

January 7, 2002

Charles A. Guyton  
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Blanca S. Bayó, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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**Re: Docket No. 001148-EI**

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are the original and seven (7) copies of FPL's Comments on Staff's January 4, 2002 Compilation of Issues, in Docket No. 001148-EI. This document was provided to Commissioner Báez as the Prehearing Officer at the issue identification meeting this morning. A copy was also provided to all counsel of record at the same meeting.

If you or your staff have any questions regarding this transmittal, please contact me at 222-2300.

Very truly yours,

*Charles A. Guyton*  
Charles A. Guyton

Enc.

cc: Counsel for all parties of record (w/out enclosure)

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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 ) Dated: January 7, 2002  
Company )

**FLORIDA POWER & LIGHT COMPANY'S  
COMMENTS ON STAFF'S JANUARY 4, 2002  
COMPILATION OF ISSUES**

Florida Power & Light Company ("FPL") applauds Staff's efforts to compile and consolidate the issues that were presented by the parties to this docket at the informal issue identification meeting that was held on December 21, 2001. Staff's January 4, 2002, Compilation of Issues is helpful to the process of identifying appropriate issues for resolution in this proceeding.

Nonetheless, FPL remains concerned that there are numerous issues reflected on the Compilation of Issues that FPL cannot and should not be expected to address in direct testimony. As FPL observed at the December 21 informal meeting and on several occasions previously, FPL should not generally have the burden of proof concerning the 2002 test year results that are the focus of this proceeding, because FPL did not initiate this proceeding and has not proposed to revise rates. Parties advocating adjustments to FPL's test year results and/or FPL's rates have the burden of proving by substantial competent evidence that those adjustments should be made. FPL recognizes that not all of the parties to this proceeding agree with FPL's position on burden of proof. However, there appeared to be a consensus among the parties at the December 21 informal meeting that FPL would not be expected to address in its direct testimony issues that raise general questions about the appropriateness of some element of FPL's test year results beyond sponsoring and generally explaining the development of the MFRs that FPL has filed. In contrast, where parties have stated a specific, legitimate concern about an element of the test year results that gives FPL sufficient

information to respond, FPL will endeavor to do so. Finally, the parties appeared to agree on December 21 that there are issues that may be stipulated or transferred to generic proceedings, and as such they need not be the subject of evidentiary proceedings in this docket.

FPL does not believe that Staff's Compilation of Issues adequately distinguishes among these categories of issues. Accordingly, FPL has prepared the following categorization of the issues in the Compilation of Issues and respectfully requests that the prehearing officer recognize these categories in the prehearing order or any other order or document issued by the Commission that identifies the issues to be considered in this proceeding.

**Category 1: Proper issues, adequately defining a specific concern about FPL's test year results in a form and of a nature to which FPL can meaningfully respond.**

- 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?\*
- Issue 4:** Is the number of customer bills which have to be estimated each month appropriate for FPL?
- Issue 5:** Is the quality of electric service provided by FPL adequate? [Note: FPL requested at the December 21 informal meeting that this issue be expanded to read "Are the quality of electric service provided by FPL and FPL's customer satisfaction adequate?"]
- Issue 6:** Is FPL's customer complaint resolution process adequate?
- Issue 11:** 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?\*
- Issue 15:** Should the net overrecovery/underrecovery of fuel, conservation, and environmental expenses for the test year be included in the calculation of working capital allowance for FPL?

**Issue 15A (New):**

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

**Issue 18:** Is \$500 million an appropriate reserve goal for Account 228.1 - Accum. Provision for Property Insurance - Storm Damage?\* (FPL Issue 7; Publix Issue 118)

**Issue 20:** 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?\*

**Issue 21:** Should the investment in corporate aircraft be removed from 2002 projected test year?\*

**Issue 25:** 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?

**Issue 26:** What adjustments, if any, should be made to projected test year rate base to recognize implementation of FAS 143, Accounting for Asset Retirement Obligations?

**Issue 27:** 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?

**Issue 29:** What is the appropriate cost of common equity capital for FPL?\* (Publix Issue 159)

**Issue 30:** What is the appropriate common equity ratio for ratemaking purposes for FPL?\*

**Issue 51:** 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?\*

**Issue 52:** 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?\*

**Issue 65:** 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?\*

**Issue 69:** Is FPL's 2002 projected test year accrual of \$50,300,000 for Storm Damage appropriate?\* (FPL Issue 7; Publix Issue 118)

- Issue 82:** 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?\*
- Issue 86:** Has FPL provided adequate assurance that repowering its Ft. Myers and Sanford units is prudent?\*
- Issue 87:** Is FPL's procurement of services from Black & Veatch, associated with FPL's Sanford and Ft. Myers repowering projects, reasonable, and if not, should an adjustment be made to remove inappropriate costs?\*
- Issue 97:** What adjustments, if any, should be made to the projected test year expenses to recognize implementation of FAS 143?
- Issue 98:** What adjustments, if any, should be made to projected test year NOI to recognize implementation of FAS 133/137?
- Issue 99:** 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?
- Issue 102:** Should FPL's annual operating revenue requirements be adjusted for the 2002 projected test year?\* (FPL Issue 4)
- Issue 105:** What is the appropriate cost of service methodology to be used in designing FPL's rates?\*
- Issue 113:** How should FPL's time-of-use rates be designed?\*
- Issue 121:** 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?\*
- Issue 129:** Is an incentive plan appropriate for FPL to promote cost savings and if so, how would it be structured?
- Issue 136:** In setting FPL's revised ROE midpoint and range, should the Commission make an upward adjustment to reflect FPL's exceptional performance? (FPL Issue 2)

**Issue**

**136A (new):** What, if any, adjustments should be made to FPL's 2002 test year results? (FPL Issue 3) [Note: Parties seeking to propose adjustments pursuant to this issue must do so in their initial testimony (*i.e.*, utility direct testimony for FPL and intervenor or staff testimony, as appropriate, for other parties).]

**Issue**

**137:** If the Commission determines that FPL's base rates should be revised, should an attrition allowance be made? (FPL Issue 5)

**Issue**

**138:** Which party(ies) has the burden of proof as to whether or not FPL's base rates should be reduced in this proceeding? [Note: this should be a legal rather than a factual issue.]

**Issue**

**139:** Should the traditional benchmark test be used to determine which O&M expenses FPL must justify on the record? (OPC Issue 24)

**Issue**

**154:** Should FPL's billing measurements be modified to include optional totalized billing to allow for fair treatment of customers with multiple facilities? (Publix Issue 163) [Note: FPL has no objection to this issue if it is reworded to be neutral, as follows: "Should FPL's billing measurements be modified to include optional totalized billing for customers with multiple facilities?"]

**Category 2: General issues about FPL's test year results that are adequately addressed by FPL's sponsorship of its MFRs.**

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

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

**Issue 8:** 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?

**Issue 9:** 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?

- Issue 10:** 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?
- Issue 12:** 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?
- Issue 13:** 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?\*
- Issue 14:** 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?
- Issue 28:** 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.)
- Issue 31:** What is the appropriate amount of accumulated deferred taxes to include in FPL's capital structure?
- Issue 32:** What is the appropriate amount and cost rate of unamortized investment tax credits to include in FPL's capital structure?
- Issue 34:** 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.)
- Issue 35:** 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?
- Issue 70:** What is the appropriate amount of Other Post Employment Benefits Expense for the projected 2002 test year?
- Issue 71:** What is the appropriate amount of Pension Expense for the projected 2002 test year?
- Issue 72:** Is FPL's 2002 projected test year accrual for medical/life reserve-active employees and retirees appropriate?
- Issue 80:** Is FPL's assumed growth in salaries and wages appropriate? If not, what adjustment is necessary?
- Issue 80:** Is FPL's level of employees in the 2002 projected test year appropriate?
- Issue 81:** Is FPL's level of Salaries and Employee Benefits for the 2002 projected test year appropriate?

- Issue 83:** Is FPL's level of economic development expenses appropriate?
- Issue 84:** 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? (This is a fallout issue.)
- Issue 85:** 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.)
- Issue 88:** Are FPL's Consumer Price Index factors used in determining 2002 projected test year expenses appropriate?
- Issue 89:** 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?
- Issue 92:** 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.)
- Issue 93:** Are consolidating tax adjustments appropriate, and if so, what are the appropriate amounts for the 2002 projected test year for FPL?
- Issue 100:** 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.)
- Issue 106:** Are FPL's estimated revenues from sales of electricity by rate class at present rates for the projected 2002 test year appropriate?
- Issue 107:** If a change in revenue requirements is ordered, how should it be allocated among the customer classes? (FPL Issue 6)
- Issue 108:** What are the appropriate demand charges?
- Issue 109:** What are the appropriate energy charges?
- Issue 110:** What are the appropriate customer charges?
- Issue 111:** What are the appropriate service charges?



- Issue 112:** What are the appropriate lighting rate schedule charges?
- Issue 114:** What is the appropriate credit per KW of billing demand for those customers who provide their own transformation?
- Issue 115:** 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?
- Issue 116:** 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?
- Issue 117:** What are the appropriate termination factors to be applied to the in-place value of customer-rented distribution substations to calculate the termination fee?
- Issue 118:** 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?
- Issue 119:** 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?
- Issue 120:** What is the appropriate level and design of the charges, and terms and conditions, under the Standby and Supplemental Service (SST-1) rate schedule?
- Issue 141:** Does working capital appropriately reflect assets and liabilities that should be included in rate base? (Publix Issue 30)
- Issue 142:** Does FPL's capital structure appropriately reflect accumulated deferred income taxes? (Publix Issue 37)

**Issue**

**144:** 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? (Publix Issue 112)

**Issue**

**149:** Are sales expenses appropriately allocated to the retail jurisdiction? (Publix Issue 117)

**Issue**

**151:** Is the annual accrual to the Nuclear Maintenance reserve reasonable? (Publix Issue 120)

**Issue**

**155:** Are rate case expenses appropriately amortized in the Test Year? (Publix Issue 164)

**Category 3: Issues that may be stipulated or deferred to a generic proceeding.**

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

**Issue 16:** Has FPL removed the appropriate amount of Regulatory Asset - Okeelanta Settlement out of 2002 projected test year working capital?

**Issue 17:** Should adjustments to exclude interest on tax deficiency be made to working capital for the 2002 projected test year?

**Issue 19:** Should the capitalized items currently approved for recovery through the Environmental Cost Recovery Clause be included in rate base?\*

**Issue 22:** 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?

**Issue 23:** 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?

**Issue 24:** 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?

**Issue 33:** Have FPL's rate base and capital structure been reconciled appropriately?

- Issue 36:** Has FPL made the appropriate adjustments to remove the capacity cost revenues and related expenses recoverable through the Capacity Cost Recovery Clause?
- Issue 37:** Has FPL made the appropriate adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?
- Issue 38:** Has FPL made the appropriate adjustments to remove the environmental revenues and related expenses recoverable through the Environmental Cost Recovery Clause?
- Issue 39:** Has FPL made the appropriate adjustments to remove the conservation revenues and related expenses recoverable through the Conservation Cost Recovery Clause?
- Issue 76:** Are lobbying expenses included in the 2002 projected test year and, if so, should an adjustment be made to remove them?\*
- Issue 77:** Are industry association dues included in the 2002 projected test year and, if so, should an adjustment be made to remove them?
- Issue 78:** Are membership dues included in the projected test year and, if so, should an adjustment be made to remove them?
- Issue 79:** Has FPL budgeted to fund the NEI Utility Waste Management Group, and if so, should an adjustment be made to remove it?\*
- Issue 90:** Should the total amount of Gross Receipts Tax be removed from base rates and shown as a separate line item on the bill?\*
- Issue 91:** Is FPL's interest on tax deficiencies of \$193,000 (\$194,000 system) for the 2002 projected test year appropriate?\*
- Issue 91A:**  
(New) Has FPL appropriately reflected Internal Revenue Service Notice 2001-82 in its 2002 projected test year?
- Issue 94:** 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?
- Issue 95:** 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?

**Issue 96:** 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?

**Issue 101:** What is the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL?

**Issue 103:** Is FPL's separation of costs and revenues between the wholesale and retail jurisdictions appropriate? (Publix Issue 160)

**Issue 104:** 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?

**Issue 122:** What are the amounts and components of rate base associated with transmission assets of 69 kV and above?\*

**Issue 123:** What is the amount of expenses associated with transmission assets of 69 kV and above?\*

**Issue 124:** How should costs associated with FPL's participation in GridFlorida be recovered?\*

**Issue 125:** 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?

**Issue 135:** 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?

**Issue 150:** What is the appropriate level of decommissioning expense for the 2002 projected Test Year? (Publix Issue 119)

**Category 4: Issues that should be reworded or deleted because their current wording does not define specific, legitimate concerns about FPL's test year results.**

- Issue 40:** 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?\*
- Issue 41:** 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?\*
- Issue 42:** 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?\*
- Issue 43:** 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?\*
- Issue 44:** 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?\*
- Issue 45:** 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?\*
- Issue 46:** 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?\*
- Issue 47:** 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?\*
- Issue 48:** 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?\*
- Issue 49:** 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?\*
- Issue 50:** 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?\*

- Issue 53:** 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?\*
- Issue 54:** 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?\*
- Issue 55:** 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?\*
- Issue 56:** 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?\*
- Issue 57:** 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?\*
- Issue 58:** 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?\*
- Issue 59:** 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?\*
- Issue 60:** 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?\*
- Issue 61:** 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?\*
- Issue 62:** 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?\*
- Issue 63:** 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?\*

- Issue 64:** 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?\*
- Issue 66:** 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?\*
- Issue 67:** 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?\*
- Issue 68:** 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?\*
- Issue 73:** Is FPL's level of Account 928 - Regulatory Commission Expense in the amount of \$8,803,000 (\$8,803,000 system) appropriate?\*
- Issue 74:** Is FPL's amount in Account 935 - Maintenance of General Plant expense in the amount of \$8,222,000 (\$8,254,000 system) appropriate?\*
- Issue 75:** 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?\*
- Issue 126:** Should adjustments be made for the rate base effects of FPL's transactions with affiliated companies?
- Issue 127:** Should adjustments be made for the capital structure effects of FPL's transactions with affiliated companies?
- Issue 128:** Should adjustments be made for the net operating income effects of FPL's transactions with affiliated companies?
- Issue 130:** What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an affiliated company?
- Issue 131:** What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an unaffiliated company?

- Issue 132:** How should FPL allocate the costs associated with its sales of natural gas to FPL Energy Services (FPLES)?
- Issue 133:** 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?
- Issue 134:** 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?
- Issue 140:** What level of over-recovery results from demand meters that are not reset and/or resealed after reading? (Publix Issue 5)
- Issue 143:** Is the \$7.8 million (15.2%) increase in transmission expenses from 2000 to 2002 justified and reasonable? (Publix Issue 111)
- Issue 145:** 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? (Publix Issue 113)
- Issue 146:** 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? (Publix Issue 114)
- Issue 147:** 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? (Publix Issue 115)
- Issue 148:** 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? (Publix Issue 116)



**Issue**

**152:** 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? (Publix Issue 161)

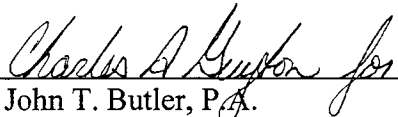
**Issue**

**153:** Is the design of the FPL Real Time Pricing rate appropriate? (Publix Issue 162)

Respectfully submitted,

R. Wade Litchfield, Esq.  
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Florida Power & Light Company  
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Telephone: 561-691-7101

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Telephone: 305-577-2939

By:   
John T. Butler, P.A.  
Fla. Bar No. 283479

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery (\*) or United States Mail this 7<sup>th</sup> day of January, 2002, to the following:

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

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