Power & Light Company
 List of Confidential Workpapers
 Fibernet Allocation Methodology
 Estimated December 31, 2001
 01-067-4-1

Workpaper No.	Description	No. of Pages	Confidential Yes / No	Line No. / Col. No.	Florida Statute 366.093(3) Subsection	Affiant
9-1 / 1	Info from Internal Audit Report	1	Y	Lines 4-8	(b)	R. del Cueto
9-1 / 2	Info from Internal Audit Report	1	Y	All	(e)	B. Rufat
9-1 / 2-1	Info from Internal Audit Report	1	Y	All	(e)	B. Rufat
43	Summary of Findings	8	Y	p.1, line 21-22 p.1, Col. B, lines 13-20 & 23-25 p.2, line 13, 21 & 32 p.2, Col. A, lines 15 & 29 p.2, Col. B, lines 14-16 & 25-30 p.3, line 17, 25, & 35 p.3, Col. A, lines 12, 14, & 32 p.3, Col. B, lines 11-15 & 27-33 p.5, lines 3, 8-10 p.5, Col B, lines 12-21 p.6, Col B, lines 8-11 & 14 p.7, lines 3-6 p.8, lines 9-10 p.8, Col B, lines 14, 17 & 19 p.8, Col C, lines 14, 17 & 21	(e)	S. Stamm
43-1	Calculation on Estimated 2001 Charges	4	Y	p.1, Col A, lines 9,16,24,27,41 & 42 p.1, Col B, lines 46-50 p.1, Col C, lines 4-5, 7-10, 12-17, 19-34, 36-44 & 48-49 p.2, Col A, lines 11, 17-18, 23-24, 34, 36 & 38 p.2, Col B, lines 10-11, 14-18, 20-24, 27-37 p.2, Col C, lines 10-11, 14-18, 20-24, 27-34 & 38 p.3, Col B, lines 11-19, 21-29 & 31-36 p.4, Col A, line 13 p.4, Col B, lines 10-13, 16 & 18-20 p.4, Col C, lines 10, & 13-17	(e)	S. Stamm

COMPANY:

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Workpaper No.	Description	No. of Pages	Confidential Yes / No	Line No. / Col. No.	Florida Statute 366.093(3) Subsection	Affiant
43-2	Support for Asset Accounts	1	Y	p.1, Col A, lines 13, 17 & 18 p.1, Col B, lines 3-11, 13-15, 17-20 & 22-26	(e)	S. Stamm
43-2 / 1	Printout of All Property Records	19	Y	Pages 1-18, Cols A & B, lines 1-46 p. 19, Cols A & B, lines 1-15	(e)	S. Stamm
43-2 / 2	Printout of Pre 96 Electronics Assets	4	Y	p.1, Cols A& B, lines 1-46 Pages 2 & 3, Cols A & B, lines 1-47 p.3, Cols A & B, lines 1-6	(e)	S. Stamm
43 -3	Calculation of Fiber Miles	1	Y	p.1, Col A, lines 8, 10, 12, & 13 p.1, Col B, lines 1-8, 10, & 12-13	(e)	S. Stamm
43-3 / 1	Support for Fiber Miles	8	Y	p.1, Cols A, B, C & D, lines 1-40 p.2, Cols A, B, C & D, lines 1-49 p.3, Cols A, B, C & D, lines 1-45 p.4, Cols A, B, C & D, lines 1-50 p.5, Cols A, B, C & D, lines 1-46 p.6, Cols A, B, C & D, lines 1-48 p.7, Cols A, B, C & D, lines 1-49 p.8, Cols A, B, C & D, lines 1-27	(e)	S. Stamm
43-3 / 2	Support for Fiber Miles	4	Y	p.1, Cols A, B, C & D, lines 1-51 p.2, Cols A, B, C & D, lines 1-49 p.3, Cols A, B, C & D, lines 1-46 p.4, Cols A, B, C & D, lines 1-44	(e)	S. Stamm
43-3 / 3	Support for Fiber Miles	1	Y	p.1, Cols A, B, C & D, lines 1-53	(e)	S. Stamm
43-3 / 4	Support for Fiber Miles	1	Y	p.1, Cols A, B, C & D, lines 1-47	(e)	S. Stamm
43-4	Printout of Pre 96 Fiber Assets	8	Y	p.1, Col A, lines 1-15 Pages 2-7, Cols A & B, lines 1-46 p.8, Cols A & B, lines 1-29	(e)	S. Stamm

COMPANY:

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Workpaper No.	Description	No. of Pages	Confidential Yes / No	Line No. / Col. No.	Florida Statute 366.093(3) Subsection	Affiant
43-4 / 1	Printout of Post 95 Fiber Assets	4	Y	p.1, Cols A & B, lines 1-46 p.2, Cols A & B, lines 1-48 p.3, Cols A & B, lines 1-47 p.4, Cols A & B, lines 1-31	(e)	S. Stamm
43-5	Printout of Post 95 Electronic Assets	5	Y	p.1, Cols A & B, lines 1-46 p.2, Cols A & B, lines 1-47 p.3, Cols A & B, lines 1-47 p.4, Cols A & B, lines 1-47 p.4, Col C, 1 & 9 p.5, Col A, line 30 p.5, Col B, lines 1-28 p.5, Col C, lines 1-29 p.5, Col D, line 27	(e)	S. Stamm
43-6	Support for DS3 Calculations	19	Y	p.1, lines 6-9, & 18-21 p.2, Cols A-O, lines 2-3 p.3, Cols A-P, lines 3-4 p.4, Cols A-Q, lines 3-5 p.5, Cols A-J, lines 3-5 p.6, Cols A-P, lines 3-4 p.7, Cols A-P, lines 3-4 p.8, Cols A-P, lines 3-5 p.9, Cols A-Q, lines 3-4 p.10, Cols A-M, lines 3-5 p.11, Cols A-M, lines 3-5 p.12, Cols A-M, lines 3-5 p.13, Cols A-I, lines 3-5 p.14, Cols A-G, lines 3-5 p.15, Cols A-J, lines 3-5 p.16, Cols A-N, lines 3-4 p.17, Cols A-F, lines 3-5 p.18, Cols A-G, lines 2-3 p.19, Cols A-H, lines 3-5	(e)	S. Stamm
43-6 / 1	Support for DS3 Calculations	3	Y	All	(e)	S. Stamm

COMPANY:
 TITLE:
 AUDIT:
 PERIOD ENDING:
 AUDIT CONTROL NO:

Florida Power & Light Company
 List of Confidential Workpapers
 Fibernet Allocation Methodology
 Estimated December 31, 2001
 01-067-4-1

Workpaper No.	Description	No. of Pages	Confidential Yes / No	Line No. / Col. No.	Florida Statute 366.093(3) Subsection	Affiant
43-10	Billing to FPL for 2001	1	Y	p.1, lines 2-4 & 6-8 p.1, Col B, lines 10-12	(e)	S. Stamm
43-10 / 1	First Quarter Billing to FPL	6	Y	p.1, lines 12, 14 & 22 p.2, lines 1-22 p.3, lines 1-3 p.4, Col A, lines 5-16 p.5, Col A, line 12 p.5, Col B, lines 5-11, 16, & 25-26 p.5, Col C, lines 3, 5, 8-9, 11, 17-24, & 26 p.5., Col D, lines 3, 5-11, 16, 19, 22, & 24-25 p.6, lines 7, 11 & 12	(e)	S. Stamm
43-10 / 2	Second Quarter Billing to FPL	5	Y	p.1, lines 1-4 p.2, lines 1-23 p.3, Col A, lines 6-16, & 20-21 p.4, Col A, lines 5-11, 15, & 24-25 p.4, Col B, lines 3, 5, 8-9, 11, 16-23, & 25 p.4, Col C, lines 3, 5-11, 15, 18, 21, & 23-24 p.4, Col D, lines 15, 18, 21, 23 & 24 p.4, Col E, line 18 p.5, lines 11 & 12	(e)	S. Stamm
43-11	Info re Return on Investment	7	Y	p.1, line 25	(e)	S. Stamm

1 **AUDIT DISCLOSURE 1**

2 **SUBJECT: FIBERNET ALLOCATION OF ASSETS AND EXPENSES TO FPL**
3 **UTILITY**

4 **STATEMENT OF FACTS:** An audit of FPL's transfer of fiber optic assets to FiberNet was
5 performed by the PSC staff in August, 2000. In that audit it was recommended that a different
6 allocation methodology be considered for the monthly charges from FiberNet to the utility. FPL
7 responded on February 19, 2001 describing a revised methodology.

8 The components of the invoice to FPL from FiberNet are a percent of depreciation expense on
9 assets, a percent of return on investment on assets, a percent of property taxes on assets and a
10 portion of expenses. The total estimated to be allocated to FPL for the year end December 31,
11 2001 from FiberNet follows:

12 Depreciation Expense on Electronics (A)
13 used exclusively by FPL (B)
14 Depreciation on Fiber for FPL use only
15 Depreciation on Electronics shared
16 Depreciation on Shared Fiber
17 Return on Investment
18 Property Taxes
19 Expenses

20 Total

(B)
\$ [REDACTED]
[REDACTED]
[REDACTED]

21 Added to the above amount are sales, municipal, gross receipts and regulatory assessment taxes
22 estimated in the amount of [REDACTED] (A) Therefore, the total estimated amount to bill FPL for 2001
23 is \$8,984,701.92. (B)

24 Billed to FPL the first quarter 2001 [REDACTED]
25 Billed to FPL the second quarter 2001 [REDACTED]

26

27 Disclosure 2 describes the methodology for allocating the assets. Audit Disclosure 3 discloses the
28 methodology for calculating the return on investment, Audit Disclosure 4 describes the allocation
29 of the property taxes on the assets and Audit Disclosure 5 addresses the expenses charged to
30 FPL. Audit Disclosure 6 includes any staff revisions because of mathematical errors and/or
31 methodology alternatives.

1 DISCLOSURE 2

2 SUBJECT: ALLOCATION OF DEPRECIATION ON FIBERNET ASSETS

3 STATEMENT OF FACTS: The cost of the assets of the FiberNet system to FPL comprises
4 (1) depreciation expense on electronics and fiber used by FPL exclusively, and (2) a percent of
5 depreciation expense on electronics and fiber shared by FPL and FiberNet commercial customers.

6
7 Definition of Electronics - There are buildings called huts and points of presence,
which house the electronics that lights the fiber (makes the fiber operable).

8
9 Definition of Fiber - Fiber is cable that light travel through that carries the sound
waves.

10 (1) Depreciation Expense on Electronics and Fiber used by FPL 100%:

11 a. Electronics: The electronics used by FPL exclusively were determined to be the pre
12 1996 electronics on the books. The company says that these electronics are dedicated to FPL and
13 used only by FPL. The depreciation rate of 20 years is applied to this balance.

14	Depreciable Base for exclusive Electronics (per books)	(A)	(B)
15	20 years rate		.05
16	Depreciation Expense to FPL		

17 b. Fiber: The fiber used by FPL-only was determined by a study which measured the fiber
18 miles that are dedicated to FPL. The fiber used by FPL was mapped out by engineers and shows
19 FPL connections only. From this a ratio of FPL exclusive fiber miles to the total fiber miles is
20 determined. The ratio is applied to the book value of the total fiber backbone miles on the books
21 as of December 31, 2000 (both exclusive and shared.) The depreciation rate of 20 years is
22 applied to FPL's portion of the shared assets. The company stated that the study will be updated
23 every year.

24	Fiber for FPL Use only per study	(A)	(B)
25	Total FPL exclusive miles/ Total Fiber miles		6,140/28,000 =21.92857%
26	Total Book Value of Fiber on books 12/31/00		
27	Times FPL Use only		21.93%
28			
29	Times 20 year rate		.05
30	Depreciation Expense Charged to FPL		

31 A mathematical error was made in adding up the FPL exclusive miles. The exclusive miles are
32 6,341 instead of 6,140. This changes the ratio and the depreciation expense charged to FPL. See
33 Audit Disclosure 6 for changes.

1 (2) Depreciation Expense on Electronics and Fiber shared by FPL and FiberNet Commercial
2 customers.

3 a. Electronics: Housed in the huts or points of presence, is equipment called DS3. Each
4 DS3 consists of 672 lines. A study was performed to determine the number of DS3's dedicated
5 solely to FPL and the total number of DS3's. The study determined the beginning and ending
6 location for all circuits used solely at FPL locations. This was compared with utility records and
7 commercial use records. From this a ratio of FPL DS3's to total DS3's is determined. The percent
8 is applied to the total shared value of electronics on the books as of December 31, 2000. The
9 company stated that the study will be updated every year.

10 Shared Electronics (A) (B)

11 Shared Electronics book value at 12/31/00
12 FPL DS3's to Total DS3's 608/3480=17.47
13 Prorated depreciable assets
14 Times 20 year rate
15 Depreciation Exp Charged to FPL

17.47%

.05%

16 A math error was made in adding up the number of FPL DS3's. The number of DS3's to total
17 should be 614/3480 or 17.64%. This changes the depreciation expense charged to FPL. See
18 Audit Disclosure 6 for changes.

19 b. Fiber: The book value of the fiber miles determined to be used solely by FPL above is
20 subtracted from the book value of the total backbone fiber miles on the books. To this the ratio
21 of DS3's used solely by FPL to the total DS3's is applied. The DS3 ratio is applied because FPL
22 believes that usage should determine the rest of the shared lines rather than the miles. Even
23 though FPL has dedicated lines, it also is provided protected circuits in case of a fiber cut. The
24 PSC staff also recommended that usage be used in its prior audit. The depreciation rate of 20
25 years is applied to this book value.

26 Shared Fiber (A) (B)

27 Total Backbone Fiber on Books at 12/31/00
28 Less FPL Exclusive Fiber above
29 Base for Shared Fiber

30 Shared based on FPL DS3's to Total DS3's above
31 Prorated Depreciable Base
32 Times 20 year rate
33 Depreciation Exp Charged to FPL

17.47%

.05%

34 There is a mathematical error in the above calculation for the shared fiber. Using the company's
35 percent for shared DS3's, the depreciation expense should be [REDACTED] However, this 17.47%
36 is also in error as discussed above. See Audit Disclosure 6 for recalculation.

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OPINION: Except for the mathematical errors, the depreciation expense allocation method on both FPL exclusive assets and shared assets appears to be reasonable and follows the recommendations of the prior Commission staff audit.

1 **AUDIT DISCLOSURE 3**

2 **SUBJECT: CALCULATION OF RETURN IN INVESTMENT**

3 **STATEMENT OF FACTS:** A return on investment rate of [REDACTED] is applied to the assets
4 described in Audit Disclosure 2.

5 The return on investment amount is an average of three cost rates for BellSouth Telephone which
6 are rated AA-. These cost rates are prepared by the Finance and Tax Division of the Florida
7 Public Service Commission quarterly. The three rates used for the average by FPL were (1)
8 discounted cash flow (2) ExAnte Risk Premium and (3) Prospective CAPM. They were [REDACTED]
9 [REDACTED] and [REDACTED] respectively. This averages to [REDACTED].

10 This [REDACTED] is applied to:

(A)

(B)

- 11 a. Book value of exclusive FPL electronics as
- 12 of December 31, 1995(100% FPL),
- 13 b. Book value of exclusive FPL fiber as of 1/2001 (engineering drawings),
- 14 c. Book value of shared electronics calculated used by FPL
- 15 as of December 31, 2000, and
- 16 d. Book value of shared fiber calculated used by FPL
- 17 as of December 31, 2000.
- 18

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 19 Less: Accumulated Depreciation
- 20 Asset Base subject to ROI
- 21 Return on Investment

22 The mathematical errors in the calculations described in audit disclosure 2 change the return on
23 investment. See audit disclosure 6 for the corrected calculation.

24 **OPINION:** The return on investment calculation should be reviewed with the Division of
25 Economic Regulation in Tallahassee.

1 **AUDIT DISCLOSURE 4**

2 **SUBJECT: ALLOCATION OF PROPERTY TAXES**

3 **STATEMENT OF FACTS:** FPL is charged for property taxes on the property used
4 exclusively by it, and its portion of the shared property.

5 The total asset base for FPL use (exclusive and shared %) is compared to the total assets. This
6 ratio is applied to the estimated property taxes for total assets for 2001. The actual property
7 taxes for 2000 were reviewed and compared to the estimated 2001. (B)

8	Total property taxes estimates for 2001	\$ [REDACTED]
9	Total Base assets for FPL use	[REDACTED]
10	Total all Assets	[REDACTED]
11	Ratio assets for FPL use to total	<u>28.0903%</u>
12	Ratio times property tax estimates	
13	For 2001 =	
14	Allocated Property Taxes	[REDACTED]

15 The mathematical errors in the prior audit disclosures change the above property tax calculation.
16 These changes are included in Audit Disclosure 6.

17 **OPINION:** The method used for the allocation of property taxes appears to be reasonable.

1 **AUDIT DISCLOSURE 5**

2 **SUBJECT: EXPENSES ALLOCATED TO FPL FROM FIBERNET**

3 **STATEMENT OF FACTS:** FiberNet expenses billed to FPL comprise the average salary of 19
4 employees. To this an overhead rate is added for the 19 employees.

5 The only expenses allocated to FPL for the year 2001 are based on the average salaries of 19
6 employees plus overhead of ██████ percent. The company stated that the headcount is the number
7 of people that supported the fiber network for the utility prior to the FiberNet split off. The
8 company also stated that this could be reviewed every year to determine a new number.

9 **OPINION:** The allocation of expenses appears to be reasonable.

1 **AUDIT DISCLOSURE 6**

2 **SUBJECT: PSC STAFF REVISED 2001 ESTIMATED CHARGES TO FPL**
3 **FROM FIBERNET**

4 **STATEMENT OF FACTS:** The schedule following this disclosure recalculates the estimated
5 charges to FPL for the Year End December 31, 2001. This schedule includes corrections to the
6 mathematical errors noted in Audit Disclosures 2 through 5, and the staff revised overall return
7 on investment.

8 Also included in the attached schedule is a reallocation of taxes.

9 **OPINION:** Based on the attached calculation by staff, FPL should be billed [REDACTED] from
10 FiberNet for the second half of 2001; that is [REDACTED] more than the estimated amount
11 calculated by the company as follows:

	(B) <u>Company</u>	(C) <u>Staff</u>
12		
13 Estimated 2001 cost to FPL	[REDACTED]	[REDACTED]
14 including taxes	[REDACTED]	[REDACTED]
15 Less:		
16 Amount billed to FPL for First half	[REDACTED]	[REDACTED]
17 of 2001 including taxes	[REDACTED]	[REDACTED]
18 Estimated Amount to be billed to FPL	[REDACTED]	
19 for second half of 2001 per Company	[REDACTED]	
20 Estimate Amount to be billed to FPL		[REDACTED]
21 for second half of 2001 per Staff		[REDACTED]

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COMPANY: FPL
TITLE: RECALCULATION OF COMPANY ALLOCATION
PERIOD: YEAR END 12/31/2001
DATE: AUGUST 13, 2001

(A)

(B)

(C)

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RECALCULATION OF ESTIMATE OF CHARGES TO FPL FOR FIBER OPTIC NETWORK
CALENDAR YEAR 2001

COMPANY

STAFF
RECALCULATION

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- 1. Pre 1996 electronics depreciation - Base
Depreciation Exp (20 years)
- 2. Fiber for FPL use only - per engineering drawings and
spreadsheet
Total FPL exclusive miles/total fiber miles - backbone only
Total Backbone Fiber on books
Prorated Depreciable base (\$42M) [redacted]
Depreciation Expense (20 years) staff recalculated
- 3. Post 1995 electronics-capacity calculated as follows:
Total on books for all rings
Total FPL DS3's /Total DS3's
Prorated depreciable base (\$57M) [redacted]
Depreciation Expense (20 years)
- 4. Shared Fiber- capacity
Total Non-FPL Fiber shared/Total Fiber miles
backbone only
Total Backbone Fiber on books
less FPL Exclusive Fiber determined in #2 above
Depreciable base for shared fiber
(FPL DS3's/Total DS3's)XTotal on books for each ring
Prorated depreciable base \$32.9M [redacted]
HOWEVER, company calculated as
At 20 years
Depreciation Expense (20 years) -staff recalculated
Company calculated as

[redacted]	(a)	[redacted]	(a)
6140/28000		6341/28000	
21.9286%		22.6464%	
[redacted]		[redacted]	
[redacted]	(b)	[redacted]	(b)
608/3480		614/3480	
17.4713%		17.6437%	
[redacted]		[redacted]	(c)
21,860/28,000		21,659/28,000	
78.0714%		77.3536%	
[redacted]		[redacted]	
608/3480		614/3480	
17.4713%		17.6437%	
[redacted]		[redacted]	
[redacted]		[redacted]	(d)
5.0000%		[redacted]	

(Continued on Next Page)

1 COMPANY: FPL
 2 TITLE: RECALCULATION OF COMPANY ALLOCATION
 3 PERIOD: YEAR END 12/31/2001
 4 DATE: AUGUST 13, 2001

(A)

(B)

(C)

5 RECALCULATION OF ESTIMATE OF CHARGES TO FPL FOR FIBER OPTIC NETWORK
 6 CALENDAR YEAR 2001

COMPANY

STAFF
 RECALCULATION

8 5. Return on Investment

9 FPL exclusive electronics depreciation - 100%
 10 Fiber for FPL use only
 11 Shared electronics
 12 Shared Fiber
 13 Total assets for FPL use
 14 Less: accumulated depreciation - recalculated below (A)
 15 Asset base subject to ROI
 17 Recalculated ROI

[REDACTED]

[REDACTED]

18 6. Property Taxes on the above

19 Total property taxes estimate for 2001
 20 Total base assets for FPL use - staff estimate
 21 Total all assets
 22 Ratio assets for FPL use to Total

[REDACTED]
 28.0903%

[REDACTED]
 28.8084%

23 Allocated Property Taxes Recalculated

[REDACTED] (f)

[REDACTED] (f)

24 7. Personnel expense as calculated by company

25 TOTAL: (a) through (g)
 26 Total per Company estimate for 2001
 27 Difference

[REDACTED] (g)

[REDACTED] (g)

[REDACTED] (a) thru (g)

[REDACTED] (a) thru (g)

28 (A) Calculation on Accumulated Amortization

29 Total Assets subject to ROI:
 30 Total Fiber Assets at 12/31

[REDACTED]

[REDACTED]

31 Percent of Assets

28.0903%

28.8084%

32 Total Accumulated Depreciation Balance at 12/31/00

33 Times FPL use % of assets

28.0903%

28.8084%

34 Accumulated Depreciation Recalculated

[REDACTED]

[REDACTED]

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1 COMPANY: FPL
 2 TITLE: RECALCULATION OF COMPANY ALLOCATION
 3 PERIOD: YEAR END 12/31/2001
 4 DATE: AUGUST 13, 2001

5 RECALCULATION OF ESTIMATE OF CHARGES TO FPL FOR FIBER OPTIC NETWORK
 6 CALENDAR YEAR 2001
 7

	(A)	(B) COMPANY	(C) STAFF RECALCULATION
8 Total Estimated Bill to FPL before taxes		[REDACTED]	[REDACTED]
9 FPL Estimated Taxes (sales, municipal, GRT and RAF)		[REDACTED]	[REDACTED]
10		[REDACTED]	
11	per cent of total taxes	[REDACTED]	12.3613%
12 Staff Estimated Taxes		[REDACTED]	[REDACTED]
13			
14 Amount billed to FPL for first half of 2001 (Audit Disclosure 1)		[REDACTED]	[REDACTED]
15 Staff estimated amount to be billed to FPL for second half of 2001		[REDACTED]	[REDACTED]
16 Amount to be billed to FPL for second half of 2001 per Company		[REDACTED]	[REDACTED]
17		[REDACTED]	[REDACTED]
18 Difference between Company and Staff Estimate for 2nd half		[REDACTED]	[REDACTED]
19 of 2001		[REDACTED]	[REDACTED]