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March 13, 2002

Via Federal Express

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

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COMMISSION
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Re: Review of the retail rates of Florida Power & Light Company,
Docket No. 001148-EI

Dear Ms. Bayo:

Enclosed are the original and 16 copies of the Prehearing Statement of the South Florida Hospital and Healthcare Association in the above referenced docket.

Please acknowledge receipt and filing of the above by stamping the duplicate copy and returning same in the enclosed self-addressed stamped envelope to the undersigned.

Thank you for your assistance in connection with this matter.

Very truly yours,

Mark F. Sundback/nem

Mark F. Sundback
An Attorney For the Hospitals

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re:)
Review of the retail rates of) Docket No. 001148-EI
Florida Power & Light) Date Filed: March 13, 2002
Company)

**Prehearing Statement Of The
South Florida Hospital And Healthcare Association**

Pursuant to Order Nos. PSC-01-2111-PCO-EI and PSC-02-0089-PCO-EI

A. APPEARANCES:

Mark F. Sundback, Andrews & Kurth L.L.P., 1701 Pennsylvania Avenue, NW, Washington, D.C. 20006 and Kenneth L. Wiseman, Andrews & Kurth L.L.P., 1701 Pennsylvania Avenue, NW, Washington, D.C. 20006.

On Behalf of the South Florida Hospital and Healthcare Association

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Stephen J. Baron	Rate design; retail cost of service study; resource planning	See below.
Lane Kollen	Revenue requirements; rate base	See below.

C. EXHIBITS:

<u>Exhibits</u>	<u>Witness</u>	<u>Description</u>
SJB-2	Stephen K. Baron	Nuclear O&M Statistical Analysis
SJB-3	Stephen K. Baron	Nuclear O&M Statistical Analysis
SJB-4	Stephen K. Baron	Nuclear O&M Statistical Analysis

<u>Exhibits</u>	<u>Witness</u>	<u>Description</u>
LK-1	Lane Kollen	Resume and Expert Testimony Appearances
LK-2	Lane Kollen	History of Account 186.190 - Prepaid Pension Asset
LK-3	Lane Kollen	Response to SFHA Interrogatory No. 123
LK-4	Lane Kollen	Response to SFHA Interrogatory No. 124
LK-5	Lane Kollen	Storm Damage Fund Reserve - Actual and Projected
LK-6	Lane Kollen	Operating Expenses - Budgeted and Actual
LK-7	Lane Kollen	Response to SFHA Interrogatory Nos. 98 & 99
LK-8	Lane Kollen	Response to SFHA Interrogatory No. 100
LK-9	Lane Kollen	Response to SFHA Interrogatory No. 85
LK-10	Lane Kollen	Sanford Comparisons
LK-11	Lane Kollen	8/99 Sanford Cost Estimate
LK-12	Lane Kollen	Sanford Transmission Facilities Cost 10/29/98
LK-13	Lane Kollen	7/28/00 Sanford Cost Estimate
LK-14	Lane Kollen	Sanford Repowering Success Criteria
LK-15	Lane Kollen	Changes in Timing of Project Costs
LK-16	Lane Kollen	Pre- and Post-September 11, 2001 Sales Estimates for 2002 and 2005
LK-17	Lane Kollen	FPL-FiberNet Asset Sale

South Florida Hospital and Healthcare Association reserves the right to identify additional exhibits for purposes of cross-examination.

D. STATEMENT OF BASIC POSITION:

FPL's rates do not reflect the existing cost of service. Rates should be reduced.

E. ISSUES

ISSUE 1: Are FPL's forecasts of customers and KWH by revenue class, and system KW for the 2002 projected test year reasonable?

SFHHA: No position at this time.

ISSUE 2: Is FPL's forecast of inflation rates appropriate?

SFHHA: No position at this time.

ISSUE 3: To what extent, if any, should FPL's forecasted financial statements and resulting retail rates for the 2002 test year be adjusted to remove the effects of short term economic conditions?

SFHHA: Short-term economic conditions shall not be included in FPL's forecasted financial statements.

QUALITY OF SERVICE

ISSUE 4: Is the number of customer bills which have to be estimated each month appropriate for FPL?

SFHHA: No position at this time.

ISSUE 5: Is the quality of electric service provided by FPL adequate?

SFHHA: No position at this time.

ISSUE 6: Is FPL's customer complaint resolution process adequate?

SFHHA: No position at this time.

ISSUE 7: Should FPL be required to provide a refund to retail customers incurring frequent outages?

SFHHA: No position at this time.

ISSUE 8: What level of over-recovery results from demand meters that are not reset and/or resealed after reading?

SFHHA: No position at this time.

RATE BASE

ISSUE 9: Is FPL's level of Plant in Service in the amount of \$18,901,692,000 (\$19,004,488,000 system) for the 2002 projected test year appropriate?

SFHHA: No. The plant level is inflated and should be reduced.

ISSUE 10: Is FPL's level of Accumulated Provision for Depreciation and Amortization in the amount of \$10,028,613,000 (\$10,089,240,000 system) for the 2002 projected test year appropriate?

SFHHA: No. Adjustments are appropriate.

ISSUE 11: Is FPL's level of Construction Work in Progress in the amount of \$903,823,000 (\$912,691,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 12: Is FPL appropriately accruing AFUDC on CWIP for the 2002 projected test year for the following projects: (1) Project 181 - Unit 5 Martin; (2) Project 710 - Ft. Myers Peaking Combustion Turbine and Transmission Interconnection; (3) Project 715 - Martin Conversion and Interconnection; (4) Project 716 - Ft. Myers Conversion and Interconnection; and (5) Project 717 - Midway Combined Cycle?

SFHHA: No position at this time.

ISSUE 13: Is FPL's level of Property Held for Future Use in the amount of \$68,266,000 (\$68,611,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 14: Is FPL's level of Working Capital in the amount of \$63,687,000 (\$191,390,000 system) for the 2002 projected test year appropriate?

SFHHA: No. The deferred pension debit should be removed.

ISSUE 15: Does working capital appropriately reflect assets and liabilities that should be included in rate base?

SFHHA: See Issue No. 14.

ISSUE 16: Is FPL's level of Account 151 - Fuel Stock - in the amount of \$93,372,000 (\$94,526,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 17: Should the net overrecovery/underrecovery of fuel, capacity, conservation, and environmental cost recovery clause expenses for the test year be included in the calculation of working capital allowance for FPL?

SFHHA: No position at this time.

ISSUE 18: Has FPL removed the appropriate amount of Regulatory Asset - Special Deferred Fuel out of 2002 projected test year working capital?

SFHHA: No position at this time.

ISSUE 19: Has FPL removed the appropriate amount of Regulatory Asset - Okeelanta Settlement out of 2002 projected test year working capital?

SFHHA: No position at this time.

ISSUE 20: Should working capital for the 2002 projected test year be adjusted for interest on tax deficiencies?

SFHHA: No position at this time.

ISSUE 21: Is \$500 million an appropriate reserve goal for Account 228.1 - Accum. Provision for Property Insurance - Storm Damage? (FPL ISSUE7; Publix Issue118)

SFHHA: No. The authorized accrual level should not be increased.

ISSUE 22: Should the capitalized items currently approved for recovery through the Environmental Cost Recovery Clause be included in rate base?

SFHHA: No position at this time.

ISSUE 23: What are the appropriate adjustments that should be made to FPL's test year rate base to account for the additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001?

SFHHA: No position at this time.

ISSUE 24: Should the investment in corporate aircraft be removed from 2002 projected test year?

SFHHA: No position at this time.

ISSUE 25: What adjustment, if any, should be made to projected test year rate base to reflect the Commission's decision in Docket No. 991931-EG, concerning the last core of nuclear fuel?

SFHHA: No position at this time.

ISSUE 26: What adjustment, if any, should be made to projected test year rate base to reflect the Commission's decision in Docket No. 981246-EI, concerning nuclear decommissioning?

SFHHA: No position at this time.

ISSUE 27: What adjustment, if any, should be made to projected test year rate base to reflect the Commission's decision in Docket No. 990324-EI, concerning the disposition of FPL's accumulated nuclear amortization?

SFHHA: No position at this time.

ISSUE 28: What adjustments, if any, should be made to projected test year rate base to recognize implementation of Statement of Financial Accounting Standards Nos. (FAS) 133/137, Accounting for Derivative Instruments and Hedging Activities?

SFHHA: No position at this time.

ISSUE 29: What adjustments, if any, should be made to projected test year rate base to recognize implementation of FAS 143, Accounting for Asset Retirement Obligations?

SFHHA: No position at this time.

ISSUE 30: What adjustments, if any, should be made to projected test year rate base to recognize implementation of the AcSEC Statement of Position regarding accounting for certain costs and activities related to property, plant, and equipment?

SFHHA: No position at this time.

ISSUE 31: Is FPL's rate base of \$9,908,855,000 (\$10,088,964,000 system) for the 2002 projected test year appropriate? (This is a fallout issue.)

SFHHA: No. See Issue Nos. 9 and 10 above.

COST OF CAPITAL

ISSUE 32: What is the appropriate cost of common equity capital for FPL? (Publix Issue E159)

SFHHA: No position at this time.

ISSUE 33: In setting FPL's ROE midpoint and range, should the Commission make an adjustment to reflect FPL's performance?

SFHHA: There shall be no increase in the authorized return on equity.

ISSUE 34: What is the appropriate common equity ratio for ratemaking purposes for FPL?

SFHHA: Common equity should be set at no more than 50% computed on a traditional basis.

ISSUE 35: What is the appropriate amount of accumulated deferred taxes to include in FPL's capital structure?

SFHHA: To the extent adjustments to rate base recommended herein are adopted, the accumulated deferred income tax effects of rate base adjustments should be incorporated.

ISSUE 36: Does FPL's capital structure appropriately reflect accumulated deferred income taxes?

SFHHA: See Issue 35 above.

ISSUE 37: What is the appropriate amount and cost rate of unamortized investment tax credits to include in FPL's capital structure?

SFHHA: No position at this time.

ISSUE 38: Have FPL's rate base and capital structure been reconciled appropriately?

SFHHA: No position at this time.

ISSUE 39: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for FPL for the projected test year? (This is a fallout issue.)

SFHHA: See Issue 34 and 35 above.

NET OPERATING INCOME

ISSUE 40: Is FPL's level of Total Operating Revenues in the amount of \$3,649,342 (\$3,703,679 system) for the 2002 projected test year appropriate?

SFHHA: No. The revenue refund is inappropriately included in Total Operating Revenue.

ISSUE 41: Has FPL made the appropriate adjustments to remove the capacity cost revenues and related expenses recoverable through the Capacity Cost Recovery Clause?

SFHHA: No position at this time.

ISSUE 42: Has FPL made the appropriate adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

SFHHA: No position at this time.

ISSUE 43: Has FPL made the appropriate adjustments to remove the environmental revenues and related expenses recoverable through the Environmental Cost Recovery Clause?

SFHHA: No position at this time.

ISSUE 44: Has FPL made the appropriate adjustments to remove the conservation revenues and related expenses recoverable through the Conservation Cost Recovery Clause?

SFHHA: No position at this time.

ISSUE 45: Is FPL's level of Account 513 - Maintenance of Electric Plant (Major Only) expense in the amount of \$17,241,000 (\$17,454,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 46: Is FPL's level of Total Steam Power Generation O&M (Accounts 500-514) in the amount of \$129,196,000 (\$130,835,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 47: With respect to steam power generation O&M expenses, is the \$15.6 million increase (13.6%) in non-fuel expenses from 2000 to 2002 justified and reasonable?

SFHHA: No position at this time.

ISSUE 48: Is FPL's level of Account 517 - Operation Supervision and Major Engineering expense in the amount of \$71,662,000 (\$71,858,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 49: Is FPL's level of Account 519 - Coolants and Water expense in the amount of \$6,445,000 (\$6,462,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 50: Is FPL's level of Account 520 - Steam expense in the amount of \$23,360,000 (\$23,424,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 51: Is FPL's level of Account 523 - Electric expense in the amount of \$269,000 (\$270,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 52: Is FPL's level of Account 524 - Miscellaneous Nuclear Power expense in the amount of \$37,862,000 (\$37,965,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 53: Is FPL's level of Total Nuclear Power Generation Operation expense (Accounts 517-525) in the amount of \$139,598,000 (\$139,979,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 54: Is FPL's level of Total Nuclear Power Generation Maintenance expense (Accounts 528-532) in the amount of \$119,011,000 (\$119,264,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 55: With respect to nuclear power generation O&M expenses, is the \$17.9 million increase in non-fuel expenses from 2000 to 2002 justified and reasonable?

SFHHA: No position at this time.

ISSUE 56: Is the annual accrual to the Nuclear Maintenance reserve reasonable?

SFHHA: No position at this time.

ISSUE 57: Is FPL's level of Account 546 - Operation Supervision and Engineering expense in the amount of \$3,489,000 (\$3,535,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 58: Is FPL's level of Account 548 - Generation expense in the amount of \$2,930,000 (\$2,968,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 59: Is FPL's level of Account 549 - Miscellaneous Other Power Generation expense in the amount of \$8,713,000 (\$8,826,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 60: Is FPL's level of Other Power Generating Maintenance expense (Accounts 551-554) in the amount of \$21,126,000 (\$21,399,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 61: With respect to Other Power Production Expenses, is the \$6.2 million increase (20%) in non-fuel expenses from 2000 to 2002 justified and reasonable?

SFHHA: No position at this time.

ISSUE 62: Is FPL's level of Account 565 - Transmission of Electricity by Others expense in the amount of \$10,329,000 (\$10,440,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 63: Is the \$308 million increase in Other Power Supply Expenses, exclusive of Account 555, from 1999 to 2002, justified and reasonable? Is the \$883 million increase from 2000 to 2002 reasonable based on the credit in Account 557 in 2000?

SFHHA: No position at this time.

ISSUE 64: Is FPL's level of Account 566 - Miscellaneous Transmission expense in the amount of \$4,183,000 (\$4,228,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 65: Is FPL's level of Account 571 - Maintenance of Overhead Transmission Lines, which includes tree-trimming expenses, in the amount of \$9,590,000 (\$9,693,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 66: Is the \$7.8 million (15.2%) increase in transmission expenses from 2000 to 2002 justified and reasonable?

SFHHA: No position at this time.

ISSUE 67: With respect to the transmission allocations, does the revenue credit methodology employed by FPL provide a reasonable allocation of the costs of providing transmission service?

SFHHA: No position at this time.

ISSUE 68: Is FPL's level of Account 588 - Miscellaneous Distribution Operating Expenses in the amount of \$27,776,000 (\$27,776,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 69: Is FPL's level of Total Distribution Operation expense (Accounts 580-589) in the amount of \$93,308,000 (\$93,322,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 70: Is FPL's level of Account 593 - Maintenance of Overhead Lines, which includes tree trimming expenses, in the amount of \$85,843,000 (\$85,843,000 system) for the 2002 test year appropriate?

SFHHA: No position at this time.

ISSUE 71: Is FPL's level of Total Distribution Maintenance expense (Accounts 590-599) in the amount of \$167,892,000 (\$167,895,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 72: Is FPL's level of Account 904 - Uncollectible Accounts expense in the amount of \$10,283,000 (\$10,283,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 73: Is FPL's level of Total Customer Accounts Expense (Accounts 901-905) in the amount of \$105,888,000 (\$106,019,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 74: Is FPL's level of Account 909 - Information and Inst. Advertising expense in the amount of \$2,541,000 (\$2,541,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 75: Is FPL's level of Account 910 - Miscellaneous Customer Service and Information expense in the amount of \$5,451,000 (\$5,451,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 76: Is FPL's level of Total Customer Service and Information Expense (Accounts 907-910) in the amount of \$17,229,000 (\$78,959,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 77: Is FPL's level of Account 911 - Supervision Sales expense in the amount of \$1,051,000 (\$1,051,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 78: Is FPL's level of Account 920 - Administrative and General Salaries expense in the amount of \$132,361,000 (\$132,877,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 79: Are sales expenses appropriately allocated to the retail jurisdiction?

SFHHA: No position at this time.

ISSUE 80: Is FPL's level of Account 921 - Office Supplies and Expenses in the amount of \$79,587,000 (\$80,025,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 81: Is FPL's level of Account 923 - Outside Services expense in the amount of \$20,075,000 (\$20,153,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 82: Is FPL's 2002 projected test year accrual of \$50,300,000 for Storm Damage appropriate? (FPL ISSUE7; Publix Issue118)

SFHHA: No. A reduction shall be made concerning the requested storm damage expense. Additionally, FPL's rates should be reduced to reflect internal funding of the storm damage reserve.

ISSUE 83: What is the appropriate amount of Other Post Employment Benefits Expense for the projected 2002 test year?

SFHHA: No position at this time.

ISSUE 84: What is the appropriate amount of Pension Expense for the projected 2002 test year?

SFHHA: No position at this time.

ISSUE 85: Is FPL's 2002 projected test year accrual for medical/life reserve-active employees and retirees appropriate?

SFHHA: No position at this time.

ISSUE 86: Is FPL's level of Account 928 - Regulatory Commission Expense in the amount of \$8,803,000 (\$8,803,000 system) appropriate?

SFHHA: No position at this time.

- ISSUE 87: Are rate case expenses appropriately amortized in the Test Year?
- SFHHA: No position at this time.
- ISSUE 88: Is the \$72.7 million (35.5%) increase in miscellaneous expenses from 2000 (adjusted to remove 2000 merger-related expenses) to 2002 justified and reasonable?
- SFHHA: No position at this time.
- ISSUE 89: Is FPL's amount in Account 935 - Maintenance of General Plant expense in the amount of \$8,222,000 (\$8,254,000 system) appropriate?
- SFHHA: No position at this time.
- ISSUE 90: Is FPL's level of Total Administrative and General Expense (Accounts 920-935) in the amount of \$277,245,000 (\$288,300,000 system) for the 2002 projected test year appropriate?
- SFHHA: No position at this time.
- ISSUE 91: Are lobbying expenses included in the 2002 projected test year and, if so, should an adjustment be made to remove them?
- SFHHA: Lobbying expenses should not be used to develop the level of jurisdictional revenue requirements.
- ISSUE 92: Are industry association dues included in the 2002 projected test year and, if so, should an adjustment be made to remove them?
- SFHHA: No position at this time.
- ISSUE 93: Are membership dues included in the projected test year and, if so, should an adjustment be made to remove them?
- SFHHA: No position at this time.
- ISSUE 94: Has FPL budgeted to fund the NEI Utility Waste Management Group, and if so, should an adjustment be made to remove it?
- SFHHA: No position at this time.
- ISSUE 95: Is FPL's assumed growth in salaries and wages appropriate? If not, what adjustment is necessary?
- SFHHA: No position at this time.

- ISSUE 96: Is FPL's level of employees in the 2002 projected test year appropriate?
- SFHHA: No position at this time.
- ISSUE 97: Is FPL's level of Salaries and Employee Benefits for the 2002 projected test year appropriate?
- SFHHA: No position at this time.
- ISSUE 98: What are the appropriate adjustments to FPL's 2002 projected test year operating expenses to account for the additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001?
- SFHHA: No position at this time.
- ISSUE 99: Is FPL's level of economic development expenses appropriate?
- SFHHA: No position at this time.
- ISSUE 100: Is FPL's level of Total Operation and Maintenance Expense in the amount of \$1,218,944,000 (\$1,228,113,000 system) for the 2002 projected test year appropriate?
- SFHHA: FPL's projected growth in operation and maintenance expense, excluding the proposed increase in storm damage expense, should be reduced.
- ISSUE 101: Is FPL's Depreciation and Amortization Expense of \$801,678,000 (\$825,250,000 system) for the 2002 projected test year appropriate? (This is a fallout issue.)
- SFHHA: No. FPL's depreciation expense should be reduced.
- ISSUE 102: Should the traditional benchmark test be used to determine which O&M expenses FPL must justify on the record?
- SFHHA: No. FPL should be required to justify the entirety of its O&M expenses.
- ISSUE 103: Has FPL provided adequate assurance that repowering its Ft. Myers and Sanford units is prudent?
- SFHHA: No.
- ISSUE 104: Has FPL implemented a reasonable oversight process for services procured by Black & Veatch on behalf of FPL associated with FPL's Sanford and Ft. Myers repowering projects, and if not, should an adjustment be made?
- SFHHA: No.

ISSUE 105: Are FPL's Consumer Price Index factors used in determining 2002 projected test year expenses appropriate?

SFHHA: No position at this time.

ISSUE 106: Is FPL's level of Taxes Other Than Income Taxes in the amount of \$273,168,000 (\$273,598,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 107: Should the total amount of Gross Receipts Tax be removed from base rates and shown as a separate line item on the bill?

SFHHA: No position at this time.

ISSUE 108: Is FPL's interest on tax deficiencies of \$193,000 (\$194,000 system) for the 2002 projected test year appropriate?

SFHHA: No position at this time.

ISSUE 109: Has FPL appropriately reflected Internal Revenue Service Notice 2001-82 in its 2002 projected test year?

SFHHA: No position at this time.

ISSUE 110: Are FPL's Income Tax expenses in the amount of \$384,215,000 (\$378,890,000 system) for the 2002 projected test year appropriate? (This is a fallout issue.)

SFHHA: No position at this time.

ISSUE 111: Are consolidating tax adjustments appropriate, and if so, what are the appropriate amounts for the 2002 projected test year for FPL?

SFHHA: No position at this time.

ISSUE 112: What adjustment, if any, should be made to 2002 projected test year NOI to reflect the Commission's decision in Docket No. 991931-EG, concerning the last core of nuclear fuel?

SFHHA: No position at this time.

ISSUE 113: What adjustment, if any, should be made to 2002 projected test year NOI to reflect the Commission's decision in Docket No. 981246-EI, concerning nuclear decommissioning?

SFHHA: No position at this time.

ISSUE 114: What adjustment, if any, should be made to 2002 projected test year NOI to reflect the Commission's decision in Docket No. 990324-EI, concerning the disposition of FPL's accumulated nuclear amortization?

SFHHA: No position at this time.

ISSUE 115: What is the appropriate level of decommissioning expense for the 2002 projected Test Year?

SFHHA: No position at this time.

ISSUE 116: What adjustments, if any, should be made to the projected test year expenses to recognize implementation of FAS 143?

SFHHA: No position at this time.

ISSUE 117: What adjustments, if any, should be made to projected test year NOI to recognize implementation of FAS 133/137?

SFHHA: No position at this time.

ISSUE 118: What adjustments, if any, should be made to the projected test year expenses to recognize implementation of the AcSEC Statement of Position regarding accounting for certain costs and activities related to property, plant, and equipment?

SFHHA: No position at this time.

ISSUE 119: Is FPL's Net Operating Income of \$873,016,000 (\$873,841,000 system) for the 2002 projected test year appropriate? (This is a fallout issue.)

SFHHA: No position at this time.

REVENUE REQUIREMENTS

ISSUE 120: What is the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL?

SFHHA: No position at this time.

ISSUE 121: Should FPL's annual operating revenue requirements be adjusted for the 2002 projected test year? (FPL Issue 4)

SFHHA: Yes. See above.

COST OF SERVICE AND RATE DESIGN

ISSUE 122: Is FPL's separation of costs and revenues between the wholesale and retail jurisdictions appropriate? (Publix Issue 160)

SFHHA: No position at this time.

ISSUE 123: Is FPL's method of developing its estimates by rate class of the 12 monthly coincident peak hour demands and the class non-coincident peak hour demands appropriate?

SFHHA: No position at this time.

ISSUE 124: What is the appropriate cost of service methodology to be used in designing FPL's rates?

SFHHA: Adjustments as described in the Prepared Direct Testimony of Stephen J. Baron should be made to the non-fuel nuclear O&M accounts, and the revenue refund amounts should be removed.

ISSUE 125: Are FPL's estimated revenues from sales of electricity by rate class at present rates for the projected 2002 test year appropriate?

SFHHA: No position at this time.

ISSUE 126: If a change in revenue requirements is ordered, how should it be allocated among the customer classes? (FPL Issue 6)

SFHHA: See Prepared Direct Testimony Testimony of Stephen J. Baron.

ISSUE 127: What are the appropriate demand charges?

SFHHA: No position at this time.

ISSUE 128: What are the appropriate energy charges?

SFHHA: No position at this time.

ISSUE 129: What are the appropriate customer charges?

SFHHA: No position at this time.

ISSUE 130: What are the appropriate service charges?

SFHHA: No position at this time.

ISSUE 131: What are the appropriate lighting rate schedule charges?

SFHHA: No position at this time.

ISSUE 132: How should FPL's time-of-use rates be designed?

SFHHA: No position at this time.

ISSUE 133: What is the appropriate credit per KW of billing demand for those customers who provide their own transformation?

SFHHA: No position at this time.

ISSUE 134: What is the appropriate monthly fixed charge carrying rate to be applied to the installed cost of additional customer-requested distribution equipment for which there are no tariffed charges?

SFHHA: No position at this time.

ISSUE 135: What is the appropriate Monthly Rental Factor to be applied to the in-place value of customer-rented distribution substations to determine the monthly rental fee for such facilities?

SFHHA: No position at this time.

ISSUE 136: What are the appropriate termination factors to be applied to the in-place value of customer-rented distribution substations to calculate the termination fee?

SFHHA: No position at this time.

ISSUE 137: What are the appropriate termination factors to be applied to the total installed cost of premium lighting facilities under rate schedule PL-1 to determine the termination fee?

SFHHA: No position at this time.

ISSUE 138: What is the appropriate Present Value Revenue Requirement multiplier to be applied to the installed cost of premium lighting facilities under rate schedule PL-1 to determine the lump sum advance payment amount for such facilities?

SFHHA: No position at this time.

ISSUE 139: What is the appropriate level and design of the charges, and terms and conditions, under the Standby and Supplemental Service (SST-1) rate schedule?

SFHHA: See Prepared Direct Testimony of Stephen J. Baron.

ISSUE 140: What is the appropriate level and design of the charges, and terms and conditions, under the Interruptible Standby and Supplemental Service (ISST-1) rate schedule?

SFHHA: See Prepared Direct Testimony of Stephen J. Baron.

ISSUE 141: If the Commission determines that FPL's base rates should be revised, should an attrition allowance be made?

SFHHA: No position at this time.

ISSUE 142: Is the design of the FPL Real Time Pricing rate appropriate?

SFHHA: No position at this time.

ISSUE 143: Should FPL's billing measurements be modified to include optional totalized billing for customers with multiple facilities?

SFHHA: No position at this time.

GRIDFLORIDA ISSUES

ISSUE 144: What are the amounts and components of rate base associated with transmission assets of 69 kV and above?

SFHHA: No position at this time.

ISSUE 145: What is the amount of expenses associated with transmission assets of 69 kV and above?

SFHHA: No position at this time.

ISSUE 146: How should costs associated with FPL's participation in GridFlorida be recovered?

SFHHA: No position at this time.

ISSUE 147: In the event the Commission determines that GridFlorida transmission charges should be recovered through a cost recovery clause, what is the appropriate adjustment for transmission costs in base rates to ensure that there is no double recovery?

SFHHA: No position at this time.

OTHER ISSUES

ISSUE 148: Should adjustments be made for the rate base effects of FPL's transactions with affiliated companies?

SFHHA: No position at this time.

ISSUE 149: Should adjustments be made for the capital structure effects of FPL's transactions with affiliated companies?

SFHHA: No position at this time.

ISSUE 150: Should adjustments be made for the net operating income effects of FPL's transactions with affiliated companies?

SFHHA: Yes.

ISSUE 151: Is an incentive plan appropriate for FPL to promote cost savings and if so, how would it be structured?

SFHHA: No.

ISSUE 152: What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an affiliated company?

SFHHA: No position at this time.

ISSUE 153: What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an unaffiliated company?

SFHHA: No position at this time.

ISSUE 154: How should FPL allocate the costs associated with its sales of natural gas to FPL Energy Services (FPLES)?

SFHHA: No position at this time.

ISSUE 155: What is the appropriate regulatory treatment of FPL Energy Services' revenues and costs associated with sales by FPLES to customers within FPL's service area?

SFHHA: No position at this time.

ISSUE 156: What is the appropriate regulatory treatment of FPL Energy Services' revenues and costs associated with sales by FPLES to customers outside of FPL's service area?

SFHHA: No position at this time.

ISSUE 157: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report to the Florida Public Service Commission, rate of return reports, and books and records which may be required as a result of the Commission's findings in this rate case?

SFHHA: Yes.

LEGAL ISSUES

ISSUE 158: Which party(ies) has the burden of proof as to whether or not FPL's base rates should be reduced in this proceeding?

SFHHA: FPL has the burden of proof.

F. STIPULATED ISSUES:


None.

G. PENDING MOTIONS:

SFHHA has Motions to Compel Discovery pending against FPL.

H. OTHER MATTERS:

Additional procedural relief may be necessary depending upon resolution of matters identified in G, *supra*.



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**CERTIFICATE OF SERVICE
DOCKET NO. 001148-EI**

I HERBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement has been furnished by Federal Express* and U.S. Mail to the following parties, on the 13th day of March, 2002.

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