

State of Florida



Public Service Commission  
-M-E-M-O-R-A-N-D-U-M-

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**DATE:** June 30, 2003  
**TO:** Division of Economic Regulation (Bohrmann)  
**FROM:** Division of Auditing and Safety (Vandiver) *030001*  
**RE:** **Docket No.** ~~020001-ET~~; **Company Name:** Florida Power & Light Company; **Audit Purpose:** Base Costs for Security and Hedging; **Audit Control No.** 02-340-4-1

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Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)  
Division of the Commission Clerk and Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Steel Law Firm  
John Butler, Esq.  
200 So. Biscayne Blvd., Suite 4000  
Miami, FL 33131-2398

Mr. Bill Walker, Vice President  
Florida Power & Light Company  
215 South Monroe Street, Suite 810  
Tallahassee, FL 32301-1859

DOCUMENT NUMBER-DATE

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**FLORIDA PUBLIC SERVICE COMMISSION**

*DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING*

*Miami District Office*

**FLORIDA POWER AND LIGHT  
SECURITY AND HEDGING BASE COSTS**

**YEAR ENDED DECEMBER 31, 2002**

**DOCKET NO. 020001-EI**

**AUDIT CONTROL NO. 02-340-4-1**

A handwritten signature in cursive script, reading "Iliana H. Piedra".

*Iliana H. Piedra, Audit Manager*

A handwritten signature in cursive script, reading "Kathy Welch".

*Kathy Welch  
Regulatory Analyst Supervisor*

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**DIVISION OF AUDITING AND SAFETY**

**AUDITOR'S REPORT**

**June 13, 2003**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described in this report to determine security base costs and to audit the incremental plant security costs included in the Capacity Cost Recovery Clause for the historical 12-month period ended December 31, 2002. Also, to determine hedging base costs and to audit the incremental hedging costs included in the Fuel Cost Recovery Clause for the historical 12-month period ended December 31, 2002 for Florida Power and Light Company.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Scanned**-The documents or accounts were read quickly looking for obvious errors.

**Compiled**-The exhibit amounts were reconciled with the general ledger, and accounts were scanned for errors or inconsistency.

**Reviewed**-The exhibit amounts were reconciled with the general ledger. The general account balances were traced to the subsidiary ledgers, and selective analytical review procedures were applied.

**Examined**-The exhibit amounts were reconciled with the general ledger. The general account balances were traced to the subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

**Confirmed**-Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

**Verified**-The item was tested for accuracy, and substantiating documentation was examined.

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## **SECURITY COSTS:**

Read and scanned various testimonies, interrogatories, PSC Orders and an internal audit related to incremental security costs.

Obtained a report for Expenses Analysis Code (EAC) 694- security for 2001 and 2002. Compared the increase for Nuclear and Fossil accounts to the increase in the total accounts. Obtained a report by EAC for the Nuclear and Power Generation divisions and reconciled to the account balances.

Compared the actuals and budget figures for 2002 for the Nuclear and Power Generation divisions.

Verified a random sample selected from the Financial Accounting System report; verified a sample by Expense Analysis Code selected using audit analyzer.

Compared the actuals recorded for base capital security costs to the budget amount in the Minimum Filing Requirements (MFR). Scanned the source documentation and verified any amounts credited.

### **HEDGING:**

Read various testimonies and interrogatories and PSC Order.

Scanned the actuals and budget figures for Energy Marketing and Trading (EMT) for 2001, 2002 and 2003. Obtained explanations for differences in budget figures from 2001 to 2002 and 2002 to 2003. Scanned the actual and budget detail by vendor for "Contractors and Professional Services". Verified amounts for selected vendors. Obtained the detail of salaries and incentives including employee names and positions.

Verified a sample selected from the Financial Accounting System report. Reconciled items to invoices and contracts.

Interviewed selected employees based on their position descriptions.

**CONFIDENTIAL**

**III. EXHIBITS**



CAPACITY COST RECOVERY CLAUSE							
CALCULATION OF FINAL TRUE-UP AMOUNT							
FOR THE PERIOD JANUARY THROUGH DECEMBER 2002							
LINE NO.	(1) JAN 2002	(2) FEB 2002	(3) MAR 2002	(4) APR 2002	(5) MAY 2002	(6) JUN 2002	
1.	UPS Capacity Charges	\$ 4,509,711.00	\$ 8,552,011.00	\$ 8,397,229.00	\$ 8,629,685.00	\$ 7,969,793.00	\$ 9,326,700.00
2.	Short Term Capacity Purchases CCR	961,500.00	961,500.00	961,500.00	2,161,724.00	3,714,286.00	15,755,560.00
3.	QP Capacity Charges	27,906,044.98	25,121,883.56	25,956,929.80	25,904,994.89	27,345,987.50	26,128,811.06
4.	SJRPP Capacity Charges	7,714,674.11	7,639,381.65	7,971,748.97	8,016,979.03	8,161,139.82	7,015,610.11
4a.	SJRPP Suspension Accrual	301,945.00	301,945.00	301,945.00	301,945.00	301,945.00	301,945.00
4b.	Return on SJRPP Suspension Liability	(192,579.53)	(195,552.16)	(198,524.79)	(201,497.43)	(204,470.03)	(207,442.69)
5.	SJRPP Deferred Interest Payment	(310,545.87)	(310,545.87)	(310,545.87)	(310,545.87)	(310,545.87)	(310,545.87)
6a.	Cypress Settlement (Capacity)	0.00	0.00	0.00	1,530,589.14	0.00	0.00
6b.	Okeelanta Settlement (Capacity)	257,833.85	3,180,941.58	3,178,048.62	3,173,727.48	3,168,051.42	3,163,754.69
6c.	Incremental Plant Security Costs-Order No. PSC-02-1761	0.00	0.00	0.00	0.00	0.00	0.00
7.	Trans. of Electricity by Others - FPL Sales	10,446.59	14,911.82	44,084.03	588,710.00	497,594.61	557,356.98
8.	Revenues from Capacity Sales	(636,942.08)	(617,158.26)	(473,479.79)	(362,814.45)	(313,964.36)	(488,297.10)
9.	Total (Lines 1 through 8)	\$ 40,522,088.05	\$ 44,649,318.32	\$ 45,828,934.97	\$ 49,433,496.79	\$ 50,329,817.07	\$ 61,243,452.18
10.	Jurisdictional Separation Factor (a)	99.03598%	99.03598%	99.03598%	99.03598%	99.03598%	99.03598%
11.	Jurisdictional Capacity Charges	40,131,447.02	44,218,889.96	45,387,134.87	48,956,948.00	49,844,627.56	60,633,653.06
12.	Capacity related amounts included in Base Rates (FPSC Portion Only) (b)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)
13.	Jurisdictional Capacity Charges Authorized	\$ 35,385,981.02	\$ 39,473,423.96	\$ 40,641,668.87	\$ 44,211,482.00	\$ 45,099,161.56	\$ 55,907,587.06
14.	Capacity Cost Recovery Revenues (Net of Revenue Taxes)	\$ 45,394,373.26	\$ 42,156,895.36	\$ 40,852,951.49	\$ 44,915,305.42	\$ 49,895,576.00	\$ 52,232,678.36
15.	Prior Period True-up Provision	1,846,071.00	1,846,071.00	1,846,071.00	1,846,071.00	1,846,071.00	1,846,071.00
16.	Capacity Cost Recovery Revenues Applicable to Current Period (Net of Revenue Taxes)	\$ 47,240,444.26	\$ 44,002,966.36	\$ 42,699,022.49	\$ 46,761,376.42	\$ 51,741,647.00	\$ 54,078,749.36
17.	True-up Provision for Month - Over/(Under) Recovery (Line 16 - Line 13)	11,854,463.24	4,529,542.40	2,057,353.62	2,549,894.42	6,642,485.43	(1,828,837.70)
18.	Interest Provision for Month	36,430.39	45,483.32	47,943.72	48,689.33	52,519.17	53,418.63
19.	True-up & Interest Provision Beginning of Month - Over/(Under) Recovery	22,152,857.00	32,197,679.63	34,926,634.35	35,185,860.69	35,938,373.44	40,787,307.04
20.	Deferred True-up - Over/(Under) Recovery	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)
21.	Prior Period True-up Provision - Collected/(Refunded) this Month	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)
22.	End of Period True-up - Over/(Under) Recovery (Sum of Lines 17 through 21)	\$ 29,669,621.44	\$ 32,398,576.16	\$ 32,657,802.50	\$ 33,410,315.25	\$ 38,259,248.85	\$ 34,637,758.78
Notes: (a) Per K. M. Dabla's Testimony Appendix III Page 3, Docket No. 000001-EI, filed September 21, 2008.							
(b) Per FPSC Order No. PSC-94-1092-FOF-EI, Docket No. 940001-EI, as adjusted in August 1993, per E.L. Hoffman's Testimony Appendix IV, Docket No. 930001-EI, filed July 8, 1993.							

CAPACITY COST RECOVERY CLAUSE									
CALCULATION OF FINAL TRUE-UP AMOUNT									
FOR THE PERIOD JANUARY THROUGH DECEMBER 2002									
LINE NO.		(7) JUL 2002	(8) AUG 2002	(9) SEP 2002	(10) OCT 2002	(11) NOV 2002	(12) DEC 2002	(13) TOTAL	LINE NO.
1.	UPS Capacity Charges	\$ 7,349,526.00	\$ 8,174,682.00	\$ 8,549,968.00	\$ 8,541,886.00	\$ 8,593,291.00	\$ 8,821,679.00	\$ 97,416,161.00	1.
2.	Short Term Capacity Purchases CCR	9,039,990.00	21,884,322.00	9,432,163.00	3,269,085.00	3,367,082.94	3,497,470.00	75,006,182.94	2.
3.	QF Capacity Charges	26,015,757.41	26,176,563.57	26,641,829.34	26,915,700.41	26,778,493.57	26,988,814.96	317,881,811.05	3.
4.	SJRPP Capacity Charges	7,417,353.08	6,857,706.64	7,162,367.81	5,513,043.14	5,591,274.25	5,319,668.05	84,380,946.66	4.
4a.	SJRPP Suspension Accrual	301,945.00	301,945.00	301,945.00	301,945.00	301,945.00	301,945.00	3,623,340.00	4a.
4b.	Return on SJRPP Suspension Liability	(210,415.33)	(213,387.95)	(216,360.58)	(219,333.23)	(222,305.84)	(225,278.48)	(2,507,148.06)	4b.
5.	SJRPP Deferred Interest Payment	(310,545.87)	(310,545.87)	(310,545.87)	(310,545.87)	(310,545.87)	(310,545.87)	(3,726,550.44)	5.
6a.	Cypress Settlement (Capacity)	0.00	0.00	0.00	1,530,589.14	0.00	0.00	3,061,178.28	6a.
6b.	Okeelanta Settlement (Capacity)	3,156,845.76	3,150,034.48	3,147,721.33	3,139,787.04	3,107,830.17	3,082,916.50	34,907,492.93	6b.
6c.	Incremental Plant Security Costs-Order No. PSC-02-1761	0.00	0.00	0.00	0.00	0.00	8,754,766.31	8,754,766.31	6c.
7.	Trans. of Electricity by Others - FPL Sales	532,912.00	482,761.00	388,451.00	508,496.00	493,476.78	503,680.00	4,622,880.81	7.
8.	Revenues from Capacity Sales	(543,947.83)	(300,352.10)	(394,560.94)	(268,611.54)	(334,185.32)	(494,061.93)	(5,228,375.70)	8.
9.	Total (Lines 1 through 8)	\$ 52,749,420.22	\$ 66,203,728.77	\$ 54,702,978.09	\$ 48,922,041.09	\$ 47,366,356.68	\$ 56,241,053.54	\$ 618,192,685.78	9.
10.	Jurisdictional Separation Factor (a)	99.03598%	99.03598%	99.03598%	99.03598%	99.03598%	99.03598%	N/A	10.
11.	Jurisdictional Capacity Charges	52,240,905.26	65,565,511.58	54,175,630.44	48,450,422.83	46,909,735.53	55,698,878.54	612,233,184.65	11.
12.	Capacity related amounts included in Base Rates (FFSC Portion Only) (b)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)	(4,745,466.00)	(56,945,592.00)	12.
13.	Jurisdictional Capacity Charges Authorized	\$ 47,495,439.26	\$ 60,820,045.58	\$ 49,430,164.44	\$ 43,704,956.83	\$ 42,164,269.53	\$ 50,953,412.54	\$ 555,287,592.65	13.
14.	Capacity Cost Recovery Revenues (Net of Revenue Taxes)	\$ 51,348,287.19	\$ 56,086,784.38	\$ 56,481,506.65	\$ 55,305,322.35	\$ 49,972,588.27	\$ 44,271,609.19	\$ 588,913,877.91	14.
15.	Prior Period True-up Provision	1,846,071.00	1,846,071.00	1,846,071.00	1,846,071.00	1,846,071.00	1,846,071.00	22,152,857.00	15.
16.	Capacity Cost Recovery Revenues Applicable to Current Period (Net of Revenue Taxes)	\$ 53,194,358.19	\$ 57,932,855.38	\$ 58,327,577.65	\$ 57,151,393.35	\$ 51,818,659.27	\$ 46,117,680.19	\$ 611,066,734.91	16.
17.	True-up Provision for Month - Over/(Under) Recovery (Line 16 - Line 13)	5,698,918.93	(2,887,190.20)	8,897,413.21	13,446,436.52	9,654,389.74	(4,835,732.35)	55,779,142.26	17.
18.	Interest Provision for Month	53,018.06	51,853.69	54,056.66	66,449.25	69,495.35	61,697.41	641,054.98	18.
19.	True-up & Interest Provision Beginning of Month - Over/(Under) Recovery	37,165,816.97	41,071,682.97	36,390,275.46	43,495,674.33	55,162,489.10	63,040,303.19	22,152,857.00	19.
20.	Deferred True-up - Over/(Under) Recovery	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	(2,528,058.19)	20.
21.	Prior Period True-up Provision - Collected/(Refunded) this Month	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)	(1,846,071.00)	(22,152,857.00)	21.
22.	End of Period True-up - Over/(Under) Recovery (Sum of Lines 17 through 21)	\$ 38,543,624.78	\$ 33,862,217.27	\$ 40,967,616.14	\$ 52,634,430.91	\$ 60,512,245.00	\$ 53,892,139.05	\$ 53,892,139.05	22.
Notes: (a) Per K. M. Dublin's Testimony Appendix III Page 3, Doc									
(b) Per FFSC Order No. PSC-94-1092-FOF-EI, Docket No.									
Appendix IV, Docket No. 930001-EI, filed July 8, 1993.									

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CALCULATION OF ACTUAL TRUE-UP AMOUNT							
FLORIDA POWER & LIGHT COMPANY							
FOR THE PERIOD JANUARY THROUGH DECEMBER 2002							
LINE NO.		(1)	(2)	(3)	(4)	(5)	(6)
		JAN	FEB	MAR	APR	MAY	JUN
<b>A Fuel Costs &amp; Net Power Transactions</b>							
1	a Fuel Cost of System Net Generation	\$ 119,974,068.25	\$ 89,346,972.49	\$ 138,814,883.44	\$ 167,505,301.20	\$ 195,936,128.14	\$ 181,750,529.87
	b Cost of Repairing Leaking Nuclear Fuel Rods	0.00	0.00	0.00	0.00	0.00	0.00
	c Nuclear Fuel Disposal Costs	2,081,228.83	1,864,713.17	1,979,318.86	1,891,727.83	1,988,689.43	1,968,998.24
	d Coal Cars Depreciation & Return	301,618.26	299,885.64	298,153.03	296,420.41	294,687.80	292,955.19
	e Gas Pipelines Depreciation & Return	197,127.20	195,671.65	194,216.13	192,760.60	191,305.04	189,849.50
	f DOE D&D Fund Payment	0.00	0.00	0.00	0.00	0.00	0.00
2	a Fuel Cost of Power Sold Transmission Reactive Fuel (Per A6)	(3,849,406.00)	(3,408,651.00)	(4,434,786.00)	(4,091,052.00)	(2,657,087.00)	(3,900,141.00)
	b Gains from Off-System Sales	(1,166,838.00)	(1,036,336.00)	(1,233,478.00)	(840,787.00)	(454,950.00)	(1,056,528.00)
3	a Fuel Cost of Purchased Power (Per A7)	10,829,821.00	13,048,269.00	13,284,773.00	20,803,756.00	20,635,095.00	15,189,243.00
	b Energy Payments to Qualifying Facilities (Per A8)	8,968,182.00	10,322,866.00	12,292,058.00	9,710,032.00	8,260,614.00	10,882,076.00
	c Cypress Settlement Payment	0.00	0.00	0.00	1,108,358.00	0.00	0.00
	d Okcelanta Settlement Amortization including interest	68,538.11	1,624,316.75	844,797.73	843,649.08	842,140.25	840,998.08
4	Energy Cost of Economy Purchases (Per A9)	2,902,470.00	1,682,472.00	5,231,159.00	12,208,207.00	10,492,065.00	5,117,485.00
5	Total Fuel Costs & Net Power Transactions	\$ 140,306,809.65	\$ 113,940,179.70	\$ 167,271,095.19	\$ 209,628,373.12	\$ 235,528,687.66	\$ 211,275,465.88
6	Adjustments to Fuel Cost						
	a Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	(1,668,359.47)	(1,803,030.51)	(1,594,602.42)	(2,325,539.45)	(2,875,733.69)	(2,953,569.49)
	b Reactive and Voltage Control / Energy Imbalance Fuel Revenues	(38,886.74)	(112,856.74)	(62,140.56)	(47,054.46)	56,550.74	(20,377.06)
	c Inventory Adjustments	13,503.78	(12,980.17)	(56,061.30)	(62,494.92)	88,738.01	(1,099.73)
	d Non Recoverable Oil/Tank Bottoms	(48,494.70)	231,386.83	(209,559.78)	0.00	0.00	(34,674.55)
	e Incremental Plant Security Costs per Order No. PSC-01-2516	124,597.26	231,659.71	190,407.92	494,349.65	463,698.82	1,025,299.49
	f Incremental Hedging Implementation Costs	0.00	0.00	0.00	0.00	0.00	0.00
7	Adjusted Total Fuel Costs & Net Power Transactions	\$ 138,689,079.78	\$ 112,474,358.82	\$ 165,539,139.05	\$ 207,687,633.94	\$ 233,261,941.54	\$ 209,291,044.55
<b>B kWh Sales</b>							
1	Jurisdictional kWh Sales (RTP @ CBL) (a)	7,536,411,301	6,792,202,174	6,468,512,323	7,206,304,174	8,075,468,188	8,526,048,757
2	Sale for Resale (excluding FKEC & CKW)	595,255	603,523	454,158	422,978	507,980	453,295
3	Sub-Total Sales (excluding FKEC & CKW)	7,537,006,556	6,792,805,697	6,468,966,481	7,206,727,152	8,075,976,168	8,526,502,052
6	Jurisdictional % of Total Sales (B1/B3)	99.99210%	99.99112%	99.99298%	99.99413%	99.99371%	99.99468%
See Footnotes on page 2.							
<b>C True-up Calculation</b>							
1	Juris Fuel Revenues (Incl RTP @ CBL) Net of Revenue Taxes	\$ 213,314,794.63	\$ 191,080,079.34	\$ 181,934,007.90	\$ 194,695,686.62	\$ 209,058,996.71	\$ 220,750,206.22
2	Fuel Adjustment Revenues Not Applicable to Period						
a 1	Amortize 1/24 of \$518,005,376 per Order PSC-00-2385-POF	(21,583,557.33)	(21,583,557.33)	(21,583,557.33)	(21,583,557.33)	(21,583,557.33)	(21,583,557.33)
a 2	Prior Period True-up (Collected)/Refunded This Period	1,149,505.58	1,149,505.58	1,149,505.58	1,149,505.58	1,149,505.58	1,149,505.58
a 3	2001 Final True-up Refunded per Rate Case Order PSC-02-0501-AS-EI	0.00	0.00	0.00	6,104,092.37	12,112,808.30	12,112,808.30
b	GPIF, Net of Revenue Taxes (b)	(738,596.58)	(738,596.58)	(738,596.58)	(738,596.58)	(738,596.58)	(738,596.58)
c	Oil Backout Revenues, Net of revenue taxes	107.56	20.15	(3.68)	(15.73)	102.64	0.04
3	Jurisdictional Fuel Revenues Applicable to Period	\$ 192,142,253.87	\$ 169,907,451.17	\$ 160,761,355.90	\$ 179,627,114.94	\$ 199,999,259.33	\$ 211,690,366.24
4	Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	\$ 138,689,079.78	\$ 112,474,358.82	\$ 165,539,139.05	\$ 207,687,633.94	\$ 233,261,941.54	\$ 209,291,044.55
b	Nuclear Fuel Expense - 100% Retail (Acct. 518.111)	0.00	0.00	0.00	0.00	0.00	0.00
c	RTP Incremental Fuel -100% Retail	(4,163.97)	(24,963.90)	(13,815.13)	(34,599.19)	(1,598.18)	45,903.62
d	D&D Fund Payments -100% Retail	0.00	0.00	0.00	0.00	0.00	0.00
e	Adj Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (C4a-C4b-C4c-C4d)	138,693,243.75	112,499,322.72	165,552,954.18	207,722,233.14	233,263,539.72	209,245,140.93
5	Jurisdictional Sales % of Total kWh Sales (Line B-6)	99.99210 %	99.99112 %	99.99298 %	99.99413 %	99.99371 %	99.99468 %
6	Jurisdictional Total Fuel Costs & Net Power Transactions (Line C4e x C5 x 1.00052(c)) +(Lines C4b,c,d)	\$ 138,750,238.03	\$ 112,522,863.10	\$ 165,613,598.87	\$ 207,783,449.81	\$ 233,368,558.82	\$ 209,388,714.62
7	True-up Provision for the Month - Over/(Under) Recovery (Line C3 - Line C6)	\$ 53,392,015.84	\$ 57,384,588.07	\$ (4,852,242.98)	\$ (28,156,334.87)	\$ (33,369,299.50)	\$ 2,301,651.62
8	Interest Provision for the Month (Line D10)	211,410.05	289,485.64	328,597.90	298,541.47	237,134.24	195,246.75
9	a True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	13,794,067.00	66,247,987.30	122,772,555.43	117,099,404.77	81,988,013.42	35,593,534.28
b	Deferred True-up Beginning of Period - Over/(Under) Recovery	103,006,558.76	103,006,558.76	103,006,558.76	103,006,558.76	103,006,558.76	103,006,558.76
10	a Prior Period True-up Collected/(Refunded) This Period	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)
b	2001 Final True-up Refunded per Rate Case Order PSC-02-0501-AS-EI	0.00	0.00	0.00	(6,104,092.37)	(12,112,808.30)	(12,112,808.30)
11	End of Period Net True-up Amount Over/(Under) Recovery (Lines C7 through C10)	\$ 169,254,546.06	\$ 225,779,114.19	\$ 220,105,963.53	\$ 184,994,572.18	\$ 138,600,093.04	\$ 127,834,677.52
<b>NOTES</b>							
(a) Real Time Pricing (RTP) sales are shown at the Customer Base Load (CBL) KWH. The incremental/decremental kWh sales are excluded.							
(b) The incremental/decremental RTP fuel revenues (net of revenue taxes) are included in jurisdictional fuel revenues.							
(c) Generation Performance Incentive Factor is ((99,004,713/12) x 98.4280%) - See Order No. PSC-01-2516-POF-EI.							
(c) Per Estimated Schedule E-2, filed November 5, 2001.							

CALCULATION OF ACTUAL TRUE-UP AMOUNT								
FLORIDA POWER & LIGHT COMPANY								
FOR THE PERIOD JANUARY THROUGH DECEMBER 2002								
LINE NO.		(7)	(8)	(9)	(10)	(11)	(12)	(13)
		JUL	AUG	SEP	OCT	NOV	DEC	TOTAL PERIOD
<b>Fuel Costs &amp; Net Power Transactions</b>								
1	a Fuel Cost of System Net Generation	\$ 193,534,022.83	\$ 208,986,504.97	\$ 211,490,286.40	\$ 235,448,378.31	\$ 159,497,158.04	162,804,161.26	\$ 2,065,088,395.20
	b Cost of Repairing Leaking Nuclear Fuel Rods	0.00	0.00	0.00	\$ 314,598.00	\$ 0.00	0.00	314,598.00
	c Nuclear Fuel Disposal Costs	2,084,842.33	2,024,429.73	2,022,409.59	1,469,889.42	2,071,206.04	2,021,757.46	23,469,210.93
	d Coal Cars Depreciation & Return	291,222.57	289,489.95	287,757.36	286,024.74	284,292.12	282,559.52	3,505,066.59
	e Gas Pipelines Depreciation & Return	188,393.95	186,938.41	185,482.85	184,027.33	182,571.79	181,116.24	2,269,460.69
	f DOE D&D Fund Payment	0.00	0.00	0.00	0.00	6,004,645.48	0.00	6,004,645.48
2	a Fuel Cost of Power Sold - Transmission Reactive Fuel (Per A6)	(3,560,315.00)	(3,320,814.00)	(4,061,563.00)	(2,270,566.00)	(4,288,388.00)	(5,352,101.00)	(45,194,870.00)
	b Gains from Off-System Sales	(672,676.00)	(541,245.00)	(706,122.00)	43,696.00	(713,018.00)	(1,348,205.00)	(9,726,487.00)
3	a Fuel Cost of Purchased Power (Per A7)	19,297,242.00	21,459,370.00	26,403,701.00	31,722,327.00	15,695,125.00	14,447,716.00	222,816,438.00
	b Energy Payments to Qualifying Facilities (Per A8)	12,826,288.00	12,057,648.00	10,504,339.00	6,803,802.00	8,121,807.00	11,513,247.00	122,262,959.00
	c Cypress Settlement Payment	0.00	0.00	0.00	1,108,358.00	0.00	0.00	2,216,716.00
	d Okelanta Settlement Amortization including interest	839,161.53	837,350.94	836,736.05	834,626.93	826,132.07	819,509.45	10,057,956.98
	e Energy Cost of Economy Purchases (Per A9)	3,628,394.00	5,578,128.00	11,060,826.00	13,527,887.00	8,185,127.00	9,133,306.00	88,747,526.00
4	Total Fuel Costs & Net Power Transactions	\$ 228,456,576.21	\$ 247,557,801.00	\$ 258,023,853.25	\$ 289,473,048.73	\$ 193,866,658.54	\$ 194,503,066.93	\$ 2,491,831,615.87
<b>Adjustments to Fuel Cost</b>								
	a Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	(2,570,298.33)	(2,825,337.83)	(2,891,004.48)	(2,901,870.49)	(3,457,638.89)	(2,260,380.10)	(30,127,365.14)
	b Reactive and Voltage Control / Energy Imbalance Fuel Revenues	(24,050.91)	1,952.28	(56,367.18)	(51,680.29)	(39,556.79)	(103,878.32)	(498,346.03)
	c Inventory Adjustments	(16,945.47)	60,540.74	(34,060.38)	(167,858.27)	(67,216.57)	(4,416.48)	(260,350.76)
	d Non Recoverable Oil/Tank Bottoms	(35,112.68)	0.00	0.00	0.00	(30,698.46)	397,811.08	270,657.74
	e Incremental Plant Security Costs per Order No. PSC-01-2516	627,611.67	911,987.30	517,064.49	367,883.48	1,165,895.84	(6,120,365.63)	0.00
	f Incremental Hedging Implementation Costs	0.00	0.00	2,149,721.87	160,320.00	227,912.06	188,099.69	2,726,053.62
7	Adjusted Total Fuel Costs & Net Power Transactions	\$ 226,437,780.50	\$ 245,706,943.49	\$ 257,709,207.57	\$ 286,879,843.16	\$ 193,665,355.73	\$ 186,599,937.17	\$ 2,463,942,265.30
<b>kWh Sales</b>								
1	Jurisdictional kWh Sales (RTP @ CBL) (a)	8,354,425,512	9,110,874,101	9,237,002,940	8,995,730,671	8,067,694,729	7,154,389,841	95,525,064,711
2	Sale for Resale (excluding FKEC & CKW)	32,447,470	35,005,970	37,025,235	39,391,847	48,868,221	35,428,225	231,204,157
3	Sub-Total Sales (excluding FKEC & CKW)	8,386,872,982	9,145,880,071	9,274,028,175	9,035,122,518	8,116,562,950	7,189,818,066	95,756,268,868
6	Jurisdictional % of Total Sales (B1/B3)	99.61312%	99.61725%	99.60076%	99.56401%	99.39792%	99.50724%	99.75855%
See Footnotes on page 2.								
<b>True-up Calculation</b>								
1	Juris Fuel Revenues (incl RTP @ CBL) Net of Revenue Taxes	\$ 216,200,699.88	\$ 235,870,281.94	\$ 239,132,162.38	\$ 232,889,049.39	\$ 208,830,663.69	\$ 184,956,342.10	\$ 2,528,712,970.80
<b>Fuel Adjustment Revenues Not Applicable to Period</b>								
a 1	Amortize 1/24 of \$518,005,376 per Order PSC-00-2385-FOF	(21,583,557.33)	(21,583,557.33)	(21,583,557.33)	(21,583,557.33)	(21,583,557.33)	(21,583,557.50)	(259,002,688.13)
a 2	Prior Period True-up (Collected)/Refunded This Period	1,149,505.58	1,149,505.58	1,149,505.58	1,149,505.58	1,149,505.58	1,149,505.58	13,794,067.00
a 3	2001 Final True-up Refunded per Rate Case Order PSC-02-0501-AS-EI	12,112,808.30	12,112,808.30	12,112,808.30	12,112,808.30	12,112,808.30	12,112,808.30	103,006,558.76
b	GPIF, Net of Revenue Taxes (b)	(738,596.58)	(738,596.58)	(738,596.58)	(738,596.58)	(738,596.58)	(738,596.58)	(8,863,158.91)
c	Oil Backout Revenues, Net of revenue taxes	(1.32)	3.12	(0.38)	91,354.35	(1.66)	1.02	91,566.11
3	Jurisdictional Fuel Revenues Applicable to Period	\$ 207,140,858.54	\$ 226,810,445.04	\$ 230,072,321.97	\$ 223,920,563.72	\$ 199,770,822.00	\$ 175,896,502.93	\$ 2,377,739,315.63
4	a Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	\$ 226,437,780.50	\$ 245,706,943.49	\$ 257,709,207.57	\$ 286,879,843.16	\$ 193,665,355.73	\$ 186,599,937.17	\$ 2,463,942,265.30
	b Nuclear Fuel Expense - 100% Retail (Acct. 518.111)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	c RTP Incremental Fuel - 100% Retail	(43,082.00)	20,570.47	(51,105.78)	1,216.53	27,961.41	(2,612.71)	(80,288.83)
	d D&D Fund Payments - 100% Retail	0.00	0.00	0.00	0.00	6,004,645.48	0.00	6,004,645.48
	e Adj Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (C4a-C4b-C4c-C4d)	226,480,862.50	245,686,373.02	257,760,313.35	286,878,626.63	187,632,748.85	186,602,549.88	2,458,017,908.66
5	Jurisdictional Sales % of Total kWh Sales (Line B-6)	99.61312 %	99.61725 %	99.60076 %	99.56401 %	99.39792 %	99.50724 %	99.75855 %
6	Jurisdictional Total Fuel Costs & Net Power Transactions (Line C4e x C5 x 1.00052(c)) +(Lines C4b,c,d)	\$ 225,678,886.00	\$ 244,893,846.47	\$ 256,813,625.22	\$ 285,777,607.53	\$ 192,632,637.89	\$ 185,776,989.29	\$ 2,459,001,015.65
7	True-up Provision for the Month - Over/(Under) Recovery (Line C3 - Line C6)	\$ (18,538,027.46)	\$ (18,083,401.43)	\$ (26,741,303.25)	\$ (61,857,043.81)	\$ 7,138,184.12	\$ (9,880,486.36)	\$ (81,261,700.02)
8	Interest Provision for the Month (Line D10)	162,305.04	115,414.74	65,009.72	(17,805.39)	(65,358.40)	(73,245.65)	1,746,736.11
9	a True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	24,828,118.76	(6,809,917.54)	(38,040,218.12)	(77,978,825.53)	(153,115,988.61)	(159,305,476.78)	13,794,067.00
	b Deferred True-up Beginning of Period - Over/(Under) Recovery	103,006,558.76	103,006,558.76	103,006,558.76	103,006,558.76	103,006,558.76	103,006,558.76	103,006,558.76
10	a Prior Period True-up Collected/(Refunded) This Period	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)	(1,149,505.58)	(13,794,067.00)
	b 2001 Final True-up Refunded per Rate Case Order PSC-02-0501-AS-EI	(12,112,808.30)	(12,112,808.30)	(12,112,808.30)	(12,112,808.30)	(12,112,808.30)	(12,112,808.30)	(103,006,558.76)
11	End of Period Net True-up Amount Over/(Under) Recovery (Lines C7 through C10)	\$ 96,196,641.22	\$ 64,966,340.64	\$ 25,027,733.23	\$ (50,109,429.85)	\$ (56,298,918.02)	\$ (79,514,963.91)	\$ (79,514,963.91)
<b>NOTES</b>								
(a) Real Time Pricing (RTP) sales are shown at the Customer Base Load (CBL) kWh. The incremental/decremental kWh sales are excluded.								
The incremental/decremental RTP fuel revenues (net of revenue taxes) are included in jurisdictional fuel revenues.								
(b) Generation Performance Incentive Factor is (\$9,004,713/12) x 98.4280% - See Order No. PSC-01-2516-FOF-EI.								
(c) Per Estimated Schedule E-2, filed November 5, 2001.								