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January 28, 2002

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- VIA HAND DELIVERY -

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

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COMMISSION
CLERK

Re: Docket No. 001148-EI

Dear Mr. Bayó:

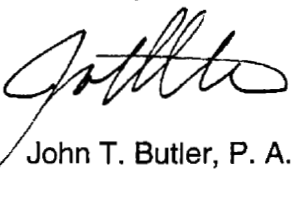
I am enclosing for filing in the above docket the original and fifteen (15) copies of the prefiled testimony and exhibits for the following Florida Power & Light Company ("FPL") witnesses:

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

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

- AUS _____
- CAF _____
- CMP _____
- COM Stay
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- SEC _____
- OTH _____

Sincerely,


John T. Butler, P. A.

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

RECEIVED & FILED

FPSC BUREAU OF RECORDS
Miami West Palm Beach Tallahassee

CERTIFICATE OF SERVICE

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

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

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

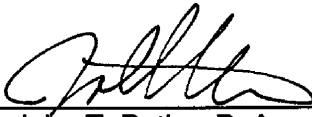
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By: 
John T. Butler, P. A.

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 001148-EI
FLORIDA POWER & LIGHT COMPANY**

JANUARY 28, 2002

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

TESTIMONY & EXHIBITS OF:

PAUL J. EVANSON

DOCUMENT # 001148-EI
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
TESTIMONY OF PAUL J. EVANSON
DOCKET NO. 001148 - EI
JANUARY 28, 2002

Q. Please state your name and address.

A. My name is Paul J. Evanson. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408-0420.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as President. In this role, I have overall responsibility for the operations of the Company.

Q. Are you sponsoring an exhibit?

A. Yes. It consists of the following documents:

- Document PJE-1, Biographical Information
- Document PJE-2, FPL Residential Base Rate Comparison

Q. Please state your education and business experience.

A. I have a bachelor’s degree in business administration from St. Johns University in New York, a law degree from Columbia University in New York, and a master’s degree in law from New York University. I was named to my present position, President, in 1995. My professional background is described in more detail in Document PJE-1.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to provide an overview of the Company's filing
3 and its position in this case and to introduce the witnesses who have submitted
4 testimony on behalf of the Company.

5 **Q. Please summarize the purpose of the testimony filed by other witnesses on**
6 **behalf of FPL in this proceeding.**

7 A. The testimony submitted by other witnesses on behalf of FPL in this
8 proceeding is offered for the following purposes: 1) to explain and support
9 FPL's MFR filings, which demonstrate that there is no basis for reducing the
10 level of FPL's existing base rates; 2) to support FPL's position that the range
11 of authorized return on equity for the Company should be 12.15 to 14.15
12 percent, based on a midpoint of 13.15% which includes a performance award
13 of 30 basis points; 3) to support FPL's request, initially docketed in a separate
14 proceeding in Docket No. 011298-EI, that the Commission increase the
15 annual accrual and target reserve levels for the storm fund; 4) to present
16 certain adjustments and other considerations that should be considered by the
17 Commission in addressing any contention that FPL's base rates should be
18 changed; and 5) to identify certain adjustments that the Commission should
19 make or allow to be made going forward irrespective of whether base rates are
20 changed.

21 **Q. Please explain why the Company has filed MFRs in this proceeding.**

22 A. The Company submitted MFR schedules in response to Commission Orders
23 No. PSC-01-1346-PCO-EI and No. PSC-01-1535-PCO-EI. The purpose of the
24 MFRs is to provide the Commission and its Staff with current data upon which
25 to determine whether FPL's current base rates and charges should be reduced or

1 otherwise changed to reflect appropriate cost allocations. In order to meet the
2 timetable included in these Orders, FPL accelerated its normal budgeting
3 process and prepared a 2002 forecast during the second quarter of 2001.
4 Subsequently, as part of the Company's effort to provide the Commission with
5 the most current information available, FPL updated its 2002 sales forecast in
6 September after the first of the three planned MFR filings had been completed.
7 As reflected in the testimony of Mr. Waters and Dr. McMenammin, this revision
8 was necessary due to the dramatic change in the economy relative to the time
9 the original forecast was prepared. These changes were reflected in certain
10 summary-level schedules in the MFR filings.

11 **Q. Did FPL subsequently file an update to its MFRs?**

12 A. Yes. To further reflect the impacts of the September 11 events and the
13 deteriorating economy on FPL's financial forecasts, the Company submitted
14 additional, updated MFRs on November 9. The Company had indicated in its
15 transmittal letters accompanying the three earlier MFR filings that such updates
16 would be necessary and forthcoming. FPL did not further revise its sales
17 forecast in the November 9 filing, but as Mr. Waters and Dr. McMenammin will
18 testify, information available to FPL at this time suggests that the September
19 revised sales forecast may be overstated.

20 **Q. Are you sponsoring any MFRs in this proceeding?**

21 A. Yes, I am sponsoring MFR A-2, "Summary of Rate Case".

22 **Q. What conclusions should be reached on the basis of the information
23 contained in the MFRs submitted by the Company?**

24 A. The principal and most important conclusion disclosed by the MFRs is that
25 FPL's rates should not be reduced.

1 As noted in Mr. Davis' testimony, the Company's MFR filings reflect that it
2 will earn a return on equity of 11.83% in 2002 and a lower return in 2003. This
3 is within the range of return on equity last approved for FPL by the
4 Commission in 1999 and there is no reason to conclude that a lower return on
5 equity is appropriate. Thus, there is no basis upon which to lower retail base
6 rates at this time. Moreover, as noted further in Mr. Avera's testimony, this
7 projected return is below the bottom of the range that is being recommended for
8 the Company at this time.

9
10 As other FPL witnesses will testify, the MFRs reflect important changes in
11 FPL's cost structure and revenues relative to the last several years. Mr. Davis
12 and Mr. Waters describe these key changes in their respective testimony. I will
13 summarize a few of the relevant changes below in terms of 1) growth in
14 revenues, 2) operation and maintenance ("O&M") expenses and 3) capital
15 requirements.

16
17 1) As Mr. Waters testifies, the economy was already entering a recession when
18 Florida's economic outlook, and consequently FPL's projected growth in
19 revenues, deteriorated even further as a result of the events of September 11,
20 2001. While the economic deterioration since September 11 affects the entire
21 country, Florida's economy is affected to a greater extent because the most
22 affected industries, travel and tourism, are more vital to the Florida economy
23 than is the case for most other states. Mr. Waters also testifies that the three
24 largest counties in FPL's service territory typically experience an even greater
25 impact from economic slowdowns than other Florida counties. The negative

1 effects of the economic climate, at a minimum, will reduce FPL's growth in
2 revenues to a level significantly below previous years.

3

4 2) FPL has done an outstanding job in managing its O&M costs over the past
5 decade. As Mr. Shearman will testify, FPL's current O&M costs are among the
6 lowest in the industry. In fact they are now at their lowest point in 14 years,
7 despite an increase of nearly 40% in the number of customers served. Mr.
8 Shearman further states that the Company is at the leading edge of efficiency
9 for this industry and there are limited opportunities for additional gains.
10 Accordingly, O&M costs have begun to increase and, Mr. Shearman concludes,
11 will remain under continuing pressure from inflation, customer growth, load
12 growth and an aging asset base. FPL's total O&M expenses already increased
13 in 2001 over 2000, and are projected to increase in both 2002 and 2003 in order
14 for FPL to continue to provide high quality and reliable electric service. In spite
15 of these cost increases, however, it should be noted that FPL's costs in 2002 are
16 still below the Commission's O&M benchmark by \$940 million (as per
17 Document KMD-8 included in Mr. Davis' testimony).

18

19 3) FPL's capital requirements have a significant impact on the Company's
20 current and projected financial picture. For example, the testimony of Mr.
21 Waters indicates that FPL will be adding significant new generating capacity in
22 2002, both to meet long term growth and also to meet the increased reserve
23 margin requirement of 20%. Total capital additions, as reflected in MFR B-10,
24 are projected at \$1.65 billion for 2002, which is an increase of 73% over 2001.
25 Total additions for 2003 are projected at \$1.16 billion, 21% higher than 2001.

1 As stated above, there is no basis at this time to consider a decrease in FPL's
2 base rates given the projected data provided for the test year in the MFRs. In
3 addition, as reflected in MFR C-59 (Attrition Allowance), and as disclosed by
4 Mr. Davis in his testimony, earnings will erode further in 2003.

5 **Q. Is the Company requesting an increase in its retail base rates and, if not,**
6 **why?**

7 A. No. While an increase in base rates may be justified, the Company is not
8 requesting such an increase at this time. We are proud of the many significant
9 accomplishments that have allowed FPL to avoid any increases in base rates
10 since 1985, the year of our last base rate increase, despite serving additional
11 customer growth of 1.3 million customers and making over \$13 billion in
12 capital expenditures to meet that growth. FPL's residential customers are
13 paying approximately 10% less in base rates than in 1985, even though the
14 consumer price index (CPI) has increased by over 65% in the same time frame.
15 Thus, in real dollars, residential base rates are 45% lower today than in 1985 in
16 spite of the cost pressures resulting from our growth during this period
17 (Document PJE-2). Our preference is to preserve our record of avoiding base
18 rate increases for as long as possible. We are, nonetheless, deeply concerned
19 with respect to the condition of the economy, the associated uncertainty brought
20 about as a result of the events of September 11, 2001, and the resulting negative
21 impact on FPL revenues as well as projected increases in costs in 2002 and
22 beyond. Therefore, we plan to monitor the situation very closely over the
23 following months before making a final decision in this regard.

24 **Q. Is the Company requesting that the Commission establish a new range for**
25 **return on equity and, if so, why?**

1 A. Yes. Mr. Avera's testimony establishes that the range for return on equity
2 (ROE) should be 12.15 to 14.15%, with a midpoint of 13.15%, which reflects a
3 30 basis point adder for the Company's superior performance. FPL concurs
4 with Mr. Avera's recommendation and, as reflected in the testimony of Mr.
5 Dewhurst, is recommending that the Commission approve this midpoint of
6 13.15% and the corresponding range at this time.

7
8 As Messrs. Avera and Dewhurst will testify, the appropriate ROE range for the
9 Company in today's financial environment is higher than the 10 to 12 percent
10 range reflected in the settlement agreement approved by the Commission in
11 1999. In addition, as FPL noted in its MFR filings, the current range of 10 to 12
12 percent was not necessarily reflective of the capital markets at that time, but
13 was agreed to by the Company as part of the overall settlement. Mr. Avera
14 notes that, considering investors' heightened awareness of the risks associated
15 with the electric power industry and the damage that results when a utility's
16 financial flexibility is compromised, supportive regulation is more crucial now
17 than at any time in the past. Thus, the recommended midpoint is necessary to
18 provide the financial flexibility and access to capital markets that is required to
19 ensure reliable and economic service. As Mr. Dewhurst testifies, the
20 Company's authorized range should reflect what is appropriate in today's
21 financial environment in order to maintain FPL's excellent record of reliability
22 as well as to meet the demands of future growth in customers and electricity
23 usage.

1 Mr. Dewhurst also recommends that the Company's current equity ratio of
2 55.83% be maintained. He states that the combination of approving a
3 12.15%-14.15% ROE range and continuing this 55.83% equity ratio is
4 appropriate for the current environment, and that a reduction in this ratio
5 would reduce the financial strength of the Company at a time when all of the
6 key risk drivers point to a period of increased risk.

7 **Q. Please summarize why the Company believes an adder ("performance
8 award") to FPL's return on equity of 30 basis points would be appropriate.**

9 A. As is reflected in the testimony of Messrs. Hamilton, Olivera, Waters and
10 Shearman, FPL has compiled an impressive record of providing high quality
11 and reliable electric service at performance levels well above industry averages
12 and in many cases among the highest in the industry, while at the same time
13 managing costs in order to achieve rates that are below the industry average. As
14 Mr. Dewhurst and Mr. Shearman will testify, a performance award is both an
15 appropriate recognition of the superior performance delivered by FPL at
16 competitive rates and an incentive to continue such performance in the future.
17 This approach is consistent with the Commission's authority and also its past
18 policy and practice.

19
20 I note below just a few of the significant accomplishments and measures that
21 demonstrate the superior results achieved by FPL in its overall performance,
22 and which we feel the Commission should take into consideration in this
23 proceeding.

1 1) FPL's customers are paying less today in base rates than those set the last
2 time FPL's base rates were increased, seventeen years ago. Rather than seeking
3 increases in base rates over the last seventeen years, FPL in fact has reduced
4 base rates. In 1990 base rates were reduced by approximately \$26 million per
5 year and in 1999 FPL agreed to reduce rates by \$350 million per year. Since
6 1999, FPL also has refunded an additional \$126 million, and anticipates making
7 an additional refund of approximately \$84 million this year. This amounts to
8 \$1.26 billion returned to customers in the three year period since 1999. For the
9 year 2000, FPL's residential price was more than 12% lower than the national
10 average, its commercial price was 17% lower than the national average, and the
11 industrial price was 12% lower. As I mentioned earlier, FPL's residential
12 customers are actually paying 45% less today than in 1985 when inflation is
13 taken into account (Document PJE-2). This has all been accomplished despite
14 an increase of 1.3 million customers since 1985 and corresponding increases in
15 generating capacity of 42% as well as capital expenditures of over \$13 billion.
16 And, as Mr. Shearman will testify, FPL's total asset base is considerably lower
17 today (by 31%) than the national average on a "per customer" basis, and is
18 among the lowest in the industry.

19

20 2) As Mr. Waters will testify, FPL has realized substantial savings for its
21 customers by maximizing the utilization of its existing generating units, both
22 fossil and nuclear, and has established itself as an industry leader in the
23 operation of its plants. These combined improvements represent additional
24 generating capacity of over 2,000 MW, which in turn equates to at least \$800
25 million of avoided capital investment for additional generation in this time

1 frame (at \$400 per KW). Additional fuel savings of \$122.7 million per year
2 have also been realized due to the increase in nuclear availability. These results
3 are even more remarkable given that non-fuel production O&M expenses are
4 under the Commission's Benchmark by more than \$295 million, despite
5 additions of 4,500 MW in additional capacity and despite an increase in CPI of
6 54% in the same period.

7

8 3) As Mr. Shearman will testify, FPL's actions in reducing costs have resulted
9 in significant benefits that have accrued to its customers. These "efficiency
10 benefits" are only possible if built upon sustainable efficiency improvements
11 made over several preceding years, and are the cumulative effect of many prior
12 management decisions and actions.

13

14 4) As Mr. Olivera will testify, FPL's customers benefit from reliability levels
15 that rank among the industry's top performers and are 35% better than the
16 industry average. Since launching an aggressive reliability program in 1997,
17 FPL has reduced the average amount of time its customers are without power
18 by 50%, reduced the average duration of interruptions by 30% and reduced the
19 frequency of interruptions by 28%.

20

21 5) As Mr. Hamilton will testify, FPL's Customer Care centers utilize state of
22 the art systems and technology in order to provide superior levels of customer
23 service. FPL was recently recognized as the #1 Customer Care Center in a
24 benchmarking study performed by the META Group, a leading research firm
25 that focuses on information technology and business transformation strategies.

1

2 6) The superior service that FPL provides to its customers was clearly reflected
3 at the Company's Customer Service hearings. Customers complimented FPL's
4 overall quality of service and restoration practices, as well as FPL's ability to
5 help them reduce their electric bills.

6

7 These significant accomplishments illustrate the superior results achieved by
8 FPL as a result of management initiative and employee commitment, and these
9 accomplishments clearly support the concept of a performance award with
10 respect to FPL's ROE. I would also like to note that one of the keys to our
11 success in this area has been the Company's "performance-based pay"
12 philosophy. As Mr. Peterson will testify, performance-based pay programs have
13 provided FPL with the ability to develop a sense of employee commitment and
14 ownership in the performance of the Company.

15 **Q. Should the Commission take the Company's superior performance into**
16 **account in its review of this matter for reasons other than determining**
17 **whether to reward FPL through an adder to ROE?**

18 A. Yes. FPL's superior performance and outstanding results as illustrated above
19 are in part due to the progressive approach to regulation the Commission has
20 employed relative to the Company over the past several years. Through various
21 innovative regulatory devices, rate plans, and settlements approved by the
22 Commission and initiated and/or endorsed by the Office of Public Counsel, the
23 Company has been provided incentives to manage its operations in a way that
24 has provided benefits both for customers and shareholders. In effect, the
25 Commission has helped to promote within FPL a management culture that

1 strives for continuous innovation and improvement, balancing the objectives of
2 reliability and customer satisfaction with the need to manage and closely
3 control costs. In light of these positive results, the Commission should continue
4 this progressive regulatory approach.

5 **Q. Please discuss how the Commission's progressive approach to regulation in**
6 **recent years has benefited ratepayers.**

7 A. The Commission and the Office of Public Counsel have supported FPL in its
8 efforts to continually improve service and manage costs through their
9 willingness to consider and implement progressive approaches to regulation.
10 As a result of these progressive policies favoring incentive-based regulation,
11 FPL's customers have benefited. For example, the 1999 rate agreement
12 provided an annual rate reduction of \$350 million to customers, and provided
13 the opportunity for additional customer refunds when FPL's revenues exceeded
14 certain thresholds. It is expected that by the end of the current agreement in
15 April 2002, FPL's customers will have received in excess of \$210 million in
16 refunds as a result of this settlement agreement. In addition, rate base
17 reductions of over \$1 billion since 1995 have eliminated approximately \$575
18 million in depreciation reserve deficiencies and \$271 million of losses related to
19 reacquiring higher cost debt. Other rate base reductions have eliminated
20 approximately \$79 million of regulatory assets that would have been recovered
21 from customers and reduced the capital costs of its generating facilities by over
22 \$170 million. Finally, incentive-based regulation has provided an incentive to
23 manage costs as evidenced by FPL's success in measurably lowering its O&M
24 costs over the past decade, with O&M costs today that are among the lowest in
25 the industry. FPL's non-fuel O&M cost per kilowatthour (kWh) in 2000 was

1 30% less than the industry average, and was almost 40% lower than FPL's own
2 cost in 1991. Had FPL's O&M cost per kWh been the same as the industry
3 average during the 10 year period from 1991 to 2000, FPL's total O&M costs
4 would have been \$1.7 billion higher than our actual costs. FPL's customers
5 clearly have benefited as a result of these stunning accomplishments.

6 **Q. The Cost of Service MFRs indicate that some rate classes are earning**
7 **above the overall average rate of return, while other rate classes are**
8 **earning below the average. What is the Company's position on this**
9 **matter?**

10 A. As reflected in the testimony of Ms. Morley, FPL supports the objective of
11 establishing rates that are based upon the true cost of service. If the
12 Commission determines that changes in rates are necessary, the appropriate
13 adjustments should be made in order to address this disparity in the rates of
14 return for the various rate classes.

15 **Q. The Company's request for an increase in the storm fund reserve and**
16 **accrual, initially docketed by the Commission in docket number 011298-**
17 **EI, was moved into this proceeding by the Commission. If the Commission**
18 **were to conclude that FPL's existing base rates are not excessive and made**
19 **no changes to FPL's base rates other than potential revenue neutral**
20 **changes, what action would the Company recommend the Commission**
21 **take with respect to its request?**

22 A. As Mr. Dewhurst will testify, FPL is requesting an increase in the annual storm
23 fund accrual of \$30 million, bringing the annual accrual to a total of \$50.3
24 million. This is in line with the annual accrual range recommended by the
25 recent study performed by Steven Harris and referenced in FPL's original

1 petition, and would enable the Company to achieve the proper long term
2 reserve objective. The Company is requesting that the Commission approve
3 this revised accrual level.

4 **Q. Mr. Davis identifies civic and charitable contributions as an adjustment**
5 **that should be accepted by the Commission, irrespective of whether base**
6 **rates are changed. Please discuss why such an adjustment is appropriate.**

7 A. The Company must be a partner in its communities, helping to identify and
8 promote the mutual interests of the community and the utility, just as would any
9 good corporate citizen, regulated or not. This requires supporting various civic,
10 educational, charitable and environmental efforts. These activities provide
11 benefits in and of themselves, but FPL's participation in such efforts also
12 provides direct and tangible benefits to the utility's operations and its ability to
13 provide high quality service. Thus, FPL's customers also benefit. For
14 example: 1) contributions to universities help to promote FPL within the
15 academic community and enhance FPL's ability to attract quality job recruits;
16 2) gifts to environmental organizations help to promote a spirit of cooperation
17 between FPL and such groups and also afford FPL the opportunity to have
18 meaningful dialogue and to team with such groups on issues and projects of
19 common concern, including the permitting of new facilities and other matters
20 that affect current operations; 3) the siting of facilities and occasional
21 inconveniences caused by the construction and/or improvement of the
22 Company's infrastructure often are more easily understood in communities
23 where FPL is seen as an active partner and participant in community interests
24 and affairs; and 4) contributions made to help less fortunate customers, such as

1 the Company's Care-to-Share program, while accomplishing an important
2 humanitarian objective, also reduce receivables and write-offs.

3 **Q. Please summarize your testimony and the actions that FPL recommends**
4 **the Commission take in this proceeding.**

5 A. First and foremost, the Company's MFR filings and the testimony of our
6 witnesses clearly establish that there is no basis upon which to reduce the
7 Company's base rates. Secondly, it is our hope that the Commission will
8 recognize the impressive achievements of FPL and the resulting benefits to
9 customers realized since its last base rate increase in 1985. The Company has
10 achieved above average and, in many cases, industry leader positions in terms
11 of providing high quality, reliable electric service. At the same time, FPL has
12 aggressively managed costs. Such efforts have resulted not only in the
13 Company's avoidance of any base rate increases since 1985, but have
14 produced hundreds of millions of dollars in rate reductions, refunds and
15 avoided rate increases during that time frame. Residential base rates are lower
16 today than they were in 1985. I would respectfully encourage the
17 Commission to acknowledge these achievements both in the context of
18 considering the 30 point ROE performance award and in determining how
19 best to enable FPL to maintain the superior levels of performance that have
20 been achieved at tremendous cost-savings to customers.

21 **Q. Does this conclude your testimony?**

22 A. Yes.

Biographical Information



PAUL J. EVANSON PRESIDENT

Paul J. Evanson is president of Florida Power & Light Company (FPL), the principal subsidiary of FPL Group, Inc. and one of the largest investor-owned electric utilities in the nation. He also is a director of FPL Group, Inc.

Mr. Evanson came to Florida in 1992 to become vice president, finance and chief financial officer of FPL Group, Inc., and Florida Power & Light Company. In January 1995, he was elected president of Florida Power & Light Company (FPL).

Prior to joining FPL, Mr. Evanson served as president and chief operating officer for Lynch Corporation, a Connecticut-based diversified company that grew through acquisitions in multi-media and transportation. During his tenure, Lynch was listed twice in Fortune magazine's "America's 100 Fastest Growing Companies". Before that, Mr. Evanson was executive vice president of Moore McCormack Resources, Inc., a diversified natural resources and transportation company, and was an audit and tax manager for Arthur Andersen & Co.

Mr. Evanson is a director of the Association of Edison Illuminating Companies, Inc. (AEIC), the University of Florida Foundation, and the Southeastern Electric Exchange. In addition, he is a member of the board of directors of Lynch Interactive Corporation. He also has served as the founding chairman of the Florida Reliability Coordinating Council and a trustee of the North American Electric Reliability Council (NERC).

Mr. Evanson received a B.B.A. degree from St. John's University, graduating first in his class. He then received a law degree (J.D.) from Columbia University, cum laude and a master's degree in law (LL.M.) from New York University.

FPL Residential Base Rate Comparison

2001 vs. 1985

CPI Adjusted

Line

No.

1 1985 Residential Base Rate = \$48.02

2 1985 Residential Base Rate (CPI Adjusted) = \$79.23 *

3 2001 Residential Base Rate = \$43.26

4 Residential Base Rates are 45% Lower Today than in 1985. (line 2 vs. line 3 = 45%) **

$$\begin{array}{l} * \text{ CPI 2001 } \underline{177.40} = 1.65 \times \$ 48.02 = \$ 79.23 \\ \text{CPI 1985 } \quad 107.57 \end{array}$$

$$\begin{array}{l} ** \quad \underline{\$79.23 - \$43.26} = 45\% \\ \quad \quad \quad \$79.23 \end{array}$$