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January 28, 2002

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COMMISSION CLERK

- 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

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 1
OPC 1
MMS ___
SEC 1
OTH ___

Sincerely,

John T. Butler, P. A.

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

RECEIVED & FILED
FPSC-BUREAU OF RECORDS

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 McMenamin, 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:

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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:

ROSEMARY MORLEY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF ROSEMARY MORLEY

DOCKET NO. 001148-EI

JANUARY 28, 2002

Q. Please state your name and address.

A. My name is Rosemary Morley. My business address is 9250 West Flagler Street, Miami, Florida, 33174.

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

A. I am employed by Florida Power & Light Company ("FPL" or "Company") as a Rate Development Manager in the Rates & Tariffs department.

Q. Please state your education and business experience.

A. I hold a bachelor's degree in economics from the University of Maryland and a master's degree in economics from Northwestern University. I am currently pursuing a doctorate in business administration from Nova Southeastern University. Since joining FPL in 1983 I have held a variety of positions in the forecasting, planning, and regulatory areas. I joined the Rates and Tariff Department in 1987 as a Senior Cost of Service Analyst and was subsequently promoted to Supervisor of Cost of Service. I currently hold the position of Rate Development Manager with responsibilities for rate development and tariff administration.

Q. Have you previously submitted testimony to the Florida Public Service Commission ("FPSC" or "Commission")?

A. I submitted testimony in Docket Nos. 960001-EI and 970001-EI. My testimony in those dockets addressed the recovery of certain costs through FPL's Fuel Adjustment Clause.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain and support FPL's retail cost of service study. My testimony will also address certain inputs required to produce the cost of service, including the base revenue forecast and load research data. I will discuss the separation factors used to determine the jurisdictional adjusted rate base and jurisdictional adjusted net operating income, which are also prerequisites to the retail cost of service study.

Although FPL is not proposing to adjust rates at this time, I will also discuss how the cost of service should be used and interpreted in the event that the Commission elects to adjust the rates of individual rate classes absent any change in the overall level of revenues. Lastly, I will address specific issues pertaining to service charges.

Q. Can you summarize your testimony with regard to the cost of service?

A. Yes. The cost of service indicates that residential (RS-1) and very small commercial customers (GS-1) are subsidizing some of the larger commercial/industrial rate classes, particularly GSLD-1 and GSLD-2. Examples of GSLD-1 and GSLD-2 customers include grocery stores, hospitals, department stores, and manufacturing firms. By contrast, the GS-1 rate class includes store front offices and other small commercial endeavors. Far from being a new development, the subsidies between these

rate classes, as I will discuss in my testimony, represent the culmination of trends which have been in place for several years.

Q. Are you sponsoring any MFRs?

A. Yes. I am sponsoring MFRs A-4a, A-5, E-1, E-2, E-3a, E-3b, E-5a, E-5b, E-6a, E-6b, E-7, E-8a, E-8b, E-9, E-11, E-13, E-15, E-16a, E-16b, E-16c, E-16d, E-17, E-18b, E-18d, E-20, E-27a, E-27b, E-27c, and E-28a. :In addition, I am co-sponsoring MFRs B-7, C-9, E-10, E-12, E-14, E-18a, E-18c and E-28b.

Q. Have you prepared, or caused to be prepared under your direction, supervision or control, an exhibit for this proceeding?

A. Yes. It consists of the following three documents:

- RM-1, Cost of Service Methodology By Component
- RM-2, Analyses of Rates of Return Indices
- RM-3, Trends in Relative Load Contributions

Q. Please explain what a cost of service study does.

A. In general terms, a cost of service study allocates various elements of costs and revenues across specific customer groups. In many cases, these allocations are based on the usage characteristics of the customer groups in question. As such, the inputs required for a cost of service study include cost, revenue, and load data.

Q. Can you briefly discuss the cost data incorporated into the cost of service study and separation factors?

A. Yes. In this case, the cost data is based on the financial data presented in MFR Schedules B, C, and D. The cost data have been subject to the reviews for consistency and accuracy described in Mr. Davis' and Mr.

Bell's testimonies. The cost data have also been adjusted to incorporate the prior Commission adjustments approved in the last rate case. As also described in Mr. Davis' testimony, the cost data have been converted into the level of detail required to support the separation factors and cost of service study.

Q. Can you similarly address the revenue data incorporated into the separation factors and cost of service study?

A. Yes. The revenue data incorporated into the separation factors and cost of service study include various components of revenues from the sale of electricity as well as miscellaneous revenues. My testimony specifically addresses the development of the base revenue forecast that is incorporated into the cost of service study and separation factors.

OVERVIEW OF BASE REVENUES AND RATE STRUCTURES

Q. What is meant by base revenues?

A. Base revenues represent FPL's billed revenues from the sale of electricity, exclusive of revenues generated from adjustment clauses. Adjustment clause factors are reviewed and revised on a regularly scheduled basis, typically once a year, and more frequently if needed. By contrast, FPL's most recent change in its retail base rates occurred in April 1999.

Adjustment clauses have been established for elements of FPL's fuel, purchased power, energy conservation, and environmental compliance costs. Consistent with the Commission adjustments approved in the last rate case, regulatory adjustments have been made so that the revenues and costs associated with adjustment clauses are not included in the

jurisdictional adjusted rate base and jurisdictional adjusted net operating income at issue in this proceeding. Although clause revenues are not an issue in this proceeding, the allocation of costs recovered through the adjustment clauses frequently parallels that of costs recovered under base rates.

Q. How are base revenues determined?

A. Base revenues are determined by applying the currently-approved tariff charges, excluding the cost recovery adjustment clause factors discussed above, to the appropriate billing determinants. In FPL's case, there are more than 50 retail rate schedules, each with its own set of tariff charges and billing determinants. Many of these rate schedules have been added since FPL's last rate case.

Q. Can you describe billing determinants?

A. Billing determinants are the parameters necessary for billing customers. Billing determinants reflect the rate structure established for a given rate schedule. As such, customer, demand, and energy charges are each associated with their own set of billing determinants. Customer determinants are expressed in terms of the number of accounts billed by month. Demand determinants are expressed in terms of kilowatts (kW), while energy determinants are expressed in terms of kilowatt-hours (kWh). Measuring demand requires metering equipment that may be cost prohibitive for small electric customers. Thus, some rate schedules are limited to customer and energy billing determinants. For example, customers in the small general service rate schedule (GS-1) are charged a monthly customer charge and a cents/kWh energy charge. GS-1 customers

represent the smallest of commercial/industrial electric customers, those with maximum demands below 21 kW. Larger commercial/industrial customers, on the other hand, are also charged on the basis of their demand, i.e. their maximum electric usage in a given time period. Thus, the rate structure for the general service demand (GSD-1) rate schedules includes a customer charge, a cents/kWh energy charge, and a $/kW demand charge. Please note, however, that there is a distinction between how revenues are recovered and how the cost to serve varies by rate schedules. The absence of a demand billing determinant does not imply an absence of demand-related costs; it simply means that any demand-related costs must be recovered through other billing determinants.

Q. Please provide a summary of the rate structures for the major rate schedules.

A. Within the general categories of customer, demand, and energy charges there are variations by rate schedule. For example, the residential rate schedule (RS-1) has a customer charge and an inverted or increasing energy charge. An RS-1 customer is charged 3.511 cents/kWh for the first 750 kWh of usage each month and 4.511 cents/kWh for any additional kWh. By contrast, customers under the small general service rate schedule (GS-1) are charged a flat 4.152 cents/kWh for all kilowatt-hours consumed and a monthly customer charge.

Other highlights of how rate structures vary by retail rate schedule are noted below:

- The rate structure for general service demand customers (GSD-1) includes demand, energy, and customer charges. However, the first 10kW of usage is exempt from the demand charge.
- The rate structures for general service large demand customers (GSLD-1, GSLD-2, GSLD-3) include demand, energy, and customer charges. The specific charges vary by customer size. There are separate rate schedules for customers with demands between 500 kW and 1,999 kW, for customers with demands above 2,000 kW, and for customers above 2,000 kW served directly from the transmission system. There are no exemptions on billing demands for any of the GSLD rate schedules.
- Curtailable customers are given a $1.70/kW credit for each kW of curtailable load. The curtailable rate otherwise mirrors the rate structure of the otherwise applicable general service large demand rate schedule.
- Separate time-of-use (TOU) rate schedules have been established for residential, general service, general service demand, general service large demand, and curtailable customers. The time-of-use options for these customers generally reflect the otherwise applicable rate structures, with the exception of providing time-differentiated charges. Separate energy charges are applicable to the on-peak and off-peak periods. In addition, the demand charges are applicable only in the on-peak period. All of FPL's time-of-use rates share the same on-peak and off-peak rating periods, as shown below.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. to 10 a.m. and 6 p.m. to 10 p.m. excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon to 9 p.m. excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

All the Florida investor-owned utilities (IOUs) share the same on-peak and off-peak hours.

- Commercial/industrial load control (CILC) rates are designed to provide applicable customers with lower rates in exchange for allowing the Company to interrupt the customers' load during periods of capacity constraint. There are three separate CILC rate schedules, one for customers between 200-499 kW, one for customers 500 kW and above, and one for customers served directly from the transmission system. Each rate schedule includes a customer charge, an on-peak firm demand, an on-peak interruptible demand, and an energy charge. In addition, customers served from the distribution system are also charged a maximum demand based

on their highest demand, regardless of time of day, over the last 24 months.

- Standby rates are applicable to customers whose electric service requirements are supplied or supplemented from the customer's generation equipment at that point of service. Consistent with the requirements found in the tariffs of the other Florida IOUs, a customer is required to take service under one of the standby rate schedules if the customer's total generation capacity is more than 20% of the customer's total electrical load and the customer's generator(s) is (are) not for emergency purposes only. The terms and conditions, as well as charges, under FPL's standby tariffs were established in Docket No. 850673-EU. The docket, undertaken as a generic investigation of standby rates for electric utilities, outlined the rate structure appropriate for standby service, including the use of daily demand charges and reservation demand charges. As a result, FPL's standby tariff incorporates a daily demand charge based on the daily maximum on-peak demand and a reservation demand charge. Standby customers are charged the greater of the sum of the daily demand charges or the reservation demand charge times the maximum on-peak standby demand actually registered during the month, plus the reservation demand charge times the difference between the contract standby demand and the maximum on-peak standby demand actually registered during the month. These demand charges vary by rate schedule. FPL has four separate standby rate schedules; one for customers below 500 kW; one for

customers between 500 kW and 1,999 kW; one for customers 2,000 kW and above; and one for customers served directly from the transmission system. In addition, standby customers served from the distribution system are charged a distribution demand charge (which also varies by rate schedule) based on their contract standby demand. Finally, each of the standby rate schedules incorporates its own set of customer and energy charges.

- Street lighting (SL-1) and outdoor lighting (OL-1) customers are assessed a bundled monthly charge which includes fixture, maintenance, and non-fuel energy components. These monthly charges vary both by wattage level and type of fixture. SL-1 and OL-1 customers are also charged a flat monthly fee for any poles or conductors dedicated to lighting service. Where FPL installs special decorative lighting facilities at the customer's option, service is provided under the Premium Lighting rate schedule. Under Premium Lighting, customers are charged based on the actual project costs incurred in installing special decorative facilities.

FORECAST OF BASE REVENUES

Q. What were the major inputs used to produce the forecast of retail base revenues for 2002?

A. The forecast of retail base revenues initially included in this filing was produced in July 2001. The primary input in the process was the then-most recently available customer and kWh sales forecast produced by Resource Assessment and Planning (RAP). Mr. Waters discusses this forecast in his

testimony. RAP produces a retail customer and sales forecast by revenue or customer class.

Q. What is the difference between revenue classes and rate schedules?

A. Revenue classes represent general categories of customers used for financial reporting purposes. There are six retail revenue classes: residential, commercial, industrial, street and highway lighting, railroads, and other. There is currently only one revenue class which is specific to a particular rate schedule. At present the Metrorail (MET) rate schedule and the railroads revenue class are synonymous. In all other cases, revenue classes are a mixture of different rate schedules. In order to provide the level of detail required in the MFR E Schedules, the forecast of sales and customers by revenue class was converted into a forecast of sales and customers by rate schedule.

Q. Please describe how the customer and sales forecast by rate schedule was produced.

A. First, specific sales and customer forecasts were developed for certain rate schedules. For example, the Sports Field Service (OS-2) and Commercial/Industrial Load Control (CILC) rate schedules are closed to new customers. Therefore, the forecasted number of customers under those rate schedules were held to their May 2001 values. The kWh sales forecast for the closed rate schedules was based on the most recent actual kWh sales data escalated by the projected change in use per customer from RAP's forecast by revenue class. Specific customer and sales forecasts for the pre-pay residential service rate and the real time pricing rate schedules were obtained from the Customer Service business unit. The pre-pay residential

service rate and the real time pricing rate schedules are experimental optional rates.

Second, the forecast for the number of customers and kWh sales for the remaining rate schedules was developed based on the historical relationship between customers and sales by rate schedules and customers and sales by revenue class. Historical percentages based on 2000 data were applied to the forecast of customers and sales by revenue class. The result was a monthly forecast of sales and customers by retail rate schedules for the year 2002.

Q. How was the forecast of sales and customers by rate schedule used to develop the retail base revenue forecast?

A. As needed, additional derivations were made to complete the forecast of customer and energy billing determinants by rate schedule. For example, the kWh sales for RS-1 were segmented to reflect the inverted rates I described earlier. Likewise, for time-of-use rate schedules, total sales were segmented between on-peak and off-peak sales based on historical patterns. In addition, for demand-metered rate schedules, billing demands by month were developed based on the historical relationship between billing demand and billed sales by rate schedule.

Once all billing determinants were forecasted, the retail base revenue forecast was developed by applying the currently-approved base tariff charges to the forecasted billing determinants. The result was a monthly forecast of retail base revenue by rate schedule for the year 2002.

Q. Which MFRs provide detail on the retail base revenue forecast described above?

A. The currently-approved base tariff charges are shown on MFR A-5. A summary of the methodology used to develop the forecast of billing determinants is given in MFR E-18d. The customer, billing demand, and kWh sales forecast are presented in MFRs E-18a, E-18b, and E-18c, respectively. The results of applying the base tariff charges to the projected billing determinants are provided in MFR E-16c. Additional detail on the base revenue forecast for the lighting rate classes is given in MFR E-16d.

Q. Were the processes just described also used for the 2001 forecast of base revenues?

A. No. Whereas the process used to produce the 2002 forecast of retail base revenues reflects the level of detail required in the MFR "E" Schedules, the 2001 forecast was the result of FPL's normal revenue forecasting process. FPL does not normally forecast retail base revenues on a rate schedule basis. Instead, average cents/kWh and $/customer estimates of base revenues are projected by month and applied to the forecast of kWh sales and customers by revenue class. FPL used this standard process in developing the projection of retail base revenues for the June-Dec 2001 period.

Q. Were updates to the forecast of 2002 retail base revenues filed in this proceeding?

A. Yes. As mentioned earlier, the retail base revenue forecast described above was produced in July 2001. Because of the substantial impact from the events of September 11 and the general decline in the economy, the

Company updated its forecast of kWh sales. The updated sales forecast on a total company basis was provided in an attachment to the transmittal letter filed on October 1, 2001. The timing of this update, however, did not allow for a re-estimation of kWh sales and base revenues by rate schedules as outlined above. Instead, the total change in retail base revenues was estimated based on the total change in retail sales forecast and the total retail base cents/kWh from the initial forecast. The resulting reduction in retail base revenues for the 2002 test year was then allocated to the retail rate schedules proportionately based on the initial forecast of base revenue by rate schedule.

Q. Is this update outlined in the MFRs?

A. Yes. MFR E-16a provides the transition between the original and the updated retail base revenue forecast by rate schedule. It is this updated retail base revenue forecast that is incorporated into the cost of service study discussed later in my testimony.

Q. Is the updated level of retail base revenues forecasted for 2002 reasonable for the purpose of evaluating FPL's base rates?

A. Yes. In fact, a re-estimation of 2002 retail base revenues taking into account rate schedule-specific changes in sales does not markedly alter the level of revenues from that provided in the October 15, 2001, MFR filing. As shown below, the rate schedule-specific re-estimation of billed retail base revenues is within 0.1% of the updated forecasted amount included in the October 15th MFR filing.

Figures in ($000)

- Retail Billed Base Revenues as filed 10/15/2001 in MFR E-16a: $3,530,334
- Retail Billed Base Revenues re-estimated to reflect rate schedule-specific changes in sales: $3,533,814
- Difference: $3,480
- Difference (%): .099%

Q. How was the forecast of wholesale base revenues developed?

A. Wholesale base revenues were forecasted using projected billing determinants provided by the RAP department and the tariff charges by wholesale customer class. The same process was used for both 2001 and 2002.

LOAD RESEARCH

Q. Why is load research a necessary input into the separation factors and cost of service study?

A. Load research provides information on usage characteristics needed to allocate costs between customer groups. For jurisdictional separation purposes, the load research provides a basis for allocating costs between retail and wholesale customers. For a retail cost of service study, the load research provides information needed to allocate costs among the retail rate classes.

Q. Can you summarize the information provided by the load research study?

A. Load research provides information on each rate class's contribution to the system peak (CP), as well as its class or group non-coincident peak (GNCP), and its customer non-coincident peak (NCP). The contribution to

the system peak represents the rate class usage at the time of the system peak. By contrast, the class or group non-coincident peak represents a rate class's maximum demand as a class. The customer non-coincident peak demands are the sum of the individual customer peaks regardless of when they occur. Data on all of the above are developed on a monthly basis for each wholesale and retail rate class.

Q. Are these rate classes the same as the rate schedules discussed under the retail revenue forecast?

A. Not always. In some cases, load research combines certain rate schedules into a single rate class. Consistent with their treatment in the last rate case, time-of-use rate schedules are combined with their non-time-of-use counterparts. For example, residential non-time-of-use (RS-1) and residential time-of-use (RS-T1) are combined together. In addition, the pre-pay residential service rate schedule (PRS-1) and JEA rider for residential customers, both of which consist of a relatively small number of customers, are also grouped with RS-1 for load research purposes. The grouping of customers within load research is consistent with Florida Administrative Code Rule 25-6.0437.

Q. How is load research information developed by rate class?

A. Load research information by rate class may be developed by sampling, modeling, or by exhaustively metering with interval timing metering. Sampling is performed for the following rate classes: RS(T)-1, GS(T)-1, GSD(T)-1, GSLD(T)-1. FPL's sampling plan for these rate classes was approved in Docket No. 001199-EI. The Ratio Extrapolation technique was the methodology utilized to expand the historical load research data for

sampled rate classes. This methodology estimates the total rate class demand by applying the ratio of demand to billed energy for each interval times the total population billed energy. The sampling results for these rate classes are filed biennially with the Commission. The most recent sampling results were filed with the Commission in April 2000.

The following retail rate classes are 100% metered with interval timing metering: CILC1-D, CILC1-G, CILC1-T, CS(T)-1, CS(T)-2, GSLD(T)-2, GSLD(T)-3, RTP(T)-1S, RTP(T)-1P, RTP(T)-2S, RTP(T)-2P, RTP(T)-3T, MET, SST-1T, SST-1D, SST-2D, and SST-3D. The Ratio Extrapolation technique is used for the CILC1-D, CILC1-G, CS(T)-1, GSLD(T)-2 rate classes due to the large number of customers in each of those classes. As needed, the Mean Per Unit Extrapolation technique was the methodology utilized to expand the historical load research data for the other census rate classes.

Modeling is performed to develop the usage characteristics of the lighting rate classes. A Burn Hour Study conducted by the Distribution Engineering Department was the basis for the modeling effort utilized to estimate load data for the Outdoor Lighting OL-1, and Street Lighting SL-1 rate classes. According to this study, SL-1 and OL-1 lights are on an average of 48% of all hours in a year; thus, the winter and summer modeled load profiles for these classes were derived based on the 48% assumption. On the other hand, the Traffic Lights SL-2 rate class was modeled by assuming a 100% load factor.

Consistent with Rule 25-6.0437, which specify that sampling is not required for rate classes accounting for less than 1% of retail sales, the sports field service (OS-2) rate class is also modeled. Modeling for the rate class was based on two groups of OS-2 customers. The first group was comprised of the 100% evening lighting group. The second group was comprised of all the other OS-2 customers who have other load in addition to evening lighting. This split was supported by the results of a survey that was administered to all OS-2 customers as ordered by the Commission during FPL's last rate case. The results from the survey were combined with a model to develop the 100% evening lighting group. The load characteristics for the second group was the end product of a normalized Sports Field load shape containing a mix of load types as indicated by the survey.

Q. Does FPL have any plans to sample the OS-2 rate class?

A. Yes. Pulse interval meters are being installed on a random sample of OS-2 customers. Subsequent to the normal meter reading process, FPL expects to start receiving data from these customers beginning with the first sample month of January 2002.

Q. Please discuss the historical load research information included in this filing.

A. MFR E-14, Attachments 2, 3, and 4, respectively, provide the monthly load research data for the years 1998, 1999, and 2000. The load research data for these years has been previously used in adjustment clause filings. The

historical load research information provided the basis for the projected 2002 load research data.

Q. Please describe how the projected 2002 load research data was developed.

A. The historical load research data was combined with the sales forecast by rate class to develop the coincident and non-coincident demand figures for the projected test year 2002. Load research data for the years 1998 through 2000 was used instead of a single year of load research data. Relying on three years of load research data instead of a single year reduces the impact of extreme weather conditions that might have occurred in a given month in any year.

Monthly ratios of each rate class's coincident peak, non-coincident group peak, and customer non-coincident peaks to actual kWh sales were developed for each of the three years of historical load research data. Projected 2002 monthly ratios were then developed based on the average of the three years of historical ratios. The projected ratios were then combined with the sales forecast by rate class to derive the coincident peak, non-coincident group peak, and customer non-coincident peak demands for each class. As appropriate, adjustments were made where rate class-specific factors (e.g., migration of large customer(s) from rate classes) were significant.

Q. Has the ratio method of developing projected load research information just described been utilized previously?

A. Yes. The forecasted load research data in FPL's MFR filing, FPSC Docket No. 900038-EI, utilized a similar methodology.

Q. How was the sales forecast by load research rate class developed?

A. The sales forecast by rate schedule developed for the retail base revenue forecast was aggregated into the load research rate classes. Thus, the energy billing determinants reported in MFR E-18c are consistent with the projected load research data.

Q. Are the forecasted load research data consistent with the system load forecast?

A. However, the purpose of load research data is ultimately to allocate costs, it is the relative rather than absolute values by rate class that are most important. These relative valves are consistent with the system load forecast. The forecasted load research data are consistent with the forecast of system kWh sales and monthly peak demands for 2002 presented in MFR F-17, as filed on September 17, 2001. Revising the projected load research to reflect the update to the system load forecast made in late September 2001 was not feasible given the time requirements of the MFR filing.

B. **How are the load research data used in the development of the separation factors and cost of service study?**

A. The load research data are utilized in developing the allocation factors shown in MFR E-13, Attachment 2. While there are a variety of allocation factors utilized in the cost of service study, the load-related allocation factors are based on the load research data with adjustments for losses as needed.

Q. How are the adjustments for losses determined?

A. As discussed in Mr. Waters' testimony, the RAP department forecasts system-wide energy losses and company use. The Rates and Tariffs department converts these system-wide estimates into loss adjustment factors by voltage level and by rate class. MFRs E-27b and E-27c provide the details of this process. When these loss factors are applied to the corresponding rate class voltage levels for the twelve monthly coincident peaks, the resulting value is termed the 12 CP adjusted for losses.

SEPARATION FACTORS

Q. What are separation factors?

A. Separation factors estimate the division of cost responsibility between the Federal Energy Regulatory Commission ("FERC") and the FPSC jurisdictions. The separation factors are expressed as figures between 0 and 1 with the former indicating 0% FPSC responsibility and the latter indicating 100% FPSC responsibility. Separation factors are developed at the level of detail needed for cost allocation purposes.

Q. What types of transactions fall under the FERC jurisdiction?

A. Sales of electricity at the wholesale level fall under FERC jurisdiction. This includes requirement power sales to other utilities, which generally are equivalent to native load in terms of reliability, as well as opportunity sales. Transmission service between utilities also falls under FERC jurisdiction.

Q. What is the significance of these different types of transactions in developing separation factors?

A. The Commission has historically made a distinction between separated versus non-separated FERC sales. As outlined in Docket No. 970001-EI,

Order No. PSC-97-0262-FOF-EI, FERC sales that are non-firm or less than one year in duration are treated as non-separated sales. Because a utility does not commit long-term capacity to such wholesale customers, these transactions are not assigned cost responsibility through the separation process. Instead, the revenues from non-separated power sales are credited to the retail ratepayer through the capacity and fuel clauses.

Q. What are separated FERC sales?

A. The Commission has traditionally required long-term firm sales greater than one year which commit production capacity to wholesale customers to be separated. Wholesale requirements sales meet this definition; therefore, the revenues from these transactions are assigned a separation factor of .0000, which indicates 0% FPSC cost responsibility. In addition, the loads from these transactions are included in the allocation factors used to separate costs between the FERC and FPSC jurisdictions. FPL's wholesale requirement sales for the 2002 test period include the Florida Keys Electric Cooperative (FKEC) and City Electric System of Key West power sales contracts, the Metro-Dade Solid Waste Management (MDSW) contract, and the pending FMPA power sales contract.

Q. What separation factors are used for the electric plant and other costs supporting these requirement sales?

A. FPL's production plant supports both wholesale requirements and retail sales. Separation factors are assigned to production plant consistent with the cost methodology incorporated in the FERC-approved rates. For example, the FKEC and Key West contracts are based on non-nuclear production costs. Accordingly, the separation factor for nuclear plant does

not assign any cost responsibility to the FKEC or Key West contracts. The remaining wholesale requirement contracts are treated consistently with standard FERC ratemaking, which allocates all production plant, including nuclear, on the basis of the twelve monthly coincident peaks (12 CP), adjusted for losses.

At the same time, the FKEC and Key West contracts are allocated non-nuclear production plant based on their total capacity requirements. The remaining non-nuclear production plant is allocated between retail customers and other wholesale requirements customers based on their 12 CP contributions, adjusted for losses.

Q. What separation factors are used to transmission plant?

A. Consistent with the FERC-approved rate design, transmission plant is allocated between wholesale requirements customers and retail customers on the basis of their 12 CP contributions, adjusted for losses.

Q. How is transmission service for other utilities handled?

A. Revenues from transmission service are credited between wholesale requirements customers and retail customers based on their 12 CP contributions, adjusted for losses. Thus, the revenues from transmission service and the costs of transmission service are treated consistently.

Q. Has the separation factor treatment of production plant and transmission plant just described been previously filed with the Commission?

A. The FKEC and Key West contracts did not exist at the time of the last rate case or the 1990 MFR filing. However, 12 CP adjusted for losses was used

to allocate production and transmission plant between wholesale requirements and retail customers in both filings.

Q. What separation factor is assigned distribution plant?

A. FPL is not projected to have any wholesale requirements customers served from its distribution system in 2002. Therefore, a separation factor of 100% retail is assigned to all distribution plant costs, excluding metering equipment.

Q. What MFRs provide details on the development of separation factors?

A. MFR E-13, Attachment 1 outlines the methodology used to develop the separation factors.

Q. How are the separation factors incorporated into the cost of service study?

A. The separation factors are needed to establish the rate base and net operating income which are ultimately allocated among the retail rate classes in the cost of service study. This is accomplished through the following steps. The separation factors are applied to the various components of rate base and net operating income. The application of separation factors converts total company figures to jurisdictionalized estimates. As appropriate, Commission adjustments are then made. For example, the revenues and costs recovered through adjustment clauses are removed. The resulting projections of jurisdictional adjusted rate base and jurisdictional adjusted net operating income are inputs into the cost of service process.

COST OF SERVICE METHODOLOGY AND DATA

Q. Please provide an overview of the cost of service methodology.

A. A proper cost of service methodology incorporates the concepts of 1) functionalizing, 2) classifying, and 3) allocating the various components of rate base and net operating income. Production, transmission, distribution, and customer service are among the major functions of an electric utility. A cost of service study assigns each component of rate base and net operating income to one (or more) of these functional categories. In addition, each component is classified according to whether its cost causality is driven by demand, energy, customer, or lighting-related factors, or a combination thereof. Finally, each component is allocated among the rate classes. The method of allocating a cost should be consistent with its functionalization and classification. Simply put, a cost classified as demand-related should not be allocated on kWh of energy and vice versa. On the other hand, a demand-related cost attributable to the distribution function may utilize a different allocation methodology than that utilized for a demand-related cost attributable to the production function.

Q. What methodology was used to determine the allocation of costs among the retail classes?

A. For the most part, the cost allocation utilized in this filing reflects the methodologies approved in the last rate case. I believe that the previously approved methodologies generally represent a fair and reasonable approach to allocating costs. In addition, the functionalization, classification, and allocation of costs should embody a unified and internally consistent cost methodology. For the most part, this can be achieved by following the previously approved methodology.

Q. Please explain what is meant by a unified and internally consistent methodology.

A. The treatment of production plant in this filing provides a good illustration of a unified and internally consistent cost methodology. FPL's filing utilizes a 12 CP and 1/13th methodology for production plant. The 12 CP and 1/13th methodology recognizes that the need to add generating capacity is driven by peak demands on the system. This methodology classifies 12/13th, or 92%, of costs on the basis of demand and 1/13th, or 8%, of costs on the basis of energy (or average demand). That portion classified on demand is allocated to the individual rate classes based on their 12 CP contributions, adjusted for losses, while the portion allocated on energy is allocated based on the kWh sales, adjusted for losses.

All generating units under the 12 CP and 1/13th methodology are treated consistently, based on their function (i.e. production), their classification (92% demand and 8% energy) and their allocation (contribution to the system peak and kWh of energy). In addition, the 12 CP and 1/13th methodology is consistent with the recovery of costs under the adjustment clause factors. Under the fuel clause, for example, there is no distinction in cost allocation between the fuel burned by one generating unit versus another. All fuel costs are classified on energy and allocated on kWh of energy sales.

Finally, the 12 CP and 1/13th methodology has a significant history of regulatory acceptance in Florida. Indeed, with the exception of one

generating unit, the 12 CP and 1/13th methodology was the cost methodology for production plant approved in FPL's last rate case.

Q. Please explain the exception to the 12 CP and 1/13th methodology approved in the last rate case.

A. The previously approved methodology incorporated a special treatment for the St. Lucie #2 nuclear generating unit. In the last rate case, instead of using the 12 CP and 1/13th methodology, the portion of the St. Lucie #2 unit classified on energy was based on the residual cost of the unit above that of a peaking unit. Thus, in the last rate case, approximately 25% of the St. Lucie #2 unit was classified on the basis of demand, and approximately 75% of the unit was classified on the basis of energy. I believe that the unique treatment for the St. Lucie #2 unit is no longer warranted. Instead, a 12 CP and 1/13th methodology should be used for all production plant.

Q. What methodology has been used to allocate transmission plant?

A. With the exception of transmission pull-offs (which are functionally equivalent to service drops, but applicable to customers served off the transmission system) transmission plant has also been classified on the basis of 12 CP and 1/13th. That portion of transmission plant classified on demand has likewise been allocated to the individual rate classes based on their 12 CP contributions, adjusted for losses, while the portion allocated on energy is allocated based on the kWh sales, adjusted for losses. This mirrors the treatment of transmission plant approved in the last rate case.

Q. What methodology was used to allocate distribution plant?

A. Unlike production and transmission plant which serve all of FPL's retail classes, distribution plant is often specific to particular rate classes.

Metering costs, for example, are not relevant to lighting classes, such as SL-1 and OL-1, which are unmetered. Likewise, the cost of secondary lines are not incurred in providing service to transmission-level customers. As a result, the distribution function is actually a mix of a number of distinct sub-functions, each with its own allocation methodology. Substations and lines are allocated on the basis of the non-coincident group peaks of rate classes served from the distribution system. Metering equipment is allocated on the basis of meter costs weighted by the number of metered accounts. Costs specifically dedicated to lighting customers, including fixtures, poles, and conductors, are directly assigned those rate classes. All of the cost treatments just described are consistent with methodology approved by the FPSC in the last rate case.

Q. Is additional detail available outlining the methodology used in the cost of service study?

A. Yes. Document RM–1 provides detail on the methodology used in the cost of service study. This document is intended as a supplement to MFR E-13, Attachment 1, which discusses the cost methodology utilized in the separation factors and cost of service study. Document RM-1 provides the cost of service treatment for each component of rate base and net operating income.

Q. How is the level of detail encompassed in these various components of rate base and net operating income determined?

A. The forecasted components of rate base, expenses, and revenues are referred to as cossids. "Cossid" is an FPL term for a cost identifier that meets or exceeds the level of detail required to allocate costs between jurisdictions or

among rate classes. In some cases, cossids are specific to particular FERC accounts or groups of FERC accounts. In other cases, cossids by necessity reflect a greater level of detail than that provided at the FERC account level. For example, separate cossids have been established for each FERC account associated with distribution plant. On the other hand, the cossids associated with account 362, station equipment, and account 371, customer installation, do not include any clause-recoverable costs which would be booked to those accounts. In such cases, the cossids represent a sub-FERC account level of detail.

Q. Is the updated retail base revenue forecasted for 2002 that you described earlier in your testimony incorporated into the cost of service?

A. Yes. In addition, the jurisdictional adjusted revenues incorporated into the cost of service also include a number of other revenue items. MFR E-7 outlines the various components of revenues from the sales of electricity and other miscellaneous service revenues incorporated into the cost of service. Document RM-1 describes how these revenues are allocated. The CILC incentive offset and service charge components of revenues are discussed in greater detail below.

As discussed earlier, the CILC rate classes are non-firm service rates in which customers are charged lower electric rates in exchange for allowing the utility to control their load during periods of capacity constraints. The difference between the CILC base rates and the otherwise applicable firm service rates (excluding customer charges) is recovered from all retail

customers through the ECCR clause. This amount is referred to as the CILC incentive. In the cost of service, an adjustment (or offset) for this incentive is included as a component of revenues from the sales of electricity. Thus, for cost of service purposes, the revenues from CILC customers have been adjusted upward to reflect their firm service equivalent. This is appropriate because it makes the revenues attributable to the CILC classes consistent with their cost allocation.

Revenues from service charges are allocated to each rate class based on transaction history. The allocation by rate class is shown in MFR E 16-b. As shown in MFR E-16b, forecasted revenues are based on the currently-approved tariff charges by service transaction.

COST OF SERVICE RESULTS

Q. What results are produced in the cost of service study?

A. Applying the appropriate allocation factors to the individual cost components or cossids of the jurisdictional adjusted rate base and jurisdictional adjusted net operating income results in a fully functionalized allocation of costs by rate class. Specifically, MFRs E-6a and E-6b show the classification and functionalization by FERC account of rate base and expenses respectively. MFRs E5-a and E5-b show the allocation of rate base and expenses by FERC account to the individual rate classes.

Q. What other results are reported in the cost of service study?

A. Two of the primary conclusions from the cost of service study are the calculation of rates of return and revenue requirements by rate class. Rates of return are based on net operating income divided by rate base. The system average rate of return represents the jurisdictional adjusted net

operating income divided by the jurisdictional adjusted rate base. Having allocated the various components of jurisdictional adjusted rate base and jurisdictional adjusted net operating income across the retail rate classes, rates of return can be also computed on rate class level. Rates of return on a system and rate class level are reported in MFR E-1 and E-3a.

Revenue requirements consist of a return on rate base plus income taxes and expenses. Thus, revenue requirements represent the level of revenues required to earn a particular rate of return. In this filing, two sets of revenue requirements by rate class's have been developed. One set of revenue requirements incorporates each rate class's individual rate of return, or class rate of return. The second set of revenue requirements is based on the average system rate of return. Thus, the revenue requirements based on the class rates of return may be thought of as the costs actually recovered from the rate class. The revenue requirements based on the system average rate of return represents the cost which would be recovered, if the class were neither subsidizing nor being subsidized by other rate classes. Both sets of revenue requirements are shown in MFR E-8a.

Q. How are comparisons in rates of return by rate class made?

A. A measure of how a rate class's rate of return compares to the system average can be computed by dividing the class rate of return by the system ROR. The resulting figure is referred to as the ROR index. Thus, a rate class with a rate of return index of 100% would be earning the same rate of return as the system average. A rate class with a rate of return less than 100% would be earning less than the system average rate of return while the

opposite would be true for a rate class with an index above 100%. A rate class with an ROR index of 100% is also said to be at parity, a state which implies that the rate class is neither subsidizing nor is being subsidized by other rate classes.

Q. What does FPL's filing show in terms of the system average and class rates of return?

A. FPL's filing shows a system average rate of return of 8.97% for the 2002 test year. This is consistent with the retail rate of return reported in MFR A-12b, as filed on October 15, 2001. (A cost of service study reflecting the revised rate of return subsequently reported in the MFR A-12b filed on November 9, 2001 has not been filed.) The cost of service also indicates a spectrum of returns by rate class with some class indices well above 100% and others well below 100%.

Q. Have you identified any reasons for the variability in rates of return by rate class?

A. There are a number of factors that may be contributing to this variability. First, it is worth noting that FPL's retail rates were not fully set at parity in the last rate case, despite the fact that successive adjustments in rates had been made only a few years earlier. As shown on page 1 in Document RM-2, certain of the rate classes currently below parity were also below parity at the conclusion of the last rate case. Among these are: GSLD-1, CS-2, GSLD-3, MET, OL-1, and SL-1. Page 2 of Document RM-2 summarizes the rate of return indices for the largest rate classes (comprising approximately 94% of FPL's base operating revenues) for the 2002 test year filed in the MFRs. With the passage of time, some of the disparities

between the class and the system average rates of return have increased. As shown in Document RM-2, in a number of cases this filing confirms the trends in the ROR indices which were apparent in the 1990 MFR filing.

Q. Can you identify any specific trends in cost or load characteristics which may have an impact on the rates of return by rate class?

A. As shown in Document RM-3, there has been a decline in the contribution to system peak attributable to the residential rate class, RS-1, in comparison with the rate class' increasing share of total kWh of energy. All things held equal, this trend suggests declines in the RS-1 share of demand-related costs, increases in the RS-1 share of energy-related costs, and increases in the RS-1 share of base revenues, which for the most part are a function of kWh of energy. On balance, the trend is consistent with increases in the RS-1 ROR index.

By contrast, the Large General Service Demand, GSLD-1, rate class has experienced relatively faster increases in its contribution to the peak than in its share of total kWh of energy. This suggests that the GSLD-1 rate class is becoming relatively more demand-intensive over time. This trend is also consistent with the decline in the GSLD-1 ROR index evident since the last rate case.

Q. Are there other specific factors contributing to the disparities in rates of return?

A. Yes. The implementation of the 1999 reduction in base rates resulted in higher percentage reductions in base revenues for the larger Commercial/Industrial rate classes. In addition, a number of new rate

classes have been implemented over the years. FPL's filing reflects rates of return for 23 separate rate classes. By contrast, the Final Order from the last rate case shows 14 rate classes. In some cases, FPL's current rate classes consist of a very limited number of customers. For example, seven retail rate classes for which FPL has estimated rates of return have fewer than ten customers forecasted for test year 2002, while ten have fewer than twenty. Customer migration and individual variations in load usage can be expected to have a larger impact on those rate classes with a limited number of customers.

Q. Do you have any other observations regarding the rates of return by rate class reported in this filing?

A. Yes. ROR indices are always a relative measure and many things including changes in customer usage, customer migration, and variations in the composition of costs may result in changes in the indices over time. Complete parity is a worthy, albeit elusive goal. Indeed, a review of rate orders since 1981 shows that rate proceedings have never resulted in full parity between FPL's rate classes. In part this is a result of the need to balance competing objectives in the rate-making process, a point I will discuss in greater detail in the following section of my testimony.

IMPLICATIONS FROM THE COST OF SERVICE

Q. How is the cost of service used?

A. In a rate case proceeding in which an adjustment in rates is proposed, the cost of service serves as a guide in evaluating any proposed changes in rates. If an increase or decrease in rates were being considered, the cost of service would be an important guide in determining how any increase or

decrease in revenues should be allocated by rate class. For example, changes in revenues could be assessed in terms of their impact on the parity between rate classes. The cost of service could also serve as a guide in determining how the proposed revenues by rate class should be recovered in terms of specific rate structures.

Q. Are there other factors in evaluating a proposed adjustment in rates besides the cost of service?

A. Yes. The FPSC has previously recognized that other criteria, including fairness and rate stability, are also important. In the past, the FPSC has established a rule-of-thumb that limits increases in individual rate classes to 150% of the system average increase. In that way, rate classes below parity are moved closer to parity while moderating the impact of rate increases for that rate class.

Q. Does FPL support the objective of parity among rate classes?

A. Yes.

Q. Is FPL offering any proposals to improve parity at this time?

A. No. FPL is not opposed to addressing parity issues. Given that this is not a proceeding we initiated, we did not think it would be appropriate for us to propose rate design changes. At the Commission's direction, changes in class revenue responsibilities that have an overall revenue neutral effect could be designed, or we would be happy to comment on the proposals of staff or other parties.

Q. If the Commission were proposing to adjust rates should it rely on the results of the cost of service as filed?

A. No. The cost of service as filed does not incorporate the Company adjustments discussed in Mr. Davis' testimony. The cost of service also does not incorporate the revised costs and expense estimates included in MFRs filed on November 9, 2001. Nevertheless, the results of the cost of service as filed do confirm trends in the parity by rate class which have been evolving since the last rate case. For example, the results as filed confirm that the medium to large-sized general demand rate classes such as GSLD-1 and GSLD-2 are being subsidized by other FPL customers.

SERVICE CHARGES

Q. What types of miscellaneous services are provided under FPL's tariff?

A. FPL's tariff outlines specific charges for initial connects on new premises, connects/disconnects on existing premises, reconnects after non-payment, and field collections on past due accounts. The tariff additionally provides for late payment fees and returned check charges. Reimbursement of current diversion and temporary construction accounts is also included in the tariff.

Q. When were the charges for these services established?

A. The current charges for initial connects on new premises, connects/disconnects on existing premises, reconnects after non-payment, and for temporary construction were established in the last rate case and have not been adjusted since that time. The late payment charge and the field collection charge were approved in a separate docket in 1991 and have not been adjusted since that time. The returned check charge, governed by statutory requirements, has been revised to conform with or be consistent with statutory changes. Under the return check charge, FPL currently

charges the minimum permitted by statute regardless of the amount of the check.

Q. Has FPL performed a cost study estimating the cost of providing miscellaneous services?

A. Yes. As co-sponsored by Mr. Hamilton, MFR E-10 provides estimates on the current cost of providing these services. In many cases, the current cost of providing a service exceeds its currently-approved tariff charge. For example, MFR E-16b, page 6 shows the cumulative cost of providing for initial connects on new premises, connects/disconnects on existing premises, reconnects after non-payment, and field collections on past due accounts exceeds the revenues generated by these services by more than $6.5 million.

Q. Is FPL proposing to adjust the level of these service charges?

A. No. Although FPL supports the concept of basing service charges on the cost of providing these services, given that this is not a proceeding we initiated, we did not think it would be appropriate for us to propose changes in service charges.

Q. Please summarize the conclusions from your testimony.

A. My testimony can be summarized through the following four points. First, the adjustment to the retail base revenue forecast to incorporate FPL's updated forecast of retail sales provides a reasonable basis for evaluating the Company's base rates. Second, the cost of service study as filed incorporates reasonable and appropriate cost methodologies which, for the most part, are consistent with the cost of service study approved in the last rate case. Third, the results of the cost of service study as filed confirm a

long-term trend of subsidies between rates classes. Fourth, although FPL is not proposing to adjust rates (or service charges) at this time, at the Commission's direction changes in class revenue responsibilities that have an overall revenue neutral effect could be designed or we would be happy to comment on the proposals of staff or other parties.

Q. Does this conclude your testimony?

A. Yes.

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description	COSS Methodology	Allocator
1	**BALANCE SHEET - ASSETS**		
2			
3	PLANT IN SERVICE		
4	**INTANGIBLE -**		
5	BAL001000 PLT IN SERV - INTANGIBLE	Total Labor	LABOR_TOT
6	**PRODUCTION -**		
7	STEAM:		
8	BAL001100 PLT IN SERV - STEAM (EXC COAL & AMORT STM)	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
9	BAL001150 PLT IN SERV - COAL (EXC COAL CARS)	12CP & 1/13	COMPOUND ALLOCATOR: 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
10	BAL001172 PLT IN SERVICE - COAL TERMINAL	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
11	BAL001800 ACQUISITION ADJUSTMENT SCHERER 4	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
12	NUCLEAR:		
13	BAL001200 PLT IN SERV - NUCLEAR TURKEY PT	12CP & 1/13	COMPOUND ALLOCATOR: 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
14	BAL001220 PLT IN SERV - NUCLEAR ST LUCIE 1	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
15	BAL001250 PLT IN SERV - NUCLEAR ST LUCIE COM	12CP & 1/13	COMPOUND ALLOCATOR: 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
16	BAL001270 PLT IN SERV - NUCLEAR ST LUCIE 2	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
17	OTHER PRODUCTION:		
18	BAL001300 PLT IN SERV - OTHER PRODUCTION	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
19	**TRANSMISSION -**		
20	BAL001400 PLT IN SERV - TRANS (EXC CLAUSES)	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92.17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0.15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
21	**DISTRIBUTION -**		
22	BAL001510 PLT IN SERV - DIST ACCT 360 - LAND & LAND RIGHTS	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
23	BAL001511 PLT IN SERV - DIST ACCT 361- STRUCTURES & IMPROVEMENTS	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	BAL001512	PLT IN SERV - DIST ACCT 362 - STATION EQUIPMENT	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
2	BAL001514	PLT IN SERV - DIST ACCT 364 - POLES, TOWERS & FIXTURES	Poles, towers and fixtures classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR: 91.47% based on FPL104 - Distribution Group Coincident Peak Demand / 8 21% based on FPL105 - Secondary Group Coincident Peak Demand / 0 32% based on FPL302 - Primary Customers Pull offs - Retail Only
3	BAL001515	PLT IN SERV - DIST ACCT 365 - OVERHEAD CONDUCTORS & DEVICES	Overhead conductors and devices classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR. 79 08% based on FPL104 - Distribution Group Coincident Peak Demand / 20 68% based on FPL105 - Secondary Group Coincident Peak Demand / 0 24% based on FPL302 - Primary Customers Pull offs - Retail Only
4	BAL001516	PLT IN SERV - DIST ACCT 366 - UNDERGROUND CONDUIT	Underground duct classified as demand and functionalized on primary	COMPOUND ALLOCATOR 93 66% based on FPL104 - Distribution Group Coincident Peak Demand / 6 34% based on FPL105 - Secondary Group Coincident Peak Demand
5	BAL001517	PLT IN SERV - DIST ACCT 367 - UNDERGROUND CONDUCTORS & DEVICES	Underground conductors and devices classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR: 70 94% based on FPL104 - Distribution Group Coincident Peak Demand / 29 06% based on FPL105 - Secondary Group Coincident Peak Demand
6	BAL001518	PLT IN SERV - DIST ACCT 368 - LINE TRANSFORMERS	Line transformers classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR 89.60% based on FPL109 - Secondary Customer Non-Coincident Peak Demand / 10 40% based on FPL104 - Distribution Group Coincident Peak Demand
7	BAL001519	PLT IN SERV - DIST ACCT 369 - SERVICES	The average number of secondary voltage level customers for retail rate classes only, excluding all lighting services.	FPL303 - Average Secondary Customers - Retail Only
8	BAL001520	PLT IN SERV - DIST ACCT 370 - METERS	The average number of customers per rate class multiplied by the average meter unit cost per rate class, excluding all lighting services	FPL304 - Total Meter Costs
9	BAL001521	PLT IN SERV - DIST ACCT 371 - INSTALLATIONS ON CUSTOMER PREMISES	100% assignment to Outdoor Lighting	FPL509 - Outdoor Lighting
10	BAL001523	PLT IN SERV - DIST ACCT 373 - STREET LIGHTING & SIGNAL EQUIPMENT	The number of lighting fixtures for the street lighting and traffic signal classes	FPL508 - Street Lights
11	**GENERAL -**			
12	BAL001600	PLT IN SERV - GENERAL PLANT TRANSPORTATION EQUIP	Total Labor	LABOR_TOT
13	BAL001710	PLT IN SERV - GENERAL PLANT STRUCTURES	Total Labor	LABOR_TOT
14	BAL001720	PLT IN SERV - GENERAL PLANT OTHER (EXC ECCR)	Total Labor	LABOR_TOT
15	**ACCUMULATED PROVISION FOR DEPRECIATION**			
16	**INTANGIBLE -**			
17	BAL008000	ACC PROV DEPR & AMORT - INTANGIBLE	Total Labor	LABOR_TOT
18	**PRODUCTION -**			
19	STEAM:			
20	BAL008100	ACC PROV DEPR & AMORT - STEAM (EXC COAL)	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales

COST OF SERVICE STUDY
COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	BAL008150	ACC PROV DEPR & AMORT - COAL (EXC COAL CAR)	12CP & 1/13	COMPOUND ALLOCATOR. 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
2	BAL008172	ACC PROV DEPR & AMORT - COAL TERMINAL	12CP & 1/13	COMPOUND ALLOCATOR. 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
3	BAL008804	ACC PROV DEPR & AMORT - FUTURE USE PLANT - STEAM	Plant In Service - Steam	P_PLT_STEAM
4	BAL009180	ACC PROV DEPR - AMORT ELECT PLANT ACQ ADJ	12CP & 1/13	COMPOUND ALLOCATOR. 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
5	BAL009155	ACC PROV DEPR - FOSSIL DECOM	Plant In Service - Steam	P_PLT_STEAM
6	NUCLEAR:			
7	BAL008200	ACC PROV DEPR & AMORT - TURKEY POINT	12CP & 1/13	COMPOUND ALLOCATOR: 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
8	BAL008220	ACC PROV DEPR & AMORT - ST LUCIE 1	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
9	BAL008250	ACC PROV DEPR & AMORT - ST LUCIE COM	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
10	BAL008270	ACC PROV DEPR & AMORT - ST LUCIE 2	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
11	OTHER PRODUCTION:			
12	BAL008300	ACC PROV DEPR & AMORT - OTH PROD MYER&EVER - GT	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
13	BAL008390	ACC PROV DEPR & AMORT - OTH PRODUCTION PLANT	Plant In Service - Other Production	P_PLT_OTH
14	**TRANSMISSION -**			
15	BAL008400	ACC PROV DEPR & AMORT - TRANS (EXC CLAUSES)	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0 15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
16	BAL008807	ACC PROV DEPR & AMORT - FUTURE USE PLANT - TRAN	Plant In Service - Transmission	T_PLT_TOT
17	**DISTRIBUTION -**			
18	BAL008510	ACC PROV DEPR & AMORT - DISTRIB A/C 360 (EXC ECCR/OBF)	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
19	BAL008511	ACC PROV DEPR & AMORT - DISTRIB A/C 361 (EXC ECCR/OBF)	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
20	BAL008512	ACC PROV DEPR & AMORT - DISTRIB A/C 362 (EXC ECCR/OBF)	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	BAL008514	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 364	Poles, towers and fixtures classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR: 91.47% based on FPL104 - Distribution Group Coincident Peak Demand / 8.21% based on FPL105 - Secondary Group Coincident Peak Demand / 0.32% based on FPL302 - Primary Customers Pull offs - Retail Only
2	BAL008515	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 365	Overhead conductors and devices classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR: 79.08% based on FPL104 - Distribution Group Coincident Peak Demand / 20.68% based on FPL105 - Secondary Group Coincident Peak Demand / 0.24% based on FPL302 - Primary Customers Pull offs - Retail Only
3	BAL008516	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 366	Underground duct classified as demand and functionalized on primary	COMPOUND ALLOCATOR: 93.66% based on FPL104 - Distribution Group Coincident Peak Demand / 6.34% based on FPL105 - Secondary Group Coincident Peak Demand
4	BAL008517	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 367	Underground conductors and devices classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR: 70.94% based on FPL104 - Distribution Group Coincident Peak Demand / 29.06% based on FPL105 - Secondary Group Coincident Peak Demand
5	BAL008518	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 368	Line transformers classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR: 89.60% based on FPL109 - Secondary Customer Non-Coincident Peak Demand / 10.40% based on FPL104 - Distribution Group Coincident Peak Demand
6	BAL008519	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 369	The average number of secondary voltage level customers for retail rate classes only, excluding all lighting services	FPL303 - Average Secondary Customers - Retail Only
7	BAL008520	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 370 (EXC ECCR)	The average number of customers per rate class multiplied by the average meter unit cost per rate class, excluding all lighting services	FPL304 - Total Meter Costs
8	BAL008521	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 371 (EXC ECCR)	100% assignment to Outdoor Lighting	FPL509 - Outdoor Lighting
9	BAL008523	ACC PROV DEPR & AMORT - DISTRIBUTION A/C 373	The number of lighting fixtures for the street lighting and traffic signal classes	FPL508 - Street Lights
10	BAL008805	ACC PROV DEPR & AMORT - FUTURE USE PLANT -DIST	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
11	**GENERAL -**			
12	BAL008600	ACC PROV DEPR & AMORT - GENERAL PLANT TRANSPORT EQUIP	Total Labor	LABOR_TOT
13	BAL008710	ACC PROV DEPR & AMORT - GENERAL PLT STRUCTURES	Total Labor	LABOR_TOT
14	BAL008720	ACC PROV DEPR & AMORT - GEN PLT OTH(EXC ECCR)	Total Labor	LABOR_TOT
15	BAL009175	ACC PROV DEPR - ITC INTEREST SYNCHRONIZATION	Gross Plant	PLT_GROSS
16	**FUTURE USE PROPERTY**			
17	BAL005100	PLT FUTURE USE - STEAM	Plant In Service - Steam	P_PLT_STEAM
18	BAL005200	PLT FUTURE USE - NUCLEAR	Plant In Service - Nuclear	P_PLT_NUC
19	BAL005300	PLT FUTURE USE - OTHER PRODUCTION	Plant In Service - Other Production	P_PLT_OTH
20	BAL005400	PLT FUTURE USE - TRANSMISSION	Plant In Service - Transmission	T_PLT_TOT
21	BAL005500	PLT FUTURE USE - DISTRIBUTION	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	BAL005700	PLT FUTURE USE - GENERAL	Plant In Service - General	PLT_GENERAL
2	**CWIP**			
3	**INTANGIBLE -**			
4	BAL007000	CWIP - INTANGIBLE PLANT	Total Labor	LABOR_TOT
5	**PRODUCTION -**			
6	STEAM:			
7	BAL007100	CWIP - STEAM (EXC COAL)	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
8	NUCLEAR:			
9	BAL007200	CWIP - NUCL - TURKEY POINT	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
10	OTHER PRODUCTION:			
11	BAL007300	CWIP - OTHER PRODUCTION - GT	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
12	**TRANSMISSION -**			
13	BAL007400	CWIP - TRANSMISSION	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0.15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
14	**DISTRIBUTION -**			
15	BAL007500	CWIP - DISTRIBUTION	Plant In Service - Distribution excluding meters and transformers	D_PLTEXMTRTX
16	**GENERAL -**			
17	BAL007600	CWIP - GENERAL - TRANSPORTATION EQUIP	Total Labor	LABOR_TOT
18	**NUCLEAR FUEL**			
19	BAL020100	NUCLEAR FUEL IN PROCESS	MWH Sales, adjusted for losses	FPL201 - MWH Sales
20	BAL020200	NUCLEAR FUEL MATERIALS & ASSEMBLIES	MWH Sales, adjusted for losses	FPL201 - MWH Sales
21	BAL020300	NUCLEAR FUEL ASSEMBLIES IN REACTOR	MWH Sales, adjusted for losses	FPL201 - MWH Sales
22	BAL020400	SPENT NUCLEAR FUEL	MWH Sales, adjusted for losses	FPL201 - MWH Sales
23	BAL020500	ACCUM PROV FOR AMORT OF NUCLEAR FUEL ASSEMBLIES	MWH Sales, adjusted for losses	FPL201 - MWH Sales
24	BAL020600	NUCLEAR FUEL UNDER CAPITAL LEASES	MWH Sales, adjusted for losses	FPL201 - MWH Sales
25	**WORKING CAPITAL (ASSETS)**			
26	**CURRENT AND ACCRUED -**			
27	BAL231000	CASH	Total O&M	OM_TOTAL
28	BAL235000	WORKING FUNDS	Total O&M	OM_TOTAL
29	BAL242000	CUSTOMER ACCOUNTS RECEIVABLE	Total O&M	OM_TOTAL

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	BAL243100	OTH ACCTS REC - MISCELLANEOUS	Total O&M	OM_TOTAL
2	BAL244000	ACCUM PROVISION FR UNCOLLECTIBLE ACCTS	Total O&M	OM_TOTAL
3	BAL246000	ACCTS RECEIV FROM ASSOCIATED COMPANIES (EXC GROUP)	Total O&M	OM_TOTAL
4	BAL251000	FUEL STOCK	MWH Sales, adjusted for losses	FPL201 - MWH Sales
5	BAL254100	PLANT MATERIALS & OPERATING SUPPLIES	Gross Plant	PLT_GROSS
6	BAL263000	STORES EXPENSE	Gross Plant	PLT_GROSS
7	BAL265210	PREPAYMENTS - FRANCHISE TAXES	Total O&M	OM_TOTAL
8	BAL265300	PREPAYMENTS - INSURANCE	Gross Plant	PLT_GROSS
9	BAL272000	RENTS RECEIVABLE	Total O&M	OM_TOTAL
10	BAL273200	ACCRUED UTILITY REVENUES - FPSC	Total O&M	OM_TOTAL
11	BAL274100	MISC CUR & ACC ASSTS - JOB ACCT OTHER	Total O&M	OM_TOTAL
12	**DEFERRED DEBITS -**			
13	BAL382301	OTHER REG ASSETS - TAX AUD DEF INTEREST	Total O&M	OM_TOTAL
14	BAL382302	OTHER REG ASSETS - NUCL ASS URANIUM ENRICH D&D	Plant In Service - Nuclear	P_PLT_NUC
15	BAL382361	OTHER REG ASSETS - UNDERRECOVERED FUEL COSTS - FPSC	Total O&M	OM_TOTAL
16	BAL382362	OTHER REG ASSETS - UNDERRECOVERED CAP COSTS	Total O&M	OM_TOTAL
17	BAL382380	OTHER REG ASSETS - RATE CASE EXPENSES	Total O&M	OM_TOTAL
18	BAL382381	OTHER REG ASSETS - SPECIAL DEFERRED FUEL	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
19	BAL382382	OTHER REG ASSETS - OKEELANTA SETTLEMENT	Total O&M	OM_TOTAL
20	BAL383000	PRELIM SURVEY & INVESTIGATION CHARGES & RIGHT OF WAY	Total O&M	OM_TOTAL
21	BAL384000	CLEARING ACCOUNTS	Total O&M	OM_TOTAL
22	BAL385000	TEMPORARY FACILITIES	Total O&M	OM_TOTAL
23	BAL386100	MISC DEFD DEB - OTHER	Total O&M	OM_TOTAL
24	BAL386190	MISC DEFD DEB - DEFERRED PENSION DEBIT	Total Labor	LABOR_TOT
25	BAL387000	DEFERRED LOSSES FROM DISPOSITION OF UTILITY PLT	Total O&M	OM_TOTAL

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	**BALANCE SHEET - LIABILITIES**			
2				
3	PROPRIETARY CAPITAL			
4	LONG-TERM DEBT			
5	OTHER NONCURRENT LIABILITIES			
6	BAL628200	ACCUM PROV INJURIES & DAMAGES - WORKERS COMPENSATION	Total Labor	LABOR_TOT
7	BAL628370	ACCUM PROV PEN/BENFS-POST RETIREMENT BENEFITS	Total Labor	LABOR_TOT
8	BAL628411	ACC MISC OPER PROV - NUCLEAR MAINTENANCE RSV	MWH Sales, adjusted for losses	FPL201 - MWH Sales
9	BAL628420	ACC MISC OPER PROV - NUCL ASS URANIUM ENRICH D&D	Plant In Service - Nuclear	P_PLT_NUC
10	BAL628430	ACC MISC OPER PROV - DEFERRED COMPENSATION	Total Labor	LABOR_TOT
11	WORKING CAPITAL (LIABILITIES)			
12	**CURRENT AND ACCRUED LIABILITIES -**			
13	BAL732100	ACCTS PAY - GENERAL	Total O&M	OM_TOTAL
14	BAL734100	ACCTS PAYABLE - ASSOCIATED COMPANIES (EXC GROUP)	Total O&M	OM_TOTAL
15	BAL736100	TAXES ACCRUED - FEDERAL INCOME TAXES	Total O&M	OM_TOTAL
16	BAL736110	TAXES ACCRUED - STATE INCOME TAXES	Total O&M	OM_TOTAL
17	BAL736205	TAXES ACCRUED - CITY & COUNTY REAL & PERSONAL PROPERTY	Net Plant In Service	PLT_NET
18	BAL736210	TAXES ACCRUED - REVENUE TAXES	Total O&M	OM_TOTAL
19	BAL736245	TAXES ACCRUED - OTHER	Total O&M	OM_TOTAL
20	BAL737000	INTEREST ACCRUED ON LONG - TERM DEBT	Total O&M	OM_TOTAL
21	BAL737200	INTEREST ACCRUED ON CUSTOMER DEPOSITS	Total O&M	OM_TOTAL
22	BAL738100	COMMON AND PREFERRED DIVIDENDS DECLARED	Total O&M	OM_TOTAL
23	BAL741100	TAX COLLECTIONS PAYABLE	Total O&M	OM_TOTAL
24	BAL742100	MISC CURR & ACC LIAB - RETIREMENT PLAN	Total Labor	LABOR_TOT
25	**DEFERRED CREDITS -**			
26	BAL852000	CUSTOMER ADVANCES FOR CONSTRUCTION	Total O&M	OM_TOTAL
27	BAL853200	OTHER DEFD CREDITS - OTHER	Total O&M	OM_TOTAL
28	BAL854100	OTHER REG LIAB - FAS109	Total O&M	OM_TOTAL
29	BAL854302	OTHER REG LIAB - RETAIL REFUNDS	Total O&M	OM_TOTAL

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	BAL854600	OTHER REG LIAB - OVERRECOVERED ECCR REVENUES	Total O&M	OM_TOTAL
2	BAL854610	OTHER REG LIAB - OVERRECOVERED FUEL REVNUS FPSC	Total O&M	OM_TOTAL
3	BAL854620	OTHER REG LIAB - OVERRECOVERED CAPACITY REVENUES	Total O&M	OM_TOTAL
4	BAL856100	DEFERRED GAINS FUTURE USE	Total O&M	OM_TOTAL

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	**INCOME STATEMENT**			
2				
3	OPERATING REVENUES			
4	**SALES OF ELECTRICITY -**			
5	INC040000	RETAIL SALES - BASE REVENUES	Base Revenues for the retail rate classes, excluding revenues from clauses	FPL401 - Base Revenues - Retail Only
6	INC040420	CILC INCENTIVES OFFSET	CILC Load Control Incentive Offset	FPL402 - Load Control Incentive Offset
7	INC047215	INTERCHANGE SALES NON RECOVERABLE	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
8	INC047230	CAP REV NOT CCR-FPSC 1990 RATE REDUCTION	Base Revenues for the retail rate classes, excluding revenues from clauses	FPL401 - Base Revenues - Retail Only
9	INC049110	PROVISION FOR RATE REFUNDS - FPSC	MWH Sales at the meter for retail rate classes	FPL206 - MWH Sales at Meter - Retail Only
10	INC056920	OTH ELECTRIC REVENUES - UNBILLED REVENUES - FPSC	Base Revenues for the retail rate classes, excluding revenues from clauses	FPL401 - Base Revenues - Retail Only
11	**OTHER OPERATING REVENUES -**			
12	INC050400	FIELD COLLECTION LATE PAYMENT CHARGES	The average number of customers per rate class multiplied by the customer weighted meter and SSDR material cost	FPL320 - Weighted Average Customers - Meter and SSDR Material Cost
13	INC051010	MISC SERVICE REVENUES - INITIAL CONNECTION	Number of Initial Connection Transactions	Number of Initial Connection Transactions
14	INC051020	MISC SERVICE REVENUES - RECONNECT AFTER NON PAYMENT	Number of Reconnections After Non Payment Transactions	Number of Reconnections After Non Payment Transactions
15	INC051030	MISC SERVICE REVENUES - CONNECT / DISCONNECT	Number of Initial Connect/Disconnect Transactions	Number of Initial Connect/Disconnect Transactions
16	INC051040	MISC SERVICE REVENUES - RETURNED CUSTOMER CHECKS	Number of Returned Customer Check Transactions	Number of Returned Customer Check Transactions
17	INC051050	MISC SERVICE REVENUES - CURRENT DIVERSION PENALTY	Number of Current Diversion Transactions	Number of Current Diversion Transactions
18	INC051060	MISC SERVICE REVENUES - OTHER BILLINGS	Miscellaneous Service Revenues	MISC_SVC_REV
19	INC051100	MISC SERVICE REVENUES - REIMBURSEMENTS - OTHER	Plant In Service - Distribution	D_PLT_TOT
20	INC054000	RENT FROM ELECTRIC PROPERTY - GENERAL	RENT	COMPOUND ALLOCATOR: 46.52% based on allocation of Distribution Account 364 - Poles, Towers & Fixtures / 53.48% based on allocation of Gross Plant
21	INC056130	OTH ELECTRIC REVENUES - TRANSMISSION	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
22	INC056700	OTH ELECTRIC REVENUES - MISC	Total O&M	OM_TOTAL
23	INC056910	OTH ELECTRIC REVENUES - GROVE OPERATIONS	Plant In Service - Production - Steam	P_PLT_OIL

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	**OPERATION AND MAINTENANCE EXPENSES**			
2	**POWER PRODUCTION EXPENSES -**			
3	STEAM POWER GENERATION:			
4	INC100000	STEAM POWER - OPERATION SUPERVISION & ENGINEERING	Steam Power Operation Supervision & Engineering - labor to demand / remainder to energy	COMPOUND ALLOCATOR 34 59% based on FPL101 - Average of the 12 Months CP Demand / 65 41% based on FPL201 - MWH Sales
5	INC101210	STEAM POWER - FUEL - NON RECV OIL	MWH Sales, adjusted for losses	FPL201 - MWH Sales
6	INC102000	STEAM POWER - STEAM EXPENSES	Steam Power Steam Expenses - labor to demand / remainder to energy	COMPOUND ALLOCATOR 57 92% based on FPL101 - Average of the 12 Months CP Demand / 42 08% based on FPL201 - MWH Sales
7	INC105000	STEAM POWER - ELECTRIC EXPENSES	Steam Power Electric Expenses - labor to demand / remainder to energy	COMPOUND ALLOCATOR 74 43% based on FPL101 - Average of the 12 Months CP Demand / 25 57% based on FPL201 - MWH Sales
8	INC106000	STEAM POWER - MISCELLANEOUS STEAM POWER EXPENSES	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
9	INC107000	STEAM POWER - RENTS	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
10	INC110000	STEAM POWER - MAINTENANCE SUPERVISION & ENGINEERING	Classification of expenses in acct 511 to 514	COMPOUND ALLOCATOR 12 07% based on FPL101 - Average of the 12 Months CP Demand / 87 93% based on FPL201 - MWH Sales
11	INC111000	STEAM POWER - MAINTENANCE OF STRUCTURES	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
12	INC112000	STEAM POWER - MAINTENANCE OF BOILER PLANT	MWH Sales, adjusted for losses	FPL201 - MWH Sales
13	INC113000	STEAM POWER - MAINTENANCE OF ELECTRIC PLANT	MWH Sales, adjusted for losses	FPL201 - MWH Sales
14	INC114000	STEAM POWER - MAINTENANCE OF MISCELLANEOUS STEAM PLT	MWH Sales, adjusted for losses	FPL201 - MWH Sales
15	NUCLEAR POWER GENERATION:			
16	INC117000	NUCLEAR POWER - OPERATION SUPERVISION & ENGINEERING	Nuclear Power Operation Supervision & Engineering - labor to demand / remainder to energy	COMPOUND ALLOCATOR 62 83% based on FPL101 - Average of the 12 Months CP Demand / 37 17% based on FPL201 - MWH Sales
17	INC119000	NUCLEAR POWER - COOLANTS AND WATER	Nuclear Power Coolants and Water - labor to demand / remainder to energy	COMPOUND ALLOCATOR 26 15% based on FPL101 - Average of the 12 Months CP Demand / 73 85% based on FPL201 - MWH Sales
18	INC120000	NUCLEAR POWER - STEAM EXPENSES	Nuclear Power Steam Expenses - labor to demand / remainder to energy	COMPOUND ALLOCATOR 73.60% based on FPL101 - Average of the 12 Months CP Demand / 26 40% based on FPL201 - MWH Sales
19	INC123000	NUCLEAR POWER - ELECTRIC EXPENSES	Nuclear Power Electric Expenses - labor to demand / remainder to energy	COMPOUND ALLOCATOR 0% based on FPL101 - Average of the 12 Months CP Demand / 100% based on FPL201 - MWH Sales
20	INC124000	NUCLEAR POWER - MISCELLANEOUS NUCLEAR POWER EXPENSES	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
21	INC128000	NUCLEAR POWER - MAINTENANCE SUPERVISION & ENGINEERING	Classification of expenses in acct 529 to 532	COMPOUND ALLOCATOR 8 54% based on FPL101 - Average of the 12 Months CP Demand / 91 46% based on FPL201 - MWH Sales

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	INC129000	NUCLEAR POWER - MAINTENANCE OF STRUCTURES	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
2	INC130000	NUCLEAR POWER - MAINTENANCE OF REACTOR PLANT	MWH Sales, adjusted for losses	FPL201 - MWH Sales
3	INC131000	NUCLEAR POWER - MAINTENANCE OF ELECTRIC PLANT	MWH Sales, adjusted for losses	FPL201 - MWH Sales
4	INC132000	NUCLEAR POWER - MAINTENANCE OF MISC NUCLEAR PLANT	MWH Sales, adjusted for losses	FPL201 - MWH Sales
5	OTHER POWER GENERATION:			
6	INC146000	OTHER POWER - OPERATION SUPERVISION & ENGINEERING	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
7	INC147200	OTHER POWER - FUEL -NON RECOV ANNUAL EMISSIONS FEE	MWH Sales, adjusted for losses	FPL201 - MWH Sales
8	INC148000	OTHER POWER - GENERATION EXPENSES	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
9	INC149000	OTHER POWER - MISC OTHER POWER GENERATION EXPENSES	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
10	INC151000	OTHER POWER - MAINTENANCE SUPERVISION & ENGINEERING	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
11	INC152000	OTHER POWER - MAINTENANCE OF STRUCTURES	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
12	INC153000	OTHER POWER - MAINTENANCE GENERATING & ELECTRIC PLANT	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
13	INC154000	OTHER POWER - MAINTENANCE MISC OTHER POWER GENERATION	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
14	OTHER POWER SUPPLY:			
15	INC155250	OTHER POWER - SJRPP - FPSC - 88TSR	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
16	INC156000	OTHER POWER - SYSTEM CONTROL AND LOAD DISPATCHING	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
17	INC157000	OTHER POWER - OTHER EXPENSES - LOC 955	The total class contribution to the average of the 12 monthly Coincident Peak (12CP) demands, adjusted for losses	FPL101 - Average of the 12 Months CP Demand
18	**TRANSMISSION EXPENSES -**			
19	INC260010	TRANS EXP - OPERATION SUPERV & ENGINEERING	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92.17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0 15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
20	INC261000	TRANS EXP - LOAD DISPATCHING	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
21	INC262000	TRANS EXP - STATION EXPENSES	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales

COST OF SERVICE STUDY
COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	INC263000	TRANS EXP - OVERHEAD LINE EXPENSES	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0.15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
2	INC264000	TRANS EXP - UNDERGROUND LINE EXPENSES	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0 15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
3	INC265000	TRANS EXP - TRANSMISSION OF ELECTRICITY BY OTHERS	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
4	INC266000	TRANS EXP - MISC TRANS EXPENSES	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR: 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0.15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
5	INC268010	TRANS EXP - MAINT SUPERV & ENGINEERING	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92.17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0 15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
6	INC269000	TRANS EXP - MAINT OF STRUCTURES	12CP & 1/13	COMPOUND ALLOCATOR: 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
7	INC270000	TRANS EXP - MAINT OF STATION EQUIPMENT	12CP & 1/13	COMPOUND ALLOCATOR: 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
8	INC271000	TRANS EXP - MAINT OF OVERHEAD LINES	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7 68% based on FPL201 - MWH Sales / 0 15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
9	INC272000	TRANS EXP - MAINT OF UNDERGROUND LINES	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7 68% based on FPL201 - MWH Sales / 0.15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
10	INC273000	TRANS EXP - MAINT OF MISC TRANS PLANT	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7 68% based on FPL201 - MWH Sales / 0.15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
11	**DISTRIBUTION EXPENSES -**			
12	INC380000	DIST EXP - OPERATION SUPERVISION AND ENGINEERING	Plant In Service - Distribution	D_PLT_TOT
13	INC381000	DIST EXP - LOAD DISPATCHING	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
14	INC382000	DIST EXP - SUBSTATION EXPENSES	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
15	INC383000	DIST EXP - OVERHEAD LINE EXPENSES	Based on plant accounts 364 to 365	COMPOUND ALLOCATOR 78 16% based on FPL104 - Distribution Group Coincident Peak Demand / 14.56% based on FPL105 - Secondary Group Coincident Peak Demand / 7 28% based on FPL303 - Average Secondary Customers - Retail Only
16	INC384000	DIST EXP - UNDERGROUND LINE EXPENSES	Based on plant accounts 366 to 367	COMPOUND ALLOCATOR: 63 41% based on FPL104 - Distribution Group Coincident Peak Demand / 16 68% based on FPL105 - Secondary Group Coincident Peak Demand / 19 91% based on FPL303 - Average Secondary Customers - Retail Only

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	INC385000	DIST EXP - STREET LIGHTING AND SIGNAL SYSTEM EXPENSES	The number of lighting fixtures for the street lighting and traffic signal classes	FPL508 - Street Lights
2	INC386000	DIST EXP - METER EXPENSES	The average number of customers per rate class multiplied by the average meter unit cost per rate class, excluding all lighting services	FPL304 - Total Meter Costs
3	INC387000	DIST EXP - CUSTOMER INSTALLATIONS EXPENSES	Customer Installation Expenses	COMPOUND ALLOCATOR: 79 81% based on FPL310 - Average Distribution Customers - Retail / 20 19% based on FPL509 - Outdoor Lighting
4	INC388000	DIST EXP - MISCELLANEOUS DISTRIBUTION EXPENSES	Plant In Service - Ditribution	D_PLT_TOT
5	INC389100	DIST EXP - RENTS - POLE ATTACHMENTS	Poles, towers and fixtures classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR 91 47% based on FPL104 - Distribution Group Coincident Peak Demand / 8.21% based on FPL105 - Secondary Group Coincident Peak Demand / 0.32% based on FPL302 - Primary Customers Pull offs - Retail Only
6	INC390000	DIST EXP - MAINT SUPERVISION AND ENGINEERING	Plant In Service - Ditribution	D_PLT_TOT
7	INC391000	DIST EXP - MAINT OF STRUCTURES	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
8	INC392000	DIST EXP - MAINT OF STATION EQUIPMENT	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
9	INC393000	DIST EXP - MAINT OF OVERHEAD LINES	Based on plant accounts 364 to 365	COMPOUND ALLOCATOR 78 16% based on FPL104 - Distribution Group Coincident Peak Demand / 14.56% based on FPL105 - Secondary Group Coincident Peak Demand / 7 28% based on FPL303 - Average Secondary Customers - Retail Only
10	INC394000	DIST EXP - MAINT OF UNDERGROUND LINES	Based on plant accounts 366 to 367	COMPOUND ALLOCATOR: 63 41% based on FPL104 - Distribution Group Coincident Peak Demand / 16.68% based on FPL105 - Secondary Group Coincident Peak Demand / 19 91% based on FPL303 - Average Secondary Customers - Retail Only
11	INC395000	DIST EXP - MAINT OF LINE TRANSFORMERS	BASED ON PLANT ACCOUNT 368	COMPOUND ALLOCATOR 89.60% based on FPL109 - Secondary Customer Non-Coincident Peak Demand / 10.40% based on FPL104 - Distribution Group Coincident Peak Demand
12	INC396000	DIST EXP - MAINT OF STREET LIGHTING & SIGNAL SYSTEMS	The number of lighting fixtures for the street lighting and traffic signal classes	FPL508 - Street Lights
13	INC397000	DIST EXP - MAINT OF METERS	The average number of customers per rate class multiplied by the average meter unit cost per rate class, excluding all lighting services.	FPL304 - Total Meter Costs
14	INC398000	DIST EXP - MAINT OF MISC DISTRIBUTION PLANT	Distribution O & M	COMPOUND ALLOCATOR 81 49% based on Plant In Service - Distribution / 18.51% based on FPL509 - Outdoor Lighting
15	**CUSTOMER ACCOUNTS EXPENSES -**			
16	INC401000	CUST ACCT EXP - SUPERVISION	The average number of customers per rate class multiplied by the customer weighted meter and SSDR material cost	FPL320 - Weighted Average Customers - Meter and SSDR Material Cost
17	INC402000	CUST ACCT EXP - METER READING EXPENSES	The average number of customers per rate class multiplied by the average meter and SSDR material unit cost The non-metered rate classes are zero	FPL330 - Meter and SSDR Material Costs - Retail Only
18	INC403000	CUST ACCT EXP - CUSTOMER RECORDS AND COLLECTION EXP	The average number of customers per rate class multiplied by the customer weighted meter and SSDR material cost	FPL320 - Weighted Average Customers - Meter and SSDR Material Cost

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	INC404000	CUST ACCT EXP - UNCOLLECTIBLE ACCOUNTS	Uncollectibles	FPL205 - Uncollectibles
2	INC405000	CUST ACCT EXP - MISC CUSTOMER ACCOUNTS EXPENSES	The average number of customers per rate class multiplied by the customer weighted meter and SSDR material cost	FPL320 - Weighted Average Customers - Meter and SSDR Material Cost
3	**CUSTOMER SERVICE & INFORMATIONAL EXP -**			
4	INC407000	CUST SERV & INFO - SUPERVISION	Average number of customers for retail rate classes only	FPL356 - Average Customers - Retail Only
5	INC408000	CUST SERV & INFO - CUST ASSISTANCE EXP	Average number of customers for retail rate classes only	FPL356 - Average Customers - Retail Only
6	INC409000	CUST SERV & INFO - INFO & INST ADV - GENERAL	Average number of customers for retail rate classes only	FPL356 - Average Customers - Retail Only
7	INC410000	CUST SERV & INFO - MISC CUST SERV & INFO EXP	Average number of customers for retail rate classes only	FPL356 - Average Customers - Retail Only
8	**SALES EXPENSES -**			
9	INC411000	SUPERVISION-SALES EXPENSES	Average number of customers for retail rate classes only	FPL356 - Average Customers - Retail Only
10	INC510000	DEMONSTRATING AND SELLING EXPENSES	Average number of customers for retail rate classes only	FPL356 - Average Customers - Retail Only
11	INC516000	MISCELLANEOUS AND SELLING EXPENSES	Average number of customers for retail rate classes only	FPL356 - Average Customers - Retail Only
12	**ADMINISTRATIVE AND GENERAL EXPENSES -**			
13	INC520010	A&G EXP - ADMINISTRATIVE & GENERAL SALARIES	Total Labor	LABOR_TOT
14	INC521000	A&G EXP - OFFICE SUPPLIES AND EXPENSES	Total Labor	LABOR_TOT
15	INC522000	A&G EXP - ADMINISTRATIVE EXPENSES TRANSFERRED CR	Total Labor	LABOR_TOT
16	INC523000	A&G EXP - OUTSIDE SERVICES EMPLOYED	Total Labor	LABOR_TOT
17	INC524000	A&G EXP - PROPERTY INSURANCE	Gross Plant	PLT_GROSS
18	INC524100	A&G EXP - PROPERTY INSURANCE - NUCLEAR OUTAGE	Plant In Service - Nuclear	P_PLT_NUC
19	INC525000	A&G EXP - INJURIES AND DAMAGES	Total Labor	LABOR_TOT
20	INC526100	A&G EXP - EMP PENSIONS & BENEFITS	Total Labor	LABOR_TOT
21	INC526650	A&G EXP - EMP PENSIONS & BENEFITS - DENTAL EXPENSES	Total Labor	LABOR_TOT
22	INC528010	A&G EXP - REGULATORY COMMISSION EXPENSE - FPSC	Total Labor	LABOR_TOT
23	INC530000	A&G EXP - MISC GENERAL EXPENSES	Total Labor	LABOR_TOT
24	INC531000	A&G EXP - RENTS	Total Labor	LABOR_TOT
25	INC535000	A&G EXP - MAINTENANCE OF GENERAL PLANT	Plant In Service - General	PLT_GENERAL

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	**DEPRECIATION EXPENSES**			
2	**INTANGIBLE -**			
3	INC603000	DEPR & AMORT EXP - INTANGIBLE	Total Labor	LABOR_TOT
4	**PRODUCTION -**			
5	STEAM:			
6	INC603010	DEPR & AMORT EXP - STEAM (EXC COAL)	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
7	INC603016	DEPR & AMORT EXP - COAL (EXC COAL CARS)	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
8	INC603320	DEPR & AMORT EXP - FOSSIL DECOMM	Plant In Service - Steam	P_PLT_STEAM
9	INC603980	DEPR EXP - AMORT ELECT PLT - ACQUI ADJ	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
10	NUCLEAR:			
11	INC603020	DEPR & AMORT EXP - TURKEY POINT (EXC FERC INCR)	12CP & 1/13	COMPOUND ALLOCATOR 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
12	INC603022	DEPR & AMORT EXP - ST LUCIE 1 (EXC FERC INCR)	12CP & 1/13	COMPOUND ALLOCATOR: 92.31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
13	INC603024	DEPR & AMORT EXP - ST LUCIE COMMON (EXC FERC INCR)	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
14	INC603026	DEPR & AMORT EXP - ST LUCIE 2 (EXC FERC INCR)	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
15	INC603310	DEPR EXP - NUCLEAR DECOMMISSIONING	12CP & 1/13	COMPOUND ALLOCATOR 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7 69% based on FPL201 - MWH Sales
16	OTHER PRODUCTION:			
17	INC603030	DEPR & AMORT EXP - OTH PROD (EXC FERC INCR)- GT	12CP & 1/13	COMPOUND ALLOCATOR: 92 31% based on FPL101 - Average of the 12 Months CP Demand / 7.69% based on FPL201 - MWH Sales
18	**TRANSMISSION -**			
19	INC603041	DEPR & AMORT EXP - TRANS (EXC CLAUSES)	12CP & 1/13 adjusted for transmission pulloffs for retail customers	COMPOUND ALLOCATOR: 92 17% based on FPL101 - Average of the 12 Months CP Demand / 7.68% based on FPL201 - MWH Sales / 0.15% based on FPL301 - Transmission Customers Pull-offs - Retail Only
20	**DISTRIBUTION -**			
21	INC603051	DEPR & AMORT EXP - DISTRIBUTION A/C 361 (EX ECCR/OBF)	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand
22	INC603052	DEPR & AMORT EXP - DISTRIBUTION A/C 362 (EX ECCR/OBF)	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description		COSS Methodology	Allocator
1	INC603054	DEPR & AMORT EXP - DISTRIBUTION A/C 364	Poles, towers and fixtures classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR 91.47% based on FPL104 - Distribution Group Coincident Peak Demand / 8.21% based on FPL105 - Secondary Group Coincident Peak Demand / 0.32% based on FPL302 - Primary Customers Pull offs - Retail Only
2	INC603055	DEPR & AMORT EXP - DISTRIBUTION A/C 365	Overhead conductors and devices classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR 79.08% based on FPL104 - Distribution Group Coincident Peak Demand / 20.68% based on FPL105 - Secondary Group Coincident Peak Demand / 0.24% based on FPL302 - Primary Customers Pull-offs - Retail Only
3	INC603056	DEPR & AMORT EXP - DISTRIBUTION A/C 366	Underground duct classified as demand and functionalized on primary	COMPOUND ALLOCATOR: 93.66% based on FPL104 - Distribution Group Coincident Peak Demand / 6.34% based on FPL105 - Secondary Group Coincident Peak Demand
4	INC603057	DEPR & AMORT EXP - DISTRIBUTION A/C 367	Underground conductors and devices classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR. 70.94% based on FPL104 - Distribution Group Coincident Peak Demand / 29.06% based on FPL105 - Secondary Group Coincident Peak Demand
5	INC603058	DEPR & AMORT EXP - DISTRIBUTION A/C 368	Line transformers classified as demand and functionalized between primary and secondary	COMPOUND ALLOCATOR 89.60% based on FPL109 - Secondary Customer Non-Coincident Peak Demand / 10.40% based on FPL104 - Distribution Group Coincident Peak Demand
6	INC603059	DEPR & AMORT EXP - DISTRIBUTION A/C 369	The average number of secondary voltage level customers for retail rate classes only, excluding all lighting services	FPL303 - Average Secondary Customers - Retail Only
7	INC603060	DEPR & AMORT EXP - DISTRIBUTION A/C 370 (EXC ECCR)	The average number of customers per rate class multiplied by the average meter unit cost per rate class, excluding all lighting services	FPL304 - Total Meter Costs
8	INC603061	DEPR & AMORT EXP - DISTRIBUTION A/C 371 (EXC ECCR)	100% assignment to Outdoor Lighting	FPL509 - Outdoor Lighting
9	INC603063	DEPR & AMORT EXP - DISTRIBUTION A/C 373	The number of lighting fixtures for the street lighting and traffic signal classes	FPL508 - Street Lights
10	**GENERAL -**			
11	INC603091	DEPR & AMORT EXP - GENERAL STRUCTURES (EX FERC)	Total Labor	LABOR_TOT
12	INC603093	DEPR & AMORT EXP - GENERAL OTHER (EXC ECCR & FERC)	Other General Plant	COMPOUND ALLOCATOR 67.21% based on Plant In Service - Production, Transmission & Distribution / 32.79% based on Total Labor
13	INC603975	DEPR EXP - ITC INTEREST SYNCHRONIZATION - FPSC	Gross Plant	PLT_GROSS
14	**TAXES OTHER THAN INCOME TAXES**			
15	INC608100	TAX OTH TH INC TAX - UTILITY OPERAT INCOME CLEARING	Net Plant In Service	PLT_NET
16	INC608105	TAX OTH TH INC TAX - REAL & PERS PROPERTY TAX	Net Plant In Service	PLT_NET
17	INC608115	TAX OTH TH INC TAX - FEDERAL UNEMPLOYMENT TAXES	Total Labor	LABOR_TOT
18	INC608120	TAX OTH TH INC TAX - STATE UNEMPLOYMENT TAXES	Total Labor	LABOR_TOT
19	INC608125	TAX OTH TH INC TAX - FICA (SOCIAL SECURITY)	Total Labor	LABOR_TOT
20	INC608130	TAX OTH TH INC TAX - GROSS RECEIPTS TAX - RETAIL BASE	Base Revenues for the retail rate classes, excluding revenues from clauses	FPL401 - Base Revenues - Retail Only
21	INC608135	TAX OTH TH INC TAX - REG ASSESS FEE - RETAIL BASE	Base Revenues for the retail rate classes, excluding revenues from clauses	FPL401 - Base Revenues - Retail Only

COST OF SERVICE STUDY

COST OF SERVICE STUDY METHODOLOGY BY COMPONENT

Line No.	COSS ID / Description	COSS Methodology	Allocator
1	**INCOME TAXES**		
2	INC609100 INCOME TAXES - UTILITY OPER INCOME - CURRENT FEDERAL	Pretax Book Income	PRETAX_INC
3	INC609110 INCOME TAXES - UTILITY OPER INCOME - CURRENT STATE	Pretax Book Income	PRETAX_INC
4	**PROVISION FOR DEFERRED INCOME TAXES**		
5	INC610000 INCOME TAXES - DEFERRED FEDERAL	Pretax Book Income	PRETAX_INC
6	INC611000 INCOME TAXES - DEFERRED STATE	Pretax Book Income	PRETAX_INC
7	**INVESTMENT TAX CREDIT**		
8	INC611450 AMORTIZATION OF ITC - NON OIL BACKOUT	Net Plant In Service	PLT_NET
9	**GAINS (LOSSES) FROM DISPOSITIONS**		
10	INC611600 GAIN FROM DISP OF UTILITY PLANT - FUTURE USE	Group Coincident Peak (GCP) demand, adjusted for losses, for loads at primary and secondary voltage levels	FPL104 - Distribution Group Coincident Peak Demand

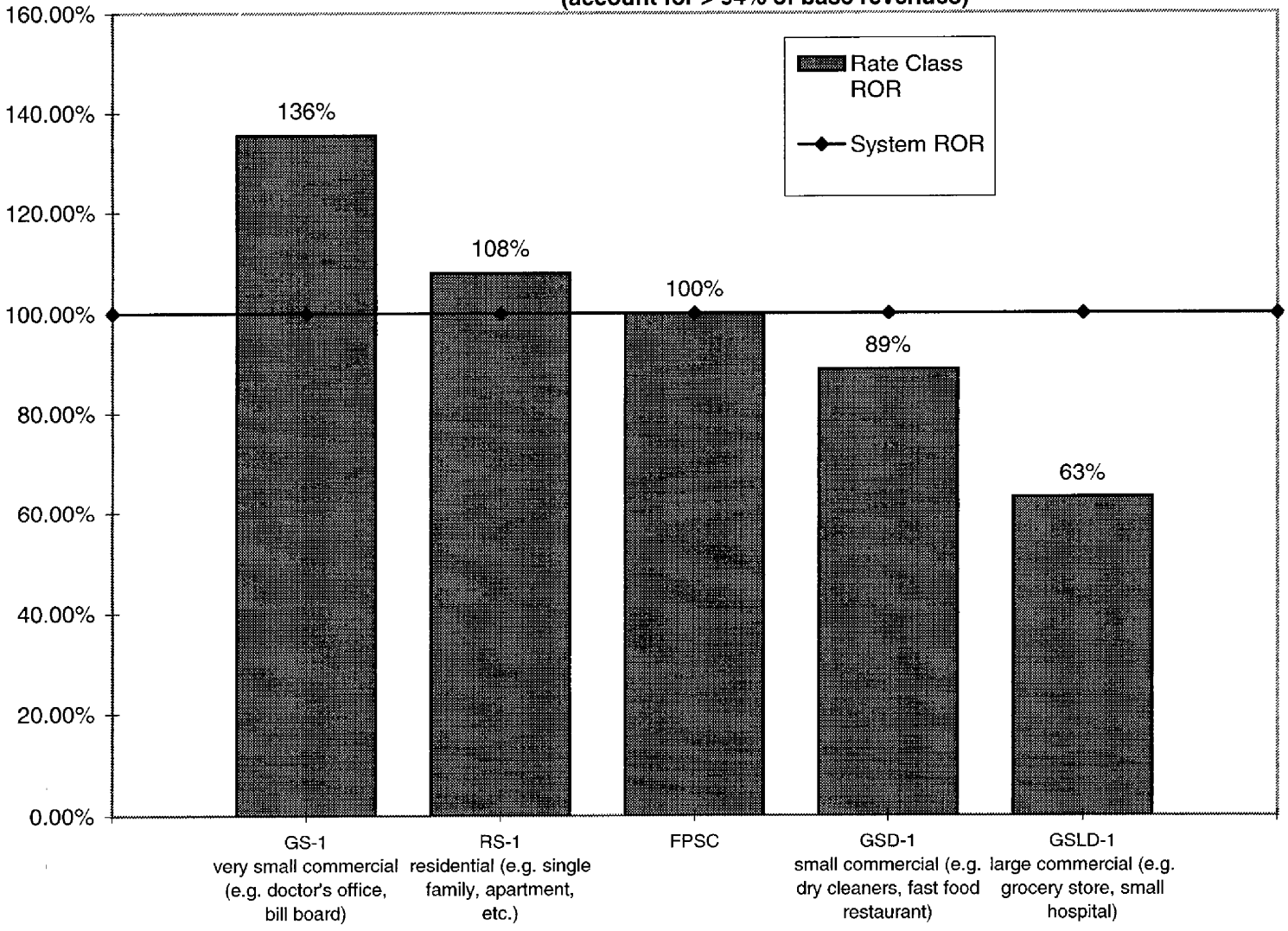
TRENDS IN RATE OF RETURN INDICES BY RATE CLASS

Line #	Rate Class	COL (1) Commission Approved 12CP & 1/13th Adjusted for St. Lucie #2 ROR index 1984	COL (2) 12CP & 1/13th ROR Index 1989	COL (3) 12CP & 1/13th ROR Index 1990	COL (4) 12CP & 1/13th ROR Index 2002
(1)	RS1	0 960	0.985	1 009	1.080
(2)	GS1	1.130	1 257	1 246	1 356
(3)	GSD1	1.130	1.060	1.049	0.889
(4)	OS2	1 130	(0.518)	(0.482)	0 223
(5)	GSLD1	0 920	0 871	0 772	0.631
(6)	CS1	0.980	0 963	0.812	0.855
(7)	GSLD2	0 900	0.881	0 821	0 767
(8)	CS2	0 970	0 852	0.729	0.790
(9)	GSLD3	0.960	0 958	0 913	0.933
(10)	CS3	1.080	1.103	0 893	N//A
(11)	IST1-D	N//A	0 766	0.803	N//A
(12)	IST1-T	N//A	2.202	2 153	N//A
(13)	ISST	N//A	0.553	(0 052)	N//A
(14)	SST1-DSU	N//A	1.905	0.543	N//A
(15)	SST1-DST	N//A	N//A	N//A	(0 109)
(16)	SST2-DST	N//A	N//A	N//A	1 033
(17)	SST3-DST	N//A	1 169	1 279	1 084
(18)	SST1-TSU	N//A	N//A	(0 798)	N//A
(19)	SST1-TST	N//A	0.550	(0 404)	3 127
(20)	CILC1D	N//A	N//A	0.630	0.878
(21)	CILC1G	N//A	N//A	N//A	1.347
(22)	CILC1T	N//A	N//A	1 253	0 827
(23)	MET	0 940	0.911	1 046	0.841
(24)	OL1	0.970	0 636	0 609	0 410
(25)	SL1	0 840	0 564	0.633	0.039
(26)	SL2	1.040	0.564	0.896	1.051
(27)	RTP1	N//A	N//A	N//A	0 823
(28)	RTP2	N//A	N//A	N//A	0.622
(29)	RTP3	N//A	N//A	N//A	0.768
(30)	FPSC	1.000	1.000	1 000	1.000
(31)	FPSC %	10 256	9.208	8 732	8.970

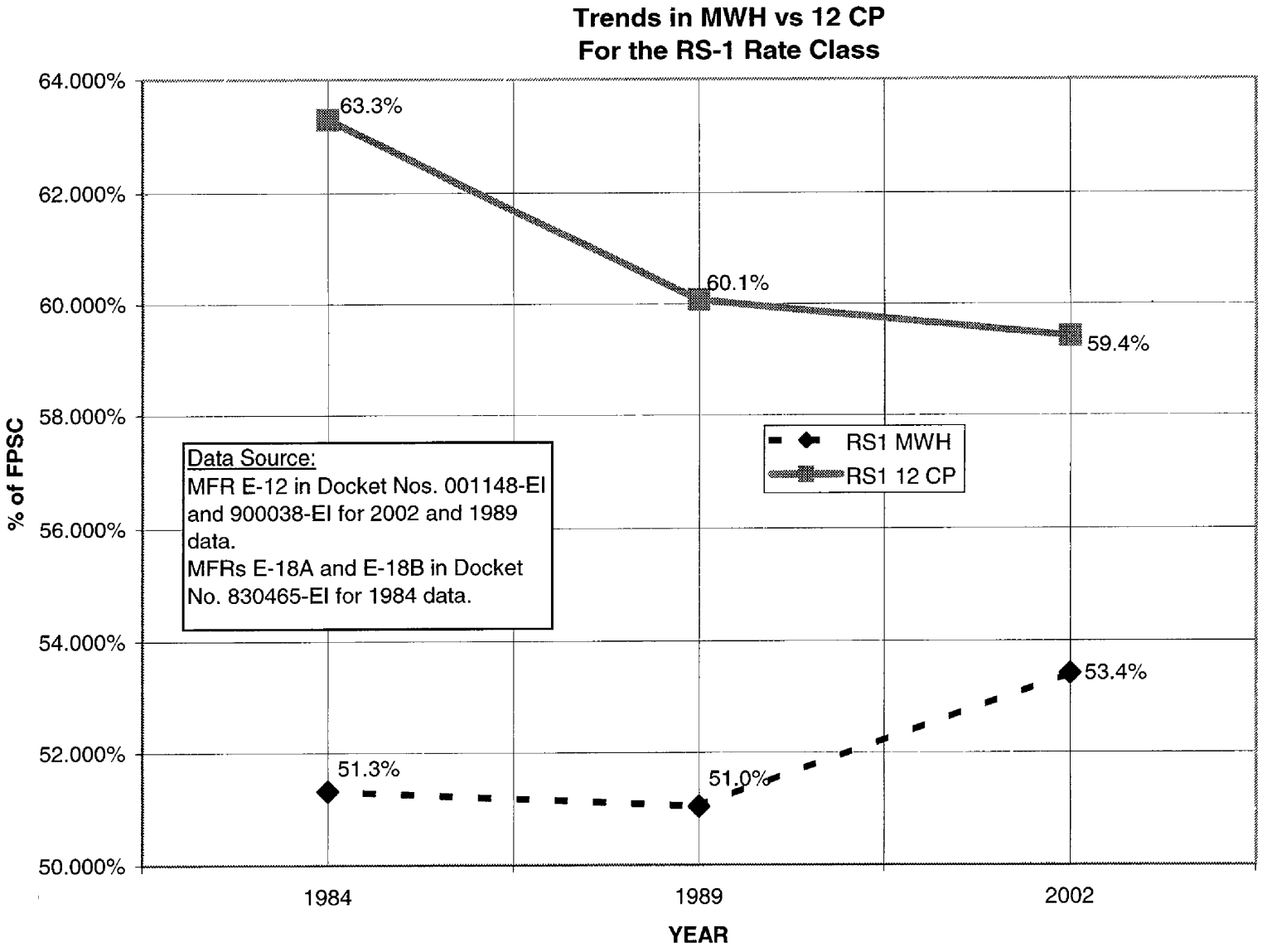
Sources:

Column (1) Order No. 13537, Docket No 830465-EI, page 61
Column (2) MFR E-1, Docket No. 900038-EI, Prior Year 1989, pages 21, 23, and 25
Column (3) MFR E-1, Docket No. 900038-EI, Projected Test Year 1990, pages 21, 23, and 25
Column (4) MFR E-3a, Docket No 001148-EI, pages 1 and 2

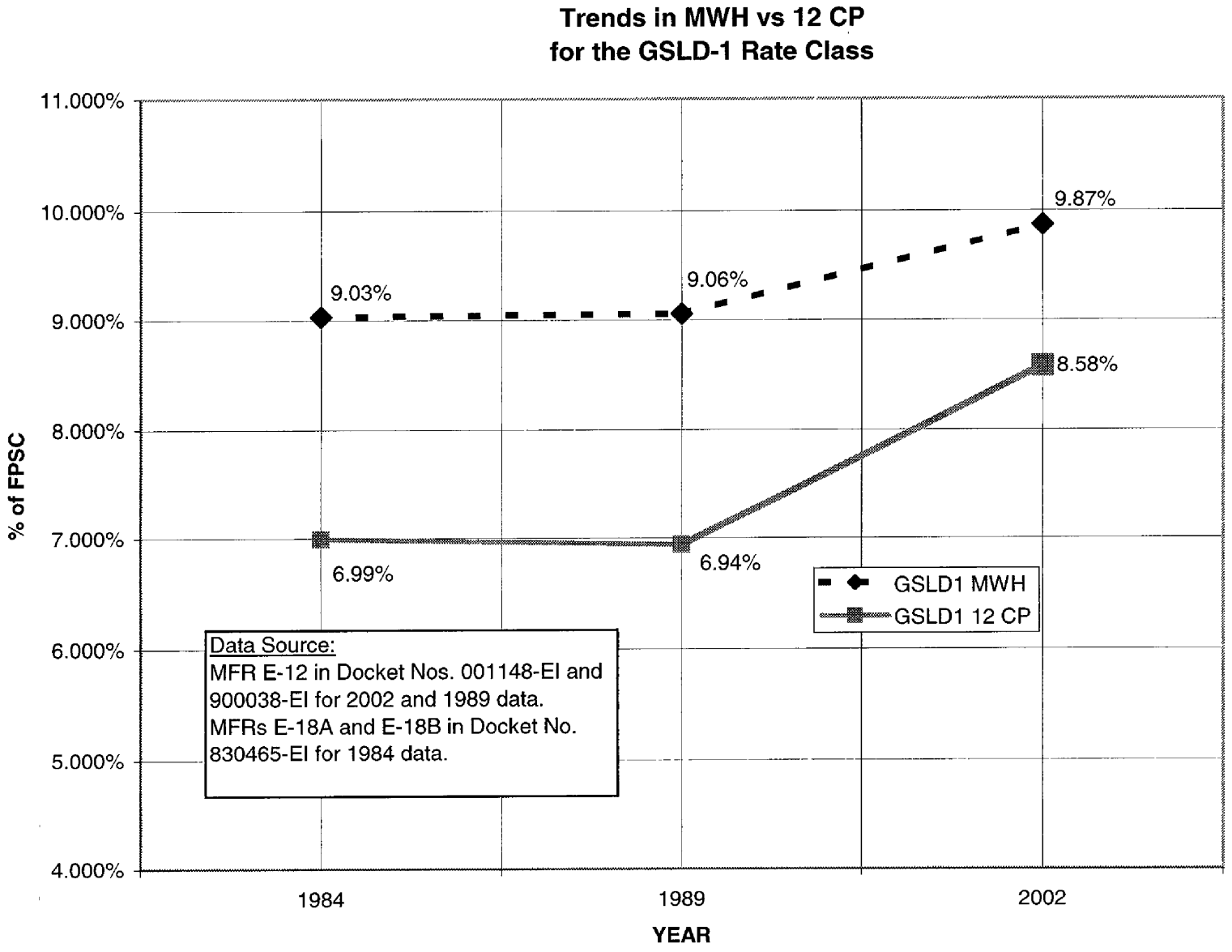
Rate of Return (ROR) Indices By Rate Class
Largest Rate Classes
(account for > 94% of base revenues)



Docket No. 001148-EI
R. Morley Exhibit No.___
Document RM-2, Page 2 of 2
Analyses of Rate of Return Indices



Docket No. 001148-EI
R. Morley Exhibit No.___
Document RM-3, Page 1 of 2
Trends in Relative Load Contributions



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Trends in Relative Load Contributions