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April 25, 2002

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

In Re: Review of the Retail Rates of Florida Power & Light Company,
Docket No. 001148-EI

Dear Ms. Bayo:

Enclosed please find the original of the Notice of Administrative Appeal to the Supreme Court of Florida in Docket No. 001148-EI filed by the South Florida Hospital & Healthcare Association and hospitals that had intervened in that docket. Also enclosed is an additional copy of the Notice which we request that you stamp and return in the enclosed self-addressed envelope.

If you or your staff have any questions regarding this filing, please contact me.

Respectfully submitted,

Miriam O. Victorian
Miriam O. Victorian
Attorney for
South Florida Hospital & Healthcare
Association, et al.

- AUS _____
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cc: Counsel for all Parties of Record (w/enclosure)
Supreme Court of Florida

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IN THE FLORIDA PUBLIC
SERVICE COMMISSION
Docket No. 001148-EI

In re: Review of the retail)
Rates of Florida Power & Light)
Company)

)
South Florida Hospital and Healthcare)
Association, Ann Bates Leach Eye)
Hospital, Aventura Hospital, Baptist)
Hospital of Miami, Bascom Palmer Eye)
Institute, Broward General Medical Center,)
Cedars Medical Center, Columbia Hospital,)
Coral Gables Hospital, Coral Springs)
Medical Center, Deering Hospital, Delray)
Medical Center, Florida Medical Center,)
Hialeah Hospital, Hollywood Medical)
Center, Imperial Point Medical Center,)
Jackson Memorial Hospital, Jackson)
Memorial North Maternity Center, JFK)
Medical Center, Kendall Regional Medical)
Center, Miami Children's Hospital, Miami)
Heart Medical Center, Mt. Sinai Medical)
Center, North Broward Medical Center,)
North Ridge Medical Center, North Shore)
Medical Center, Northwest Medical Center,)
Palm Beach Gardens Medical Center,)
Palmetto General Hospital, Palms West)
Hospital, Parkway Regional Medical Center,)
Plantation General Hospital, South Miami)
Hospital, University Hospital, University of)
Miami Hospital and Clinics, Vencor)
Hospital - Coral Gables, Vencor Hospital)
- Ft. Lauderdale, Vencor Hospital -)
Hollywood, West Boca Medical Center and)
Westside Regional Medical Center)

Case No. _____

Appellants,)
v.)
Florida Public Service Commission,)

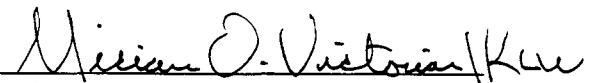
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FPSC-COMMISSION CLERK

Chairman Lila A Jaber,)
 Commissioner J. Terry Deason,)
 Commissioner Braulio L. Baez,)
 Commissioner Michael A. Palecki and)
 Commissioner Rudolph "Rudy" Bradley)
Appellees)

NOTICE OF ADMINISTRATIVE APPEAL

NOTICE IS GIVEN that, jointly and severally, South Florida Hospital and Healthcare Association, Ann Bates Leach Eye Hospital, Aventura Hospital, Baptist Hospital of Miami, Bascom Palmer Eye Institute, Broward General Medical Center, Cedars Medical Center, Columbia Hospital, Coral Gables Hospital, Coral Springs Medical Center, Deering Hospital, Delray Medical Center, Florida Medical Center, Hialeah Hospital, Hollywood Medical Center, Imperial Point Medical Center, Jackson Memorial Hospital, Jackson Memorial North Maternity Center, JFK Medical Center, Kendall Regional Medical Center, Miami Children's Hospital, Miami Heart Medical Center, Mt. Sinai Medical Center, North Broward Medical Center, North Ridge Medical Center, North Shore Medical Center Northwest Medical Center, Palm Beach Gardens Medical Center, Palmetto General Hospital, Palms West Hospital, Parkway Regional Medical Center, Plantation General Hospital, South Miami Hospital, University Hospital, University of Miami Hospital and Clinics, Vencor Hospital - Coral Gables, Vencor Hospital - Ft. Lauderdale, Vencor Hospital - Hollywood, West Boca Medical Center and Westside Regional Medical Center, Appellants, appeal to the Florida Supreme Court, the order of the Florida Public Service Commission rendered April 11, 2002. The nature of the order is that it approves a settlement of a proceeding involving a review of the retail rates of Florida Power & Light Company. A true and correct copy of said order is attached hereto.

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Attorneys for Appellants

April 25, 2002

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Appeal has been furnished by first class mail this 25th day of April, 2002 to:

<p>Robert V. Elias, Esquire Division of Legal Services Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850</p>	<p>David L. Cruthirds, Esquire Attorney for Dynegy, Inc. 1000 Louisiana Street, Suite 5800 Houston, TX 77002-5050</p>
<p>John T. Butler, P.A.* Steel Hector & Davis, LLP 200 South Biscayne Boulevard Suite 4000 Miami, Florida 33131-2398</p>	<p>William G Walker, III* Vice President Florida Power & Light Company 215 South Monroe Street, Suite 810 Tallahassee, FL 32301-1859</p>
<p>R. Wade Litchfield* Attorney Florida Power & Light Company 700 Universe Boulevard Juno Beach, Florida 33408-0420</p>	<p>Michael B. Twomey, Esquire* Post Office Box 5256 Tallahassee, Florida 32314-5256</p>
<p>Thomas A. Cloud/W. Christopher Browder* Gray, Harris & Robinson, P.A. Post Office Box 3068 Orlando, Florida 32802-3068</p>	<p>Joseph A. McGlothlin, Esquire* Vicki Gordon Kaufman, Esquire Attorneys for FIPUG McWhirter Reeves 117 S. Gadsden Street Tallahassee, Florida 32301</p>
<p>John W. McWhirter, Jr., Esquire* Attorney for FIPUG McWhirter Reeves 400 North Tampa Street, Suite 2450 Tampa, Florida 33601-3350</p>	<p>Mr. Jack Shreve* John Roger Howe Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, Florida 32399-1400</p>
<p>Linda Quick* South Florida Hospital and Healthcare 6363 Taft Street Hollywood, FL 33024</p>	<p>William Cochran Keating, IV, Esquire* Staff Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850</p>

INTERESTED PARTIES:

<p>Lee E. Barrett Duke Energy North America 5400 Westheimer Court Houston, Texas 77056-5310</p>	<p>Melissa Lavinson PG&E National Energy Group Company 7500 Old Georgetown Road Bethesda, Maryland 20814</p>
<p>Mr. Paul Lewis, Jr. Florida Power Corporation 106 East College Avenue, Suite 800 Tallahassee, Florida 32301-7740</p>	<p>Jon C. Moyle, Esquire Cathy M. Sellers, Esquire 118 North Gadsden Street Tallahassee, FL 32301</p>
<p>CPV Atlantic, Ltd 145 NW Central Park Plaza, Suite 101 Port Saint Lucie, FL 34986</p>	<p>Frederick M. Bryant Florida Municipal Power Agency 2061-2 Delta Way Tallahassee, FL 32303</p>
<p>Steven H. McElhaney 2448 Tommy's Turn Oviedo, FL 32766</p>	<p>Homer O. Bryant 3740 Ocean Beach Blvd., Unit 704 Cocoa Beach, FL 32931</p>
<p>Richard Zambo, Esq. Florida Industrial Cogeneration Assoc. 598 SW Hidden River Ave. Palm City, FL 34990</p>	<p>Beth Bradley Director of Market Affairs Mirant Americas Development, Inc. 1155 Perimeter Center West Atlanta, GA 30338-5416</p>
<p>Robert C. Williams Florida Municipal Power Agency Post Office Box 111 Tampa, Florida 32301</p>	<p>Scheffel Wright/Diane K. Kiesling, Esquire Landers Law Firm P.O. Box 271 Tallahassee, FL 32303-6290</p>
<p>Harry W. Long, Jr. Tampa Electric Company Post Office Box 111 Tampa, Florida 33601</p>	<p>Lee L. Willis James D. Beasley Ausley & McMullen Law Firm 227 South Calhoun Street Tallahassee, Florida 32301</p>
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<p>Myron Rollins Black & Veatch Post Office Box 8405 Kansas City, MO 64114</p>	<p>Jennifer May-Brust, Esq. Colonial Pipeline Company 945 East Paces Ferry Road Atlanta, GA 30326</p>
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<p>Thomas J. Maida/N. Wes Strickland Foley & Lardner Law Firm 300 East Park Avenue Tallahassee, FL 32301</p>	<p>Bruce May, Esquire Holland Law Firm Post Office Drawer 810 Tallahassee, FL 32302-0810</p>
<p>James J. Presswood, Jr. Legal Environmental Assistance Foundation 1114 Thomasville Road Tallahassee, FL 32303-6290</p>	<p>Michael Briggs Reliant Energy Power Generation, Inc. 801 Pennsylvania Avenue, Suite 620 Washington, DC20004</p>
<p>Sofia Solernou 1012-A Center Avenue Panama City, FL 32401-7003</p>	<p>Thomas W. Kaslow Calpine Eastern The Pilot House, 2nd Floor Boston, Massachusetts 02110</p>
<p>Bill L. Bryant, Jr., Esquire Natalie B. Futch Katz, Kutter, Haigler, Alderman, Bryant & Yon, P.A. 106 East College Avenue, 12th Floor Tallahassee, Florida 32301</p>	<p>Marchris Robinson Manager, State Government Affairs Enron Corporation 1400 Smith Street Houston, Texas 77002-7361</p>
<p>Thomas J. Maida, Esquire Foley & Lardner 106 East College Avenue, Suite 900 Tallahassee, FL 32301</p>	<p>Timothy S. Woodbury Vice President - Strategic Services Seminole Electric Cooperative, Inc. 16313 North Dale Mabry Highway Tampa, Florida 33688-2000</p>

<p>Daniel Doorakian Moyle, Flanigan, Katz, Raymond & Sheehan, P.A. The Perkins House 118 North Gadsden Street Tallahassee, Florida 32301</p>	<p>Peter Anatonacci GRAY, HARRIS & ROBINSON, P.A. 301 South Bronough Street, Suite Tallahassee, Florida 32302-3189</p>
<p>Dawson Glover, III Town of Sewall's Point Road One South Sewall's Point Road Sewall's Point, Florida 34996</p>	<p>John Attaway Publix Supermarkets, Inc. P.O. Box 32015 Lakeland, Florida 33802-2018</p>
<p>David Owen Asst. County Attorney P.O. Box 398 Ft. Myers, Florida 33902-0398</p>	<p>Mr. Paul J. Chymiy NUI Energy, Inc. 550 Route 202-206 Bedminster, NJ 07921-0760</p>
<p>Blanca S. Bayo, Director Division of the Commission Clerk and Administrative Services Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850</p>	



Miriam O. Victorian

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of the retail rates of Florida Power & Light Company.

DOCKET NO. 001148-EI

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

DOCKET NO. 020001-EI
ORDER NO. PSC-02-0501-AS-EI
ISSUED: April 11, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER APPROVING SETTLEMENT, AUTHORIZING MIDCOURSE CORRECTION,
AND REQUIRING RATE REDUCTIONS

BY THE COMMISSION:

I. CASE BACKGROUND

Docket No. 001148-EI was opened on August 15, 2000, to review Florida Power & Light Company's (FPL) proposed merger with Entergy Corporation (Entergy), the formation of a transco, and their effects on FPL's rates and earnings. On April 2, 2001, FPL Group, Inc. announced that the proposed merger with Entergy had been terminated. By Order No. PSC-01-1346-PCO-EI, issued June 19, 2001, in Docket No. 001148-EI, FPL was directed to file Minimum Filing Requirements (MFRs) to provide the Commission and all other interested parties the data necessary to begin an evaluation of the level of its earnings. FPL filed its initial set of MFRs on September 17, 2001, with additional filings on October 1, 2001, October 15, 2001, and November 9, 2001. FPL filed testimony on January 18 and 28, 2002. Hearings were scheduled for April 10-12, and 15-16, 2002.

DOCUMENT NUMBER-DATE

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On March 14, 2002, the following documents were filed:

- Joint Motion For Approval Of Stipulation And Settlement
- Stipulation And Settlement
- Florida Power & Light Company's Agreed Motion To Suspend Schedule For Hearings And Prehearing Procedures And To Suspend Discovery (Agreed Motion)
- Petition Of Florida Power & Light Company For Adjustment to its Fuel Adjustment Factors

FPL's Agreed Motion was granted by Order No. PSC-02-0348-PCO-EI, issued March 14, 2002. By this Order, we approve the Stipulation and Settlement, and the Petition for Adjustment to FPL's Fuel Adjustment Factors. Jurisdiction over these matters is vested in the Commission by various provisions of Chapter 366, Florida Statutes, including Sections 336.04, 366.05, and 366.06, Florida Statutes.

II. STIPULATION AND SETTLEMENT

The Stipulation and Settlement (Stipulation) which is included in this Order as ATTACHMENT 1, and is incorporated herein by reference, is being proffered as a full and complete resolution of all matters pending in Docket No. 001148-EI. The Stipulation was signed by all of the parties except for the South Florida Hospital and Healthcare Association. The major elements contained in the Stipulation are as follows:

- \$250 million permanent base rate reduction effective April 15, 2002 (7.03% base rate reduction) (Paragraph 2)
- Continuation of a revenue cap and a revenue sharing plan for 2002 through 2005 (Paragraph 7)
- Discretionary ability to reduce depreciation expense by up to \$125 million annually (Paragraph 10)

- Withdrawal of FPL's request to increase the annual Storm Damage Reserve accrual (Paragraph 13)

As part of the Stipulation, FPL has requested a \$200 million mid-course correction to reduce its fuel cost recovery factors for the remainder of 2002, effective April 15, 2002. That petition is addressed in Section III of this Order.

The Stipulation recites 16 items of agreement among the signatories. Most of the provisions are self-explanatory, but several of the items merit comment or clarification. These are as follows:

PARAGRAPH 2: The \$250 million annual base rate reduction is an additional reduction over and above the previously implemented \$350 million annual rate reduction authorized in Order No. PSC-99-0519-AS-EI, issued March 17, 1999, in Docket No. 990067-EI.

The proposed Stipulation provides for a reduction in base rates of 7.03% for all rate classes except outdoor lighting and street lighting. The Stipulation also provides for a similar reduction in all service charges. It is appropriate to exclude the lighting classes because these classes are already significantly below parity. This allocation methodology differs from FPL's previous rate stipulations that allocated the reduction on a kwh basis. The percentage reduction in base rates is a better method of allocating a decrease because all classes receive the same percentage reduction in base rates. Under an energy allocation, a larger percentage of the total reduction goes to larger commercial and industrial customers relative to residential and small commercial customers.

In Order No. PSC-01-1346-PCO-EI, we stated that one of the reasons for requiring MFRs was to examine the rate relationships among classes. FPL's rate structure has not been formally reviewed since its last rate case in 1983. Since then, new classes have been added and customers have shifted among rate classes seeking more advantageous rates. Based on FPL's cost of service study, there are disparities among the rates of return by class. In a rate case, one of the goals of rate design is to set rates that reflect the costs to serve that class or, stated differently, to

set the rate of return for each class equal to the system rate of return. We recognize, however, that a Stipulation is a negotiated document with all participants making some concessions. While the proposed across-the-board percentage reduction does not move FPL's rate structure towards parity, it does not worsen it. Accordingly, we find that the across-the-board reduction is reasonable.

The Stipulation will result in a decrease of \$5.41 in the total monthly bill of a residential customer who uses 1,000 kilowatt hours, as shown on ATTACHMENT 2, Page 1 of 2. This decrease reflects both the base rate reduction and the fuel adjustment clause mid-course correction approved in Section III of this Order. The rate reductions will become effective for meters read on and after April 15, 2002.

PARAGRAPH 3: Per the terms of this provision, "FPL will no longer have an authorized Return on Equity (ROE) range for the purpose of addressing earnings levels." However, FPL will still have a currently authorized ROE range of 10.00% to 12.00%, with an 11.00% midpoint, for all other purposes, such as cost recovery clauses and Allowance for Funds Used During Construction.

PARAGRAPH 7: Although it is not explicitly stated in the Stipulation, 100% of the retail base rate revenues exceeding the retail base rate revenue cap will be refunded to retail customers on an annual basis.

PARAGRAPH 10: This provision is clarified to indicate that the up to \$125 million annual credit to depreciation expense is to be on a calendar year basis.

PARAGRAPH 13: FPL is withdrawing its request to increase its Storm Damage Reserve accrual by \$30 million annually.

PARAGRAPH 15: This provision states that all matters in Docket No. 001148-EI are resolved by the Stipulation and Settlement. While the ratemaking aspects of the docket are resolved, there are still issues that may need to be addressed in other forums, such as those related to GridFlorida and to FPL Energy Services.

We have reviewed the terms of the Stipulation, and it appears to be a reasonable resolution of the issues regarding FPL's level of earnings and base rates. The proposed \$250 million base rate reduction affords FPL's ratepayers significant and immediate relief. The Stipulation also extends the revenue cap and revenue sharing plan through 2005. Since the inception of the existing revenue sharing plan in 1999, FPL has refunded \$128 million to date and expects to refund an additional \$84 million for the year ended April 14, 2002. We find that the Stipulation and Settlement is in the best interests of FPL's ratepayers, the parties, and FPL, and is therefore approved.

III. FPL'S PETITION FOR AN ADJUSTMENT TO ITS FUEL COST RECOVERY FACTORS

Consistent with the Stipulation, FPL filed a petition in Docket No. 020001-EI seeking to reduce its levelized fuel cost recovery factor to 2.630 cents per kwh, effective April 15, 2002. This will have the effect of reducing the amount collected through the fuel adjustment clause by \$200 million during the last eight and one half months of 2002.

Absent this \$200 million reduction, FPL would experience an end-of-period (December 2002) net over-recovery amount of approximately \$211.2 million based on current projections. This amount represents 8.6% of FPL's total fuel and net power transactions costs as forecasted in its projection testimony in Docket No. 010001-EI. Since FPL filed its projection testimony in Docket No. 010001-EI, its forecasted 2002 fuel cost of system net generation has decreased by \$193.4 million. This reduction appears to be related primarily to a 12.2% drop in projected natural gas costs and secondarily to a 3.3% drop in retail energy sales.

In the interest of matching fuel revenues with fuel costs, FPL's proposal to refund part of its anticipated over-recovery balance to its ratepayers sooner rather than later is appropriate. Therefore, FPL's Petition for Adjustment to its Fuel Adjustment Factors is granted. The fuel cost recovery factors set forth in Attachment 2, page 2 of 2, which is incorporated herein by reference, shall become effective April 15, 2002. However, we have

ORDER NO. PSC-02-0501-AS-EI
DOCKETS NOS. 001148-EI, 020001-EI
PAGE 6

not yet analyzed the prudence of FPL's actual or projected 2002 fuel costs. The prudence of FPL's 2002 fuel costs will be addressed at the evidentiary hearing scheduled in Docket No. 020001-EI, commencing November 20, 2002.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Settlement and Stipulation filed on March 14, 2002, which is included in this Order as ATTACHMENT 1 and is incorporated by reference herein, is approved. It is further

ORDERED that FPL's Petition for Adjustment to its Fuel Adjustment Factors is granted. It is further

ORDERED that Docket No. 001148-EI shall be closed. It is further

ORDERED that Docket No. 020001-EI shall remain open.

By ORDER of the Florida Public Service Commission this 11th day of April, 2002.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

RVE

ORDER NO. PSC-02-0501-AS-EI
DOCKETS NOS. 001148-EI, 020001-EI
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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW
APPLICABLE TO SECTION II OF THIS ORDER

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW
APPLICABLE TO SECTION III OF THIS ORDER

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by Section III of this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Review of the Retail Rates)
of Florida Power & Light Company) DOCKET NO. 001148-EI

)

STIPULATION AND SETTLEMENT

WHEREAS, the Florida Public Service Commission (FPSC) has initiated a review of retail rates for Florida Power & Light Company (FPL);

WHEREAS, the Office of Public Counsel (OPC), The Florida Industrial Power Users Group (FIPUG), Publix Super Markets, Inc. (Publix), Thomas P. and Genevieve Twomey, Dynegy Midstream Services LP, Florida Retail Federation and Lee County have intervened, and have signed this Stipulation and Settlement;

WHEREAS, FPL has provided the minimum filing requirements (MFRs) as required by the FPSC and such MFRs have been thoroughly reviewed by the FPSC Staff and the Parties to this proceeding;

WHEREAS, FPL has filed comprehensive testimony in support of and detailing its MFRs;

WHEREAS, the parties in this proceeding have conducted extensive discovery on the MFRs and FPL's testimony;

ORDER NO. PSC-02-0501-AS-EI
DOCKETS NOS. 001148-EI, 020001-EI
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WHEREAS, the Parties to this Stipulation and Settlement have undertaken to resolve the issues raised in this review so as to effect a prompt reduction in base rates charged to customers, to maintain a degree of stability to FPL's base rates and charges, and to provide incentives to FPL to continue to promote efficiency through the term of this Stipulation and Settlement;

WHEREAS, FPL is currently operating under a stipulation and settlement agreement (Current Agreement) agreed to by OPC and other parties, and approved by the FPSC by Order PSC 99-0519-AS-EI;

WHEREAS, the Current Agreement provided for a \$350 million permanent annual rate reduction for retail customers commencing April 15, 1999 and a revenue sharing plan under which \$128 million in refunds have been provided to retail customers to date, with \$84 million in additional refunds projected for the twelve-month period ending April 14, 2002; and

WHEREAS, an extension of revenue sharing through 2005, and an additional permanent rate reduction will further be beneficial to retail customers;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby stipulate and agree:

1. Upon approval and final order of the FPSC, this Stipulation and Settlement will become effective on April 15, 2002 (the "Implementation Date"), and continue through December 31, 2005.

2. FPL will reduce its base rates by an additional permanent annual amount of \$250 million. The base rate reduction will be reflected on FPL's customer bills by reducing all base charges for each rate schedule, excluding SL-1 and OL-1, by 7.03%. FPL will begin applying the lower base rate charges required by this Stipulation and Settlement to meter readings made on and after the Implementation Date.

3. Effective on the Implementation Date, FPL will no longer have an authorized Return on Equity (ROE) range for the purpose of addressing earnings levels, and the revenue sharing mechanism herein described will be the appropriate and exclusive mechanism to address earnings levels.

4. For surveillance reporting requirements, FPL's achieved ROE will be calculated based upon an adjusted equity ratio as provided for in the Current Agreement.

5. No party to this Stipulation and Settlement will request, support, or seek to impose a change in the application of any provision hereof. OPC, FIPUG, Publix, Thomas P. and Genevieve Twomey, Dynegy Midstream Services LP, Florida Retail Federation and

Lee County will neither seek nor support any additional reduction in FPL's base rates and charges, including interim rate decreases, to take effect prior to the expiration of this Stipulation and Settlement unless such reduction is initiated by FPL. FPL will not petition for an increase in its base rates and charges, including interim rate increases, to take effect before the end of this Stipulation and Settlement, except as provided for in Section 8.

6. During the term of this Stipulation and Settlement, revenues which are above the levels stated herein will be shared between FPL and its retail electric utility customers -- it being expressly understood and agreed that the mechanism for earnings sharing herein established is not intended to be a vehicle for "rate case" type inquiry concerning expenses, investment, and financial results of operations.

7. Commencing on the Implementation Date and for the remainder of 2002 and for calendar years 2003, 2004 and 2005, FPL will be under a Revenue Sharing Incentive Plan as set forth below. For purposes of this Revenue Sharing Incentive Plan, the following retail base rate revenue threshold amounts are established:

I. Revenue Cap - Retail base rate revenues above the retail base rate revenue cap will be refunded to retail customers on an annual basis. The retail base rate revenue cap

for 2002 will be \$3,740 million. For 2002 only, the refund to customers will be limited to 71.5% (April 15 through December 31) of the retail base rate revenues exceeding the cap. The retail base rate revenue caps for 2003, 2004 and 2005 will be \$3,840 million, \$3,940 million and \$4,040 million, respectively. Section 9 explains how refunds will be paid to customers.

II. Sharing Threshold - Retail base rate revenues between the sharing threshold amount and the retail base rate revenue cap will be divided into two shares on a 1/3, 2/3 basis. FPL's shareholders shall receive the 1/3 share. The 2/3 share will be refunded to retail customers. The sharing threshold for 2002 will be \$3,580 million in retail base rate revenues. For 2002 only, the refund to the customers will be limited to 71.5% (April 15 through December 31) of the 2/3 customer share. The retail base rate revenue sharing threshold amounts for calendar years 2003, 2004 and 2005 will be \$3,680 million, \$3,780 million and \$3,880 million, respectively. Section 9 explains how refunds will be paid to customers.

8. If FPL's retail base rate earnings fall below a 10% ROE as reported on an FPSC adjusted or pro-forma basis on an FPL monthly earnings surveillance report during the term of this Stipulation and Settlement, FPL may petition the FPSC to amend its base rates

notwithstanding the provisions of Section 5. Parties to this Stipulation and Settlement are not precluded from participating in such a proceeding. This Stipulation and Settlement shall terminate upon the effective date of any Final Order issued in such proceeding that changes FPL's base rates.

9. All refunds will be paid with interest at the 30-day commercial paper rate as specified in Rule 25-6.109, Florida Administrative Code, to retail customers of record during the last three months of each applicable refund period based on their proportionate share of base rate revenues for the refund period. For purposes of calculating interest only, it will be assumed that revenues to be refunded were collected evenly throughout the preceding refund period at the rate of one-twelfth per month. All refunds with interest will be in the form of a credit on the customers' bills beginning with the first day of the first billing cycle of the second month after the end of the applicable refund period. Refunds to former customers will be completed as expeditiously as reasonably possible.

10. In Order No. PSC 99-0519-AS-EI, FPL was authorized to record an amortization amount of up to \$100 million per year for each of the three years of the settlement agreement which was to be applied to reduce nuclear and/or fossil production plant in service. Under this

provision, FPL recorded \$170,250,000. Starting with the effective date of this Stipulation and Settlement, FPL may, at its option, amortize up to \$125,000,000 annually as a credit to depreciation expense and a debit to the bottom line depreciation reserve over the term of this Stipulation and Settlement. The amounts so recorded will first go to offset the \$170,250,000 bottom line amortization amount that has previously been recorded, with any additional amounts recorded to a bottom line negative depreciation reserve during the term of this Stipulation and Settlement. Any such reserve amount will be applied first to reduce any reserve excesses by account, as determined in FPL's depreciation studies filed after the term of this Stipulation and Settlement, and thereafter will result in reserve deficiencies. Any such reserve deficiencies will be allocated to individual reserve balances based on the ratio of the net book value of each plant account to total net book value of all plant. The amounts allocated to the reserves will be included in the remaining life depreciation rate and recovered over the remaining lives of the various assets. Additionally, depreciation rates as addressed in Order Nos. PSC 99-0073-FOF-EI, PSC 00-2434-PAA-EI and PSC 01-1337-PAA-EI will not be changed for the term of this Stipulation and Settlement.

11. Employee dental expenses are considered to be a prudently incurred expense and will be treated as such, including for surveillance reporting, as of the Implementation Date.

12. Additional amortization expense which is being recorded as an offset to the ITC interest synchronization adjustment shall no longer be recorded after the Implementation Date of this Stipulation and Settlement.

13. FPL will withdraw its request for an increase in the annual accrual to the Company's Storm Damage Reserve. In the event that there are insufficient funds in the Storm Damage Reserve and through insurance, FPL may petition the FPSC for recovery of prudently incurred costs not recovered from those sources. The fact that insufficient funds have been accumulated in the Storm Damage Reserve to cover costs associated with a storm event or events shall not be evidence of imprudence or the basis of a disallowance. Parties to this Stipulation and Settlement are not precluded from participating in such a proceeding.

14. On April 15, 2002, FPL shall effect a mid-course correction of its Fuel Cost Recovery Clause to reduce the fuel clause factor based on projected over-recoveries, in the amount of \$200 million, for the remainder of calendar year 2002. The fuel adjustment clause shall continue to operate as normal, including but not limited to,

any additional mid-course adjustments that may become necessary and the calculation of true-ups to actual fuel clause expenses. FPL will not use the various cost recovery clauses to recover new capital items which traditionally and historically would be recoverable through base rates.

15. This Stipulation and Settlement is contingent on approval in its entirety by the FPSC. This Stipulation and Settlement will resolve all matters in this Docket pursuant to and in accordance with Section 120.57(4), Florida Statutes (2001). This Docket will be closed effective on the date the FPSC Order approving this Stipulation and Settlement is final.

16. This Stipulation and Settlement dated as of March 12, 2002 may be executed in counterpart originals, and a facsimile of an original signature shall be deemed an original.

In Witness Whereof, the Parties evidence their acceptance and agreement with the provisions of this Stipulation and Settlement by their signature.

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By: _____
Jack Shreve

Florida Industrial Power Users Group

Florida Retail Federation

McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,

Greenberg, Traurig, Hoffman, Lipoff,
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RESIDENTIAL FUEL COST RECOVERY FACTORS FOR THE PERIOD:

April 15, 2002 - December 2002

NOTE: This schedule reflects a midcourse correction to Florida Power & Light Company's fuel factors effective April 15, 2002.

		Florida Power & Light Co.	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
Present (cents per kwh):	January 2002 - April 14, 2002	2.866	2.692	3.313	2.239	4.060	3.983
Proposed (cents per kwh):	April 15, 2002 - December 2002	2.635	2.692	3.313	2.239	4.060	3.983
	Increase/Decrease:	-0.231	0.000	0.000	0.000	-0.000	0.000

TOTAL MONTHLY BILL - RESIDENTIAL SERVICE - 1,000 KILOWATT HOURS

PRESENT		Florida Power & Light Co.	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
January 2002 - April 14, 2002							
Base Rate Charges		43.26	49.05	51.92	42.20	20.43	19.20
Fuel and Purchased Power Cost Recovery Clause		28.66	26.92	33.13	22.39	40.60	39.83
Energy Conservation Cost Recovery Clause		1.87	2.07	1.16	0.64	0.83	0.58
Environmental Cost Recovery Clause		0.00	N/A	1.59	1.02	N/A	N/A
Capacity Cost Recovery Clause		7.01	11.32	3.79	0.27	N/A	N/A
Gross Receipts Tax (1)		0.83	2.29	2.35	0.68	1.59	0.61
Total		\$81.63	\$91.65	\$93.94	\$67.20	\$63.45	\$60.22

PROPOSED		Florida Power & Light Co. (3)	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
April 15, 2002 - December 2002							
Base Rate Charges		40.22	49.05	51.92	42.20	20.43	19.20
Fuel and Purchased Power Cost Recovery Clause		26.35	26.92	33.13	22.39	40.60	39.83
Energy Conservation Cost Recovery Clause		1.87	2.07	1.16	0.64	0.83	0.58
Environmental Cost Recovery Clause		0.00	N/A	1.59	1.02	N/A	N/A
Capacity Cost Recovery Clause		7.01	11.32	3.79	0.27	N/A	N/A
Gross Receipts Tax (1)		0.77	2.29	2.35	0.68	1.59	0.61
Total		\$76.22	\$91.65	\$93.94	\$67.20	\$63.45	\$60.22

PROPOSED INCREASE / (DECREASE)		Florida Power & Light Co.	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
Base Rate Charges		-3.04	0.00	0.00	0.00	0.00	0.00
Fuel and Purchased Power Cost Recovery Clause		-2.31	0.00	0.00	0.00	0.00	0.00
Energy Conservation Cost Recovery Clause		0.00	0.00	0.00	0.00	0.00	0.00
Environmental Cost Recovery Clause		0.00	0.00	0.00	0.00	0.00	0.00
Capacity Cost Recovery Clause		0.00	0.00	0.00	0.00	0.00	0.00
Gross Receipts Tax (1)		-0.06	0.00	0.00	0.00	0.00	0.00
Total		(\$5.41)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

(1) Additional gross receipts tax is 1% for Gulf, FPL and FPUC-Fernandina Beach. FPC, TECO and FPUC-Marianna have removed all GRT from their rates, and thus entire 2.5% is shown separately. (2) Fuel costs include purchased power demand costs of 1.726 for Marianna and 1.888 cents/KWH for Fernandina allocated to the residential class.

(3) Proposed FPL base rate charges reflect reduction resulting from proposed stipulation and settlement in Docket No. 001148-EI.

FUEL ADJUSTMENT FACTORS IN CENTS PER KWH BASED ON LINE LOSSES BY RATE GROUP
 April 15, 2002 - December 2002

COMPANY	GROUP	RATE SCHEDULES	BEFORE LINE LOSSES			LINE LOSS MULTIPLIER	FINAL FACTORS ADJUSTED FOR LINE LOSSES			
			Standard	TIME OF USE On/Peak	Off/Peak		Standard	TIME OF USE On/Peak	Off/Peak	
FP&L	A	RS-1,RST-1,GST-1,GS-1,SL-2	2.630	2.915	2.502	1.00210	2.635	2.921	2.507	
	A-1	SL-1,OL-1, PL-1	2.568	NA	NA	1.00210	2.573	NA	NA	
	B	GSD-1,GSDT-1, CILC-1(G)	2.630	2.915	2.502	1.00202	2.635	2.921	2.507	
	C	GSLD-1,GSLDT-1, CS-1, CST-1	2.630	2.915	2.502	1.00078	2.632	2.917	2.504	
	D	GSLD-2,GSLDT-2, CS-2, CST-2, OS-2, MET	2.630	2.915	2.502	0.99429	2.614	2.898	2.487	
	E	GSLD-3,GSLDT-3,CS-3,CST-3,CILC-1(T),ISST-1(T)	2.630	2.915	2.502	0.95233	2.504	2.776	2.382	
	F	CILC-1(D),ISST-1(D)	NA	2.915	2.502	0.99331	NA	2.895	2.485	
FPC	1	Distribution Secondary Delivery	2.692	3.273	2.442	1.00000	2.692	3.273	2.442	
	2	Distribution Primary Delivery	2.692	3.273	2.442	0.99000	2.665	3.241	2.417	
	3	Transmission Delivery	2.692	3.273	2.442	0.98000	2.638	3.208	2.393	
	4	Lighting Service	2.597	NA	NA	1.00000	2.597	NA	NA	
TECO	A	RS, RST, GS, GST, TS	3.301	4.518	2.783	1.00350	3.313	4.535	2.793	
	A-1	SL-2,OL-1,3	3.301	NA	NA	NA	3.054	NA	NA	
	B	GSD, GSDT, GSLD, GSLDT, SBF, SBFT	3.301	4.518	2.783	1.00090	3.304	4.523	2.786	
	C	IS-1 & 3, IST1 & 3, SBI-1 & 3, SBIT1 & 3	3.301	4.518	2.783	0.97920	3.232	4.425	2.725	
GULF	A	RS,GS,GSD,OS-III,OS-IV, SBS (100 to 499 kW)	2.212	2.680	2.013	1.01228	2.239	2.713	2.038	
	B	LP, SBS (Contract Demand of 500 to 7499 kW)	2.212	2.680	2.013	0.98106	2.170	2.629	1.975	
	C	PX, PXT, RTP,SBS (Contract Demand above 7499 kW)	2.212	2.680	2.013	0.96230	2.129	2.579	1.938	
	D	OS-1,OS-2	2.182	NA	NA	1.01228	2.208	NA	NA	
FPUC	<u>Fernandina</u>	A	RS	3.983	NA	NA	1.00000	3.983	NA	NA
		B	GS	3.732	NA	NA	1.00000	3.732	NA	NA
		C	GSD	3.581	NA	NA	1.00000	3.581	NA	NA
		D	OL, OL-2, SL-2, SL-3, CSL	2.591	NA	NA	1.00000	2.591	NA	NA
	<u>Marianna:</u>	E	GSLD						Actual Fuel Cost plus \$6.28 per CP kW	
		A	RS	4.059	NA	NA	1.00000	4.060	NA	NA
		B	GS	4.042	NA	NA	1.00000	4.042	NA	NA
		C	GSD	3.654	NA	NA	1.00000	3.654	NA	NA
		D	GLSD	3.492	NA	NA	1.00000	3.492	NA	NA
		E	OI, OI-2	2.529	NA	NA	1.00000	2.529	NA	NA
		F	SL1-2, SL-3	2.526	NA	NA	1.00000	2.526	NA	NA