

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 050045-EI
FLORIDA POWER & LIGHT COMPANY**

MARCH 22, 2005

**IN RE: PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY**

TESTIMONY & EXHIBITS OF:

SOLOMON L. STAMM

DOCUMENT NUMBER-DATE

02774 MAR 22 05

FPSC-COMMISSION CLERK

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF SOLOMON L. STAMM**

4 **DOCKET NO. 050045 - EI**

5 **MARCH 22, 2005**

6

7 **Q. Please state your name and business address.**

8 A. My name is Solomon L. Stamm. My business address is 9250 West Flagler
9 Street, Miami, Florida 33174.

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

11 A. I am employed by Florida Power & Light Company (FPL or the Company) as
12 Director of Forecasts, Budgets and Analysis.

13 **Q. Please describe your duties and responsibilities in that position.**

14 As Director of Forecasts, Budgets and Analysis, I am responsible for the
15 development, maintenance and reporting of Company forecasts and budgets.
16 Additionally I support various ad hoc financial analyses for the Company.

17 **Q. Please describe your educational background and professional experience.**

18 A. I graduated from Temple University in 1978 with a Bachelor of Business
19 Administration, with a major in Accounting. In that same year I was employed
20 by Alexander Grant, Independent Public Accountants (presently Grant
21 Thornton). During my tenure with Grant I participated in engagements
22 providing services to a number of diverse industry groups in both the audit and
23 the management consulting businesses. After leaving Grant in September 1982, I

1 was employed by James A. Ryder Transportation (Jartran), and held a number of
2 positions culminating in the Assistant Controller position responsible for
3 revenue accounting and internal reporting. In February 1986, I was employed by
4 FPL Group as manager of general accounting. While at FPL Group, Inc. I also
5 held positions as manager of forecasting & budgeting and manager of SEC
6 reporting. On July 1, 1991, I accepted a position with FPL as manager of
7 disbursement accounting. Since that time I have held a number of positions
8 before my current assignment, including Internal Audit manager, Human
9 Resource systems manager and manager of the Y2K project for all the FPL
10 Group companies. I am a Certified Public Accountant in the state of Florida, and
11 a member of the American Institute of Certified Public Accountants and the
12 Florida Institute of Certified Public Accountants.

13 **Q. Are you sponsoring an exhibit in this case?**

14 **A.** Yes. It consists of the following documents:

15 Document No. SLS-1 Listing of MFRs and Schedules Sponsored in Whole or in
16 Part

17 Document No. SLS-2 MFR F-5 Forecasting Flowchart/Models

18 Document No. SLS-3 MFR F-8 Forecast Assumptions

19 Document No. SLS-4 Budget and Actual Net Income 2000 - 2004

20 Document No. SLS-5 Plant in Service Balances, 2002 and 2006

21 Document No. SLS-6 Customers, Usage and Billed Sales, 2002 and 2006

22 Document No. SLS-7 O&M Expense, 2002 and 2006

1 Document No. SLS-8 O&M Benchmark Comparison, 2002 Benchmark Year
2 Document No. SLS-9 O&M Benchmark Comparison, 1988 Benchmark Year

3 **Q. Are you sponsoring or co-sponsoring any MFRs in this proceeding?**

4 A. Yes. My Document No. SLS-1 shows the MFRs that I am sponsoring in whole
5 or in part.

6 **Q. Are you sponsoring or co-sponsoring any 2007 Turkey Point Unit 5
7 Adjustment Schedules or any of FPL's 2007 Forecast schedules in this case?**

8 A. Yes. My Document No. SLS-1 also shows the schedules that I am sponsoring in
9 whole or in part.

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

11 A. The purpose of my testimony is to:

12 (1) Discuss the process that was used to develop the forecast and MFRs;

13 (2) Present the major forecast assumptions; and

14 (3) Discuss the major drivers of increases in plant in service and operations and
15 maintenance expense.

16

17 **FORECAST AND MFR PROCESS**

18 **Q. What role did you play in the development of FPL's forecast?**

19 A. As FPL's Forecast and Budget Director, I have overall responsibility for
20 managing the capital expenditure (capital) and operations and maintenance
21 expense (O&M) budget processes and developing the per book forecast. As part
22 of this responsibility, I completed a review process with each of the business
23 units to ensure that all of the business unit budgets consistently utilized

1 corporate assumptions and provided the necessary level of detail to determine
2 that the forecasted results were reasonable and sufficient for this filing.

3 **Q. Please summarize the process used to develop FPL's filing in this docket.**

4 A. As discussed in Document No. MFR-F5, FPL's forecast process begins with the
5 issuance of budget instructions by Corporate Budgets to the business units. In
6 2004, budget instructions and a deliverables schedule were issued early to allow
7 for the additional time required for a rate case filing. Initial guidelines were
8 issued in May 2004 and were followed up in June with more detailed
9 instructions for completing the actual systems input.

10

11 Corporate assumptions were issued in early July to ensure uniformity among
12 business units on such items as inflation, pay programs, pay periods, etc. The
13 business units then began the internal process of developing business plans. In
14 August/September 2004, each business unit head presented the elements of their
15 plan including the funding requirements to the President and Chief Financial
16 Officer. These presentations provide the reasons and the drivers for the funding
17 levels. The President reviewed each business plan and FPL's total funding
18 requirement, followed up with the business units, consulted with the Chief
19 Financial Officer, and then approved the 2005 business unit O&M and capital
20 budgets and the 2006 and 2007 O&M and capital forecasts.

21

22 Subsequent to the President's approval, the individual business unit O&M and
23 capital budgets and forecasts were rolled up and merged with other items

1 forecasted such as revenues and depreciation expense. A financing plan was then
2 developed in December 2004 to complete the 2005 budget and the 2006 and
3 2007 forecast. The budget and forecast were the basis for FPL's filings in this
4 proceeding.

5 **Q. Is the process to develop the 2005 budget consistent with the development of**
6 **the 2006 and 2007 forecasts?**

7 A. Yes. Consistent with prior years, the budget process included the development of
8 a budget for one year (2005) and a forecast for subsequent years (2006 and
9 2007). The 2006 and 2007 forecasts were developed at the same time using the
10 same process as the 2005 budget.

11 **Q. Please summarize the process used to prepare the financial forecast, MFRs,**
12 **FPL's 2007 Forecast Schedules and FPL's 2007 Turkey Point Unit 5**
13 **Adjustment Schedules.**

14 A. As can be seen on my Document No. SLS-2, various feeders provide inputs to
15 the Consolidated Financial Model (CFM). The sales, net energy for load and
16 peak demand forecast; generation, power supply and fuel expense forecast; the
17 retail and wholesale base revenue forecast; the capital budget/forecast; and the
18 O&M budget/forecast, along with other supplemental forecast feeders provide
19 the information needed in the CFM to produce a complete financial forecast.
20 Using the information from the feeder systems, the CFM performs the business
21 logic calculations to generate forecasted financial statements. The CFM
22 produces the balance sheet and income statement detail at the level necessary for
23 the development of separation factors and the cost of service study. This detail is

1 transferred to the Regulatory Information System (RIS). As mentioned earlier,
2 the same process is utilized for the development of the 2005 budget and the
3 2006 and 2007 forecasts.

4
5 FPL prepares its O&M budget and forecasts at a budget activity level, consistent
6 with the way it manages its business, and does not normally include Federal
7 Energy Regulatory Commission (FERC) account detail. However, this
8 additional level of detail is needed to meet the requirements of certain MFRs.
9 Therefore, FPL converts the budget and forecasts at a budget activity level to
10 FERC accounts. The conversion process relies primarily on historical
11 relationships of budget activities to FERC accounts but allows for appropriate
12 adjustments. Once the business units complete their budgets and forecasts, the
13 information is fed both to the CFM model and the FERC Functionalization
14 System for conversion to FERC accounts.

15
16 Once the forecast produced by the CFM is complete, it is fed into the RIS. As
17 explained in more detail in my Document No. SLS-2, FPL developed the RIS
18 integrated database to assist in preparing the MFRs. The RIS integrates various
19 FPL systems normally used in the forecasting and regulatory process. The
20 system provides data validation and control routines to ensure consistency of
21 data between the RIS and feeder systems. Additionally, the system produces
22 exception reports, financial data output validations, and MFR control reports to
23 verify the accuracy and consistency of MFRs.

1

2 The balance sheet and income statement detail from the CFM is used by RIS to
3 develop forecasted regulatory adjustments in the same manner as it does for
4 historical regulatory adjustments for the Surveillance Report. These adjustments,
5 along with the balance sheet and income statement detail, are then transferred to
6 the Cost of Service System (COSS) which develops jurisdictional separation
7 factors. The jurisdictional separation study results are then transferred back to
8 the RIS which calculates FPSC jurisdictional adjusted net operating income
9 (NOI), rate base and capital structure and stores the results in RIS databases.

10

11 The jurisdictional adjusted results for NOI, rate base and capital structure are
12 then transferred to the COSS to be used to develop the Cost of Service which
13 develops revenue requirements at the individual rate level. The RIS databases
14 are also used to prepare rate base, NOI and capital structure on a per book and
15 jurisdictional adjusted basis. The same tool is used to create many MFRs and
16 provides for MFR data integrity and control. All MFRs were reviewed and
17 approved by the originating business unit and MFR sponsors.

18 **Q. Have FPL forecasts been accurate in the past?**

19 A. Yes. As demonstrated in the chart located in Document No. SLS-4, which
20 outlines how well our forecast in aggregate has predicted actual results over the
21 past five years, the results are as follows. In 2000, FPL's actual net income was
22 \$645 million, excluding merger costs, compared to a budget of \$645 million, a
23 0.0% variance. In 2001, FPL's actual net income was \$695 million, excluding

1 merger costs, compared to a budget of \$691 million, a 0.6% variance. In 2002,
2 FPL's actual net income was \$717 million compared to a budget of \$695
3 million, a 3.2% variance. In 2003, FPL's actual net income was \$733 million
4 compared to a budget of \$735 million, a -0.3% variance. In 2004, FPL's actual
5 net income was \$763 million, excluding the impact of hurricanes and settlement
6 of shareholder litigation, compared to a budget of \$773 million, a -1.3%
7 variance. On average over the past five years FPL's actual results varied only
8 0.4% from budget indicating that FPL's process for budgeting is highly effective
9 in predicting future operating results and can be relied upon in a rate setting
10 procedure.

11 **Q. What are the major assumptions that FPL used in developing its forecast?**

12 A. The major assumptions used by FPL in developing its forecast are listed in MFR
13 F-8. My Document No. SLS-3 shows the sponsors for each assumption.

14
15 **DRIVERS OF INCREASES IN PLANT IN SERVICE AND O&M EXPENSES**

16 **Q. Please summarize the general business conditions affecting the forecast.**

17 A. As shown on my Document No. SLS-6, FPL is forecasting a 350,000, or 8.7%,
18 increase in average customers from 2002, the last year that base rates were set,
19 to 2006, the test year. From 1986 to 2002 FPL was able meet incremental load
20 requirements primarily through productivity, reliability and capacity
21 improvements in its existing generation fleet and through purchased power. FPL
22 will not be able to continue meeting its incremental load requirements solely
23 through these measures. Accordingly, FPL is adding significant generating

1 capacity to its fleet. FPL is also faced with making significant investments in its
2 nuclear units. In addition, continued customer growth will require significant
3 investment in transmission and distribution facilities. It should be noted that
4 from 1985 to 2004 FPL invested \$18 billion in new plant and infrastructure,
5 which includes an \$8 billion investment in the expansion of the transmission and
6 distribution system and \$3 billion in the construction of new generating capacity.
7 For years, FPL has been either reducing or holding the line on O&M despite
8 continued growth in demand and the number of customers served, primarily
9 through operational efficiencies. Further opportunities to realize operational
10 efficiencies are more limited than in the past. FPL is also facing external cost
11 pressures in a number of areas including healthcare and insurance. At the same
12 time, FPL continues to experience upward pressure on O&M from the effects of
13 inflation, customer growth and operational requirements. These factors began to
14 manifest themselves in 2001 and were reflected in FPL's forecasted non-fuel
15 O&M projections during its last rate case. Actual non-fuel O&M expenditures
16 for 2002 were generally on target and were \$143 million higher than 2001,
17 representing the first significant increase in non-fuel O&M in over 10 years.
18 These factors are discussed in the testimonies of Mr. Green, Mr. Stall, Mr.
19 Mennes, Mr. Escoto and Ms. Williams.

1 Q. Please comment on the major drivers of the forecasted increase in gross
2 plant in service between 2002, the last year in which base rates were set,
3 and the 2006 test year.

4 A. As shown on Document No. SLS-5, electric plant in service (FERC account
5 101) is forecasted to increase by over \$5 billion from 2002 to 2006. I will
6 identify the major drivers of the increase and the witnesses who will testify in
7 greater detail about these drivers.

8 • Distribution and transmission plant is forecasted to increase by more
9 than \$2.4 billion from 2002 to 2006 accounting for 47% of the total
10 growth in gross plant. This increase is driven primarily by increased
11 demand from growth in customers and growth in use per customer. As
12 illustrated by my Document No. SLS-6, average customers are
13 forecasted to grow by 8.7% from 2002 to 2006 and average kWh usage
14 per customer is forecasted to increase by 2.3% translating to a total
15 increase in forecasted kWh sales of more than 11%. Mr. Mennes and Ms.
16 Williams will address transmission and distribution capital expenditures,
17 respectively.

18 • Other production plant is forecasted to increase by \$1.6 billion from
19 2002 to 2006 accounting for 32% of the total forecasted increase in gross
20 plant. This increase is driven primarily by the addition of new generating
21 capacity to meet increased customer demand and higher reserve margins.
22 Significant Other Production Plant additions since 2002 include

1 combustion turbines at Fort Myers, Sanford Unit 4, Martin Unit 8 and
2 Manatee Unit 3. Mr. Yeager will address production capital expenditures.

3 • Nuclear production plant is forecasted to increase by more than \$500
4 million from 2002 to 2006, accounting for 10% of the total forecasted
5 increase in gross plant. This increase includes more than \$210 million in
6 new plant associated with essential upgrades placed in service in 2004
7 and 2005 and is driven by investments such as the replacement of the
8 reactor vessel heads at the St. Lucie and Turkey Point nuclear power
9 plants, needed to maintain FPL's nuclear units, ensuring the continued
10 operation of these important, base-load generating units and the
11 provision of low cost energy through the end of the current operating
12 licenses, and preserving the option to extend such operations into the
13 future. Mr. Stall will address nuclear capital expenditures.

14 **Q. Please comment on the major drivers of the forecasted increase in**
15 **operations and maintenance expense between 2002, the last year in which**
16 **base rates were set, and the 2006 test year.**

17 A. As shown in my Document No. SLS-7, total Company per book operation and
18 maintenance expenses excluding only fuel, purchased power and deferred
19 expenses are projected to increase \$388 million from 2002 to 2006. I will
20 identify the major drivers of the increase and the witness who will testify in
21 greater detail. It should be noted that the O&M discussed below includes total
22 O&M and may include some items recovered through clauses.

- 1 • Administrative & General (A&G) O&M is forecasted to increase by
2 \$144 million from 2002 to 2006 accounting for 37% of the forecasted
3 increase in O&M expense excluding fuel, purchased power and deferred
4 expenses. The principal cost drivers are increased storm fund
5 requirements, higher employee benefit costs and higher insurance costs.
6 Storm fund requirements and insurance costs will be addressed by Mr.
7 Dewhurst and employee benefit costs will be addressed by Mr. Escoto.
- 8 • Nuclear O&M is forecasted to increase by \$85 million from 2002 to
9 2006 accounting for 22% of the forecasted increase in O&M expense
10 excluding fuel, purchased power and deferred expenses. The principal
11 cost drivers are activities to maintain reliability and plant performance,
12 to preserve long-term viability, and to meet increased regulatory
13 requirements. Nuclear O&M costs will be addressed by Mr. Stall.
- 14 • Transmission O&M is forecasted to increase by \$67 million from 2002
15 to 2006 accounting for 17% of the forecasted increase in O&M expense
16 excluding fuel, purchased power and deferred expenses. The principal
17 driver of this increase is forecasted costs in 2006 for a regional
18 transmission organization, which accounts for \$59 million of the total. \$7
19 million of this increase is due to costs related to FPL's New England
20 Division, which are not included in the jurisdictionalized O&M.
21 Transmission O&M will be addressed by Mr. Mennes.
- 22 • Steam and Other Production O&M is forecasted to increase by \$41
23 million from 2002 to 2006 accounting for 10% of the forecasted increase

1 in O&M expense excluding fuel, purchased power and deferred
2 expenses. The principal cost drivers are major maintenance work to
3 maintain plant reliability and availability and the operating costs related
4 to new plant additions. Steam and other production O&M costs will be
5 addressed by Mr. Yeager. Approximately \$10 million of this increase
6 relates to environmental and security costs that are recovered through the
7 environmental and capacity clauses.

8 **Q. Has FPL made a filing in this docket comparing its O&M costs to the**
9 **Commission-approved benchmark based on CPI and Customer Growth?**

10 A. Yes. MFR C-37 attached as my Document No. SLS-8 provides the
11 functionalized O&M expenses and the comparisons to the benchmark. MFR C-
12 37 uses 2002 as the benchmark year, the last year FPL's base rates were set. My
13 Document No. SLS-9 provides the functionalized O&M expenses and the
14 comparisons to the benchmark using 1988 as the benchmark year. The 1988
15 benchmark base year was the last benchmark year established by the
16 Commission in Docket No. 900038-EI Order No. 24460. FPL believes it is
17 appropriate to use 1988 in addition to 2002 as a benchmark year because it
18 provides a longer term view of the Company's O&M expense.

19 **Q. Please discuss the comparison of FPL's 2006 O&M to the Commission-**
20 **approved benchmark using 2002 as the benchmark year.**

21 A. As shown in my Document No. SLS-8, in aggregate, FPL's 2006 test year O&M
22 exceeds the benchmark based on 2002 by \$279 million. For each function over
23 the benchmark, I will identify the major drivers of the variance and identify the

1 witness who will testify in greater detail. It should be noted that excluding the
2 RTO costs and the increase in storm fund requirements discussed below, the
3 benchmark variance is reduced to \$123 million.

- 4 • Production Steam exceeds the benchmark amount by \$12.7 million or
5 10.3% driven primarily by major maintenance work to maintain plant
6 reliability and availability. Mr. Yeager will address production steam
7 O&M.
- 8 • Production Nuclear exceeds the benchmark by \$63.2 million or 22.1%
9 driven primarily by activities to maintain reliability and plant
10 performance, to preserve long-term viability, and to meet increased
11 regulatory requirements. Nuclear O&M costs will be addressed by Mr.
12 Stall.
- 13 • Production Other exceeds the benchmark by \$9.5 million or 21.5%
14 driven primarily by O&M related to the addition of generating capacity
15 in this category. Other production O&M costs will be addressed by Mr.
16 Yeager.
- 17 • Transmission exceeds the benchmark by \$61.9 million or 168% driven
18 by forecasted costs in 2006 for a regional transmission organization.
19 Transmission O&M costs will be addressed by Mr. Mennes.
- 20 • Customer Accounts exceed the benchmark by \$0.3 million or 0.3%
21 driven primarily by an anticipated increase in US Postal Service rates.
22 Customer accounts O&M costs will be addressed by Mrs. Santos.

- 1 • Sales Expenses exceed the benchmark by \$18.1 million driven entirely
2 by expenses related to revenue enhancement programs. In 2002, revenue
3 enhancement revenue less revenue enhancement expense was presented
4 as a net number in non-electric revenues for FPSC purposes. The current
5 forecasts for the years 2006 and 2007 change that treatment and present
6 revenue enhancement revenue and expense separately. Sales expense
7 O&M costs will be addressed by Ms. Santos.
- 8 • Administrative & General exceeds the benchmark by \$137.5 million or
9 42.5% driven primarily by higher storm fund requirements and employee
10 benefits. Storm fund requirements will be addressed by Mr. Dewhurst
11 and employee benefits will be addressed by Mr. Escoto.

12 **Q. Please discuss the comparison of FPL's 2006 O&M to the Commission-**
13 **approved benchmark using 1988 as the benchmark year.**

14 A. As shown in my Document No. SLS-9, when taking a longer term view, FPL's
15 test year O&M expense compares very favorably to the Commission-approved
16 benchmark. As per Document No. SLS-9, in aggregate, FPL's 2006 test year
17 O&M is \$813 million or 34.9% below the benchmark based on 1988,
18 demonstrating FPL's exemplary long term track record of controlling O&M
19 costs. For each function I will briefly discuss the benchmark variance and,
20 where applicable, identify drivers of positive variance.

- 21 • Production Steam is \$126.0 million or 48.0% below the benchmark.
- 22 • Production Nuclear is \$115.4 million or 24.9% below the benchmark.

- 1 • Production Other is \$24.7 million or 84.5% above the benchmark driven
2 primarily by O&M related to the addition of generating capacity in this
3 category. It should be noted that if production steam and production
4 other are combined to form a single category of production fossil, this
5 category is \$101.3 million or 34.7% below the benchmark.
- 6 • Power Supply is \$0.5 million or 8.3% below the benchmark.
- 7 • Transmission is \$4.9 million or 5.2% above the benchmark driven by
8 forecasted costs in 2006 for a regional transmission organization. If
9 regional transmission costs are excluded, transmission would be \$54.1
10 million or 57.7% below the benchmark.
- 11 • Customer Accounts are \$129.9 million or 51.1% below the benchmark.
- 12 • Customer Service is \$24.7 million or 63.4% below the benchmark.
- 13 • Sales Expenses are \$18.6 million above the benchmark driven entirely
14 by expenses related to revenue enhancement programs as previously
15 discussed.
- 16 • Administrative & General is \$200.0 million or 30.3% below the
17 benchmark.

18
19

INDEPENDENT FORECAST REVIEW

- 20 **Q. Has FPL had an independent examination of its forecasting process?**
- 21 A. Yes. FPL retained Ernst & Young, LLP to perform an independent examination
22 of the accuracy, reasonableness and consistency of FPL's assumptions, financial

1 forecasting system, and the results produced by the system. Mr. Barrett from
2 Ernst & Young, LLP, presents the results of this examination.

3 **Q. What were the conclusions of this independent examination?**

4 A. Mr. Barrett concludes that, in his opinion, the forecasting process used by FPL is
5 in conformity with American Institute of Certified Public Accountants
6 guidelines in all material respects, the process for preparation of the forecast was
7 comprehensive, the significant assumptions used to develop the financial
8 forecast were reasonable, and the data used in applying those assumptions was
9 materially consistent throughout the forecast. Mr. Barrett further concludes that
10 the financial forecast represents an accurate simulation of the test period
11 financial results, should the significant assumptions prove true.

12 **Q. Did this independent examination identify any inconsistencies or potential**
13 **inconsistencies in the forecast?**

14 A. Yes. Mr. Barrett identifies a few inconsistencies in the forecast, and his
15 Document MEB-4 estimates the revenue requirement impact of these
16 inconsistencies. In his testimony, Mr. Barrett concludes, and I agree, that the
17 impact of these inconsistencies is immaterial individually and in total.

18

19 **SUMMARY**

20 **Q. Please summarize your testimony?**

21 A. My testimony: (1) discusses the process that was used to develop the forecast
22 and MFRs; (2) presents the major forecast assumptions and identifies the
23 sponsors of each assumption; and (3) discusses the major drivers of increases in

1 plant in service and operations and maintenance expense since 2002, the last
2 year in which base rates were set.

3

4 In summary, the process for developing the forecast and MFRs is
5 comprehensive, consistent with prior years and subject to appropriate review
6 and approval by management. FPL's forecasts have historically been highly
7 effective in predicting future operating results and can be relied upon in a rate
8 setting procedure.

9 **Q. Does this conclude your direct testimony?**

10 **A. Yes.**

MFRs AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY SOLOMON L. STAMM
SOLOMON L. STAMM

MFR PERIOD TITLE

SOLE SPONSORSHIP:

B- 3	2005 prior	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
	2006 Test	
B- 5	2006 Test	DETAIL OF CHANGES IN RATE BASE
B- 7	2006 Test	PLANT BALANCES BY ACCOUNT AND SUB ACCOUNT
		MONTHLY PLANT BALANCES 2006 Test YEAR-13 MONTH
		DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB ACCOUNT
C-20	2005 prior	TAXES OTHER THAN INCOME TAXES
	2006 Test	

JOINT OR CO-SPONSORSHIP:

B- 6	2006 Test	JURSDICTIONAL SEPARATION FACTORS - RATE BASE
B-12	2005 prior	NET PRODUCTION PLANT ADDITIONS
	2006 Test	
B-13	2006 Test	CONSTRUCTION WORK IN PROGRESS
B-14	2006 Test	EARNINGS 2006 Test
B-16	2005 prior	NUCLEAR FUEL BALANCES
	2006 Test	
B-17	2006 Test & 2005 prior	WORKING CAPITAL - 13 MONTH AVG
B-22	2006 Test & 2004 historic	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-23	2006 Test 2005 prior 2004 historic	INVESTMENT TAX CREDITS-ANNUAL ANALYSIS
C- 6	2006 Test 2005 prior 2004 historic	BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
	prior	
C-10	2006 Test	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-12	2006 Test & 2004 historic	ADMINISTRATIVE EXPENSES

C-21	2006 Test 2005 prior 2004 historic	REVENUE TAXES
C-23	2006 Test & 2004 Historic	INTEREST IN TAX EXPENSE CALCULATION
C-29	2006 Test 2005 prior 2004 historic	GAINS AND LOSSES ON DISPOSITION OF PLANT AND PROPERTY
C-33	2006 Test 2005 prior 2004 historic	PERFORMANCE INDICES
C-37	2006 Test	O&M BENCHMARK COMPARISON BY FUNCTION
C-41	2006 Test	O&M BENCHMARK VARIANCE BY FUNCTION
C-42	2006 Test 2005 prior 2004 historic	HEDGING COSTS
C-43	2006 Test 2005 prior 2004 historic	SECURITY COSTS
D- 1a	2005 prior 2006 Test	COST OF CAPITAL - 13 MONTH AVG
F- 5	2006 Test	FORECASTING MODELS
F- 8	2006 Test	ASSUMPTIONS

B- 6	2007 Turkey Point Adjustment	JURISDICTIONAL SEPARATION FACTORS - RATE BASE
	Adjustment	
B-10	2007 Turkey Point Adjustment	MONTHLY RESERVE BALANCES 2006 Test YEAR-13 MONTHS
C- 4	2007 Turkey Point Adjustment	JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
C-20	2007 Turkey Point Adjustment	TAXES OTHER THAN INCOME TAXES
C-23	2007 Turkey Point Adjustment	INTEREST IN TAX EXPENSE CALCULATION

FPL'S 2007 FORECAST SCHEDULES SPONSORED OR CO-SPONSORED:

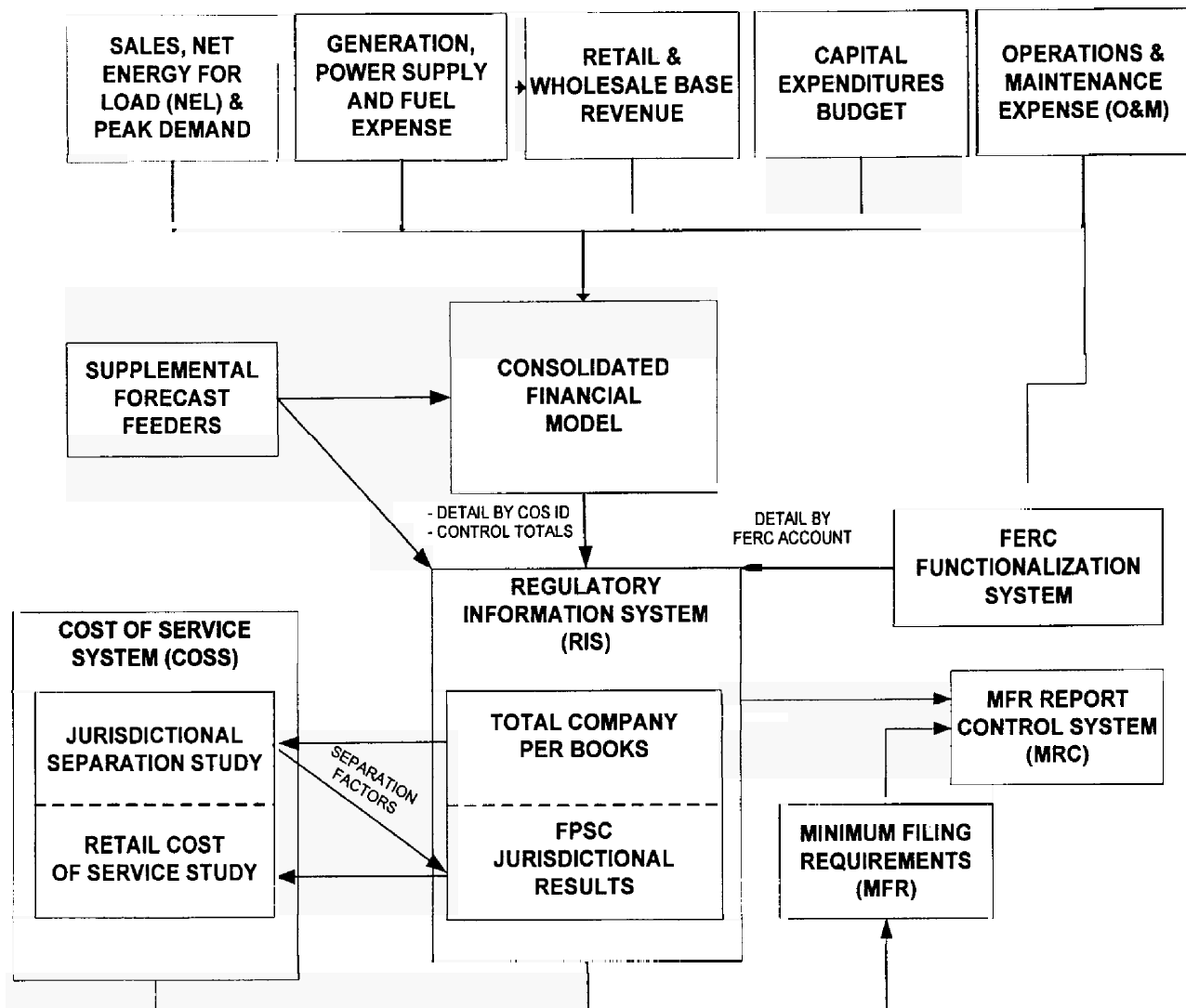
B- 1	FPL's 2007 Forecast	ADJUSTED RATE BASE
C- 1	FPL's 2007 Forecast	ADJUSTED JURISDICTIONAL NET OPERATING INCOME

Docket No. 050045-EI
Solomon L. Stamm, Exhibit No. ____
Document No. SLS-1, Page 3 of 3
Listing of MFRs and Schedules
Sponsored in Whole or in Part

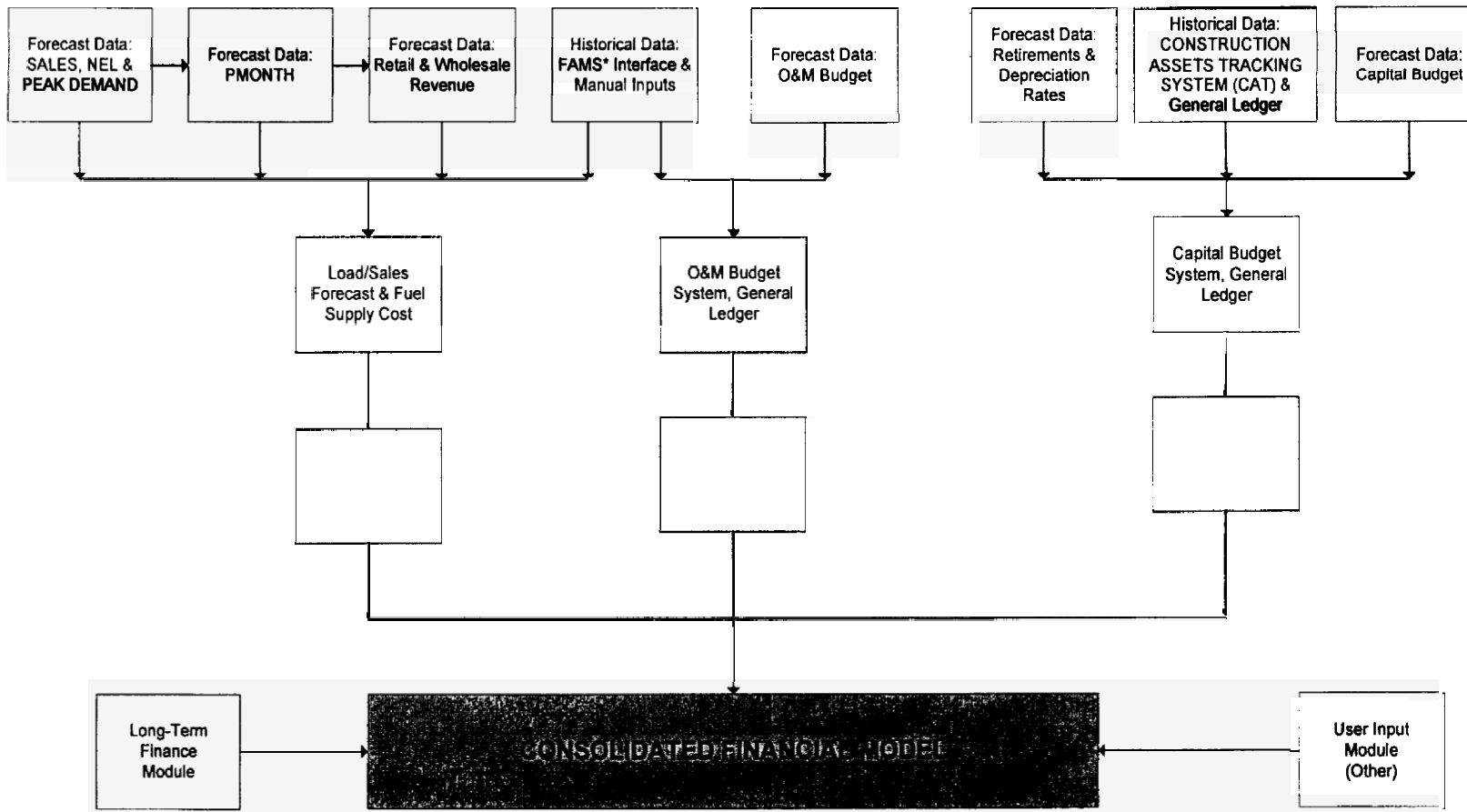
MFRs AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY SOLOMON L. STAMM
SOLOMON L. STAMM

MFR	PERIOD	TITLE
D- 1a	FPL's 2007 Forecast	COST OF CAPITAL - 13 MONTH AVG
F- 8	FPL's 2007 Forecast	ASSUMPTIONS

FLORIDA POWER & LIGHT COMPANY FORECASTING PROCESS OVERVIEW



FLORIDA POWER & LIGHT COMPANY CONSOLIDATED FINANCIAL MODEL (CFM)



DOCKET NO. 050045-EI
 SOLOMON L. STAMM EXHIBIT NO. _____
 DOCUMENT NO. SL-S-02, PAGE 2 OF 2
 MFR F-5 Forecasting Flowchart/Models

*FAMS: FINANCIAL ACCOUNTING MANAGEMENT SYSTEM

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
 Projected Test Year Ended 12/31/06
 Prior Year Ended ___/___/___
 Historical Test Year Ended ___/___/___
 Witness: L. E. Green, K. Michael Davis,
 Solomon L. Stamm

COMPANY: FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES

DOCKET NO. 050045-EI

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	SPONSOR (10)	
1	I. SALES, CUSTOMERS, NET ENERGY FOR LOAD										
2	GENERAL ASSUMPTIONS										
3									2006		
4	A. Population of FPL Service Territory								8,565,263		L. E. GREEN
5	B. Florida Non-Agricultural Employment (000's)								7,829		L. E. GREEN
6											
7	C. Florida Total Real Personal Income (Billions of Dollars)								553		L. E. GREEN
8											
9	D. FPL Service Territory Cooling Degree Days								1,647		L. E. GREEN
10											
11	E. FPL Service Territory Heating Degree Days								314		L. E. GREEN
12											
13	F. FPL Service Territory Minimum Temperature (Fahrenheit)								36		L. E. GREEN
14											
15	G. FPL Service Territory Maximum Temperature (Fahrenheit)								92		L. E. GREEN
16											
17	H. 2006 Sales by Revenue Class - Most likely (in Million KWH)										L. E. GREEN
18											
19	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Street & Highway</u>	<u>Other Authority</u>		<u>Total Retail</u>	<u>Sales For Resale</u>			
20											
21	57,848	43,668	3,958	423	63	103	106,064	1,586	107,650		
22											
23	I. 2006 Customers by Revenue Class										L. E. GREEN
24											
25	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Street & Highway</u>	<u>Other Authority</u>		<u>Total Retail</u>	<u>Sales For Resale</u>	<u>Total</u> ¹		
26											
27	3,875,161	477,484	16,239	2,811	234	23	4,371,953	4	4,371,957		
28											
29	J. 2006 Net Change in Customers by Revenue Class										L. E. GREEN
30											
31	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Street & Highway</u>	<u>Other Authority</u>		<u>Total Retail</u>	<u>Sales For Resale</u>	<u>Total</u> ²		
32											
33	66,041	9,273	-351	37	-1	0	74,999	0	74,999		
34											
35	¹ Totals may not add-up due to rounding.										
36	² Average customers - sum of the projected customers for each month divided by twelve.										
37											

Supporting Schedules:

Recap Schedules:

E-10, C-40

DOCKET NO. 050045-EI
 SOLOMON L. STAMM, EXHIBIT NO. _____
 DOCUMENT NO. SLS-3, PAGE 1 OF 9
 MFR F-8, ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast

Type of Data Shown
 Projected Test Year Ended 12/31/08
 Prior Year Ended ___/___/___
 Historical Test Year Ended ___/___/___
 Witness: L. E. Green, K. Michael Davis
 Solomon L. Stamm

COMPANY: FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES

DOCKET NO. 050045-EI

Line No.	(1)	(2)	(3)
1	I. K.	Most Likely Forecast of Monthly Net Energy for Load (Million KWH)	L. E. GREEN
2		<u>2006</u>	
3		January 8,483	
4		February 7,835	
5		March 8,530	
6		April 8,878	
7		May 9,771	
8		June 10,736	
9		July 11,183	
10		August 11,364	
11		September 11,065	
12		October 9,931	
13		November 8,928	
14		December <u>8,760</u>	
15		115,463	
16			
17	L.	Most Likely Forecast of System Monthly Peaks (Megawatts)	L. E. GREEN
18		<u>2006</u>	
19		January 21,336	
20		February 17,588	
21		March 16,594	
22		April 17,631	
23		May 19,560	
24		June 20,356	
25		July 20,746	
26		August 21,178	
27		September 20,557	
28		October 19,127	
29		November 18,144	
30		December 18,522	
31			
32	II.	INFLATION RATE FORECAST	
33		Most Likely Annual	
34		Rates of Change	
35		<u>2006</u>	
36	A.	1.47% Consumer Price Index (CPI)	L. E. GREEN
37		The CPI Measures the price change of a constant market basket of goods and services over time.	
38		For company purposes it is a useful escalator for determining trends in wage contracts and income	
39		payments, excluding construction work (see E above).	
40			
41	B.	1.64% GDP Deflator	L. E. GREEN
42		The GDP deflator is the broadest of all categories and captures price trends for the four major	
43		macro-economic sectors in the nation, which are: the household sector, the business sector, the	
44		government sector and the foreign sector. The GDP deflator tends to be more stable than the	
45		other indices and is used where very broad price trends are needed.	
46			
47	C.	0.28% Producer Price Index	L. E. GREEN
48		(PPI): Materials & Supplies	
49		The PPI for all goods (formerly the Wholesale Price Index) is a comprehensive measure of the	
50		average changes in price received in primary markets by producers of commodities in all stages	
51		of processing. This index represents price movements in the manufacturing, agriculture, forestry,	
52		fishing, mining, gas and electricity, and public utilities sector of the economy.	

Supporting Schedules:

Recap Schedules:

E-10, C-40

DOCKET NO. 050045-EI
 SOLOMON L. STAMM, EXHIBIT NO. _____
 DOCUMENT NO. SLS-3, PAGE 2 OF 9
 MFR F-8, ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
 Projected Test Year Ended 12/31/06
 Prior Year Ended ___/___/___
 Historical Test Year Ended ___/___/___
 Witness: L. E. Green, K. Michael Davis,
 Solomon L. Stamm

DOCKET NO. 050045-EI

Line No	(1)	(2)	(3)	(4)
1	II. D. Producer Price Index		0.76%	L. E. GREEN
2	(PPI) Finished Producer Goods			
3	PPI for Capital Goods reflects changes in the prices of capital equipment such as motor trucks,			
4	furniture, generators, hand tools, fans and blowers, machine tools, and construction equipment			
5				
6	II. E. Compensation Per Hour (Non-FPL)		4.21%	R. ESCOTO
7	Index: All workers, including pension and benefits			
8	The average Hourly Earnings Index for construction workers reflects percent wage changes in hourly earnings for construction workers.			
9				
10	III. FINANCING AND INTEREST RATE ASSUMPTIONS			
11	<u>General Assumptions</u>			
12				
13	A. Target Capitalization Ratios			M. DEWHURST
14	During the projected test year, Florida Power & Light Company's			
15	capitalization is projected to be as follows: equity approximately 55%,			
16	and debt approximately 45%, adjusted for off-balance sheet obligations.			
17				
18	B. Preferred Stock Premium and Underwriting Discount			M. DEWHURST
19	It is assumed that no preferred stock will be issued.			
20				
21	C. First Mortgage Bond Prices and Underwriting Discount			M. DEWHURST
22	It is assumed that first mortgage bonds will be issued to the public			
23	at par with an underwriting commission of .875%.			
24				
25				
26	<u>Interest Rate Assumptions</u>			
27		2006		
28	D. Long Term Debt	7.20%		M. DEWHURST
29				
30	Short Term Debt	Although the company maintains several lines of credit, the company forecasts them at zero.		
31				
32	E. Pollution Control Bonds	3.8%		M. DEWHURST
33				
34	F. Preferred Stock	All outstanding preferred stock will be reduced to zero as of 12/31/2005.		M. DEWHURST
35				
36	G. 30-Day Commercial Paper	4.2%		M. DEWHURST

DOCKET NO. 050045-EI
 SOLOMON L. STAMM, EXHIBIT NO. ___
 DOCUMENT NO. SIS-3, PAGE 3 OF 9
 MFR F-8, ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

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 Historical Test Year Ended ___/___/___
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 Solomon L. Stamm

COMPANY: FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES

DOCKET NO. 050045-EI

Line No.

1 IV. IN SERVICE DATES OF MAJOR PROJECTS

2
3 A.

A. STALL, B. YEAGER, M. MENNES

4	BUDGET		IN SERVICE
5	ITEM #	PROJECT DESCRIPTION	DATE *
6		Nuclear Generation Projects	
7	871	St. Lucie Unit 1 Thimbles Project	06/2006
8	896	St. Lucie Unit 1 Pressurizer Replacement Project	06/2006
9	278	Turkey Point Common Cask Crane Project	12/2006
10	346	St. Lucie Common Spent Fuel Cask Pit Rack Project	12/2006
11	278	Turkey Point Common Boraflex Remedy Project	12/2007
12	278	Turkey Point Common Independent Spent Fuel Storage Facility Project	12/2007
13	661	St. Lucie Unit 2 Steam Generator Replacement Project	12/2007
14	683	St. Lucie Unit 2 Reactor Head Replacement Project	12/2007
15	346	St. Lucie Common Independent Spent Fuel Storage Facility Project	01/2008
16	346	St. Lucie Unit 2 Spent Fuel Pit Rerack Project	12/2008
17		Fossil Generation Projects	
18	749	Port Everglades Unit 4 Precipitator Project	11/2006
19	610	Manatee Unit 2 Reburn Project	12/2006
20	749	Port Everglades Unit 3 Precipitator Project	04/2007
21	736	Turkey Point Unit 5 Project	06/2007
22		Transmission Projects	
23	357	Corbett-Germantown-Yamato Line	06/2006
24	356	Maibara-Wabasso Line Project	12/2006
25	728	Overtown-Miami Beach 138/230kv Lines	05/2007
26	365	Indiantown-Riviera 230kv Line	06/2007
27	297	Osteen Injection Project	12/2007
28	256	Carlstrom-Orange River Line	06/2008
29	349	Hobe-Sandpiper #2 Transmission Line	06/2008
30	291	Bunnell-St.Johns 230kv Line	12/2008
31	268	Sweatt Area Project	06/2009
32	* Projects which have a foreseeable monetary impact in fiscal year 2006.		
33			

Supporting Schedules:

Recap Schedules:

E-10, C-40

DOCKET NO. 050045-EI
 SOLOMON L. STAMM, EXHIBIT NO. ___
 DOCUMENT NO. SL-S-3, PAGE 4 OF 9
 MFR F-8, ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

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 Solomon L. Stamm

COMPANY: FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES

DOCKET NO. 050045-EI

Line No.	(1)	(2)	(3)	(4)
1	V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS			
2				
3	A. Nuclear Maintenance Schedules (including outage period and reason)			A. STALL
4				
5		2006	2006	
6	Unit	Outage Period	Outage Description	
7	St Lucie 2	04/24/06-5/23/06	Refueling & Reactor Head Inspection outage	
8	Turkey Point 3	03/4/06-03/28/06	Refueling outage	
9	Turkey Point 4	10/07/06-10/31/06	Refueling outage	
10				
11	B. Fossil Units Outage Schedule (including outage period and reason)			B. YEAGER
12				
13		2006	2006	
14	Unit	Outage Period	Outage Description	
15	Cutler 5	10/30/06 - 12/11/06	REWEDGE/BOILER/MAJOR TURBINE	
16	Cutler 6	10/30/06 - 11/29/06	BOILER MAINTENANCE	
17	Fort Myers 2	05/13/06 - 05/19/06	A COMB INSP	
18	Fort Myers 2	05/20/06 - 05/26/06	B COMB INSP	
19	Fort Myers 2	09/02/06 - 09/08/06	C COMB INSP	
20	Fort Myers 2	09/09/06 - 09/15/06	D COMB INSP	
21	Fort Myers 2	09/16/06 - 09/22/06	E COMB INSP	
22	Fort Myers 2	05/06/06 - 05/12/06	F COMB INSP	
23	Fort Myers 3	12/05/06 - 12/17/06	HGP	
24	Lauderdale 4	02/11/06 - 02/23/06	A CT HOT PATH/ B CT COMB INSP	
25	Lauderdale 5	09/23/06 - 10/05/06	A/B COMB INSP	
26	Manatee 2	02/19/06 - 05/01/06	ESP/REBURN/TURBINE VLVs	
27	Martin 2	02/11/06 - 04/24/06	HP/IP/LP TURBINE/ ROTOR CHANGE OUT / BOILER	
28	Martin 3	03/18/06 - 03/24/06	A CT COMB INSP	
29	Martin 3	10/14/06 - 12/02/06	HGP/ST/BEN REWEDGE	
30	Martin 4	09/02/06 - 09/08/06	CI	
31	Martin 4	09/02/06 - 10/21/06	HGP/ST/BEN REWEDGE	
32	Martin 8	03/04/06 - 03/09/06	CI	
33	Martin 8	03/11/06 - 03/16/06	CI	
34	Martin 8	11/18/06 - 11/23/06	COMB. INSP	
35	Martin 8	11/25/06 - 11/30/06	COMB. INSP	
36	Port Everglades 4	10/02/06 - 12/12/06	EPS / HP / IP / LP / GSR / /PENTHOUSE	
37	Putnam 1	11/18/06 - 12/22/06	1 GT 2 MAJOR	
38	Putnam 1	03/18/06 - 03/24/06	COOLING TOWER	
39	Putnam 2	03/18/06 - 03/24/06	COOLING TOWER	
40	Riviera 4	10/16/06 - 11/06/06	CHEM CLEAN, RAD WALL, APH BASKETS	
41	Saint Johns River Power Park 2	02/25/06 - 04/25/06	SCR TIE IN/BOILER/BFPT/FGD	
42	Sanford 3	11/25/06 - 01/28/07	GENERATOR STATOR REWIND (GSR)	
43	Sanford 4	04/15/06 - 04/25/06	CT HOT PATH INSPECTION	
44	Sanford 4	04/27/06 - 05/07/06	CT HOT PATH INSPECTION	
45	Sanford 5	11/04/06 - 11/09/06	A CT COMB INSP	
46	Sanford 5	11/11/06 - 11/16/06	B CT COMB INSP	
47	Sanford 5	11/18/06 - 11/23/06	D CT COMB INSP	
48	Turkey Point 1	03/01/06 - 05/10/06	GSR / SH PENDENT/MAJOR BOILER/TURB VLVs/LP/CHEM CLN	

DOCKET NO. 050045-EI
 SOLOMON L. STAMM, EXHIBIT NO. ___
 DOCUMENT NO. SL-S-3, PAGE 5 OF 9
 MFR F-8, ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES
 DOCKET NO. 050045-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
 Projected Test Year Ended 12/31/06
 Prior Year Ended ___/___/___
 Historical Test Year Ended ___/___/___
 Witness: L. E. Green, K. Michael Davis,
 Solomon L. Stamm

Line No.	(1)	(2)	(3)	(4)	(5)
1	VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS				
2					
3	A. Contractual Commitments for Scheduled Interchange/Purchased Power				L. GREEN
4					
5	1 Unit Power Purchase (UPS) - Southern Companies				
6	a. Capacity (MW) based on 2004 Net Dependable Capacity Unit Ratings:				
7			2005	931	
8			2006	931	
9					
10	b. Minimum (MW) scheduling requirements				
11			2005	378	
12			2006	378	
13					
14	c. Capacity and energy costs based on Southern's estimate, subject to true up and audit.				
15					
16	d. Energy costs recovered through Fuel Cost Recovery Clause (FCRC) and capacity costs recovered through Capacity Cost Recovery Clause (CCRC).				
17					
18					
19	2 Unit Power Purchase - St Johns River Power Park				
20	a. 30% of rated net capacity of each unit is considered purchased power.				
21	b. All energy scheduled by FPL in excess of 20% (FPL owned generation) is considered purchased energy.				
22	c. Capacity costs are recovered through CCRC and base rates. Energy costs are recovered through FCRC.				
23					
24					
25					
26	3 Power Sold and Economy Energy Purchases (Schedule "OS")				
27	a. Schedule OS sales based upon projected market prices and expected available generation relative to FPL's projected incremental cost of sale (generation and transmission)				
28					
29	b. Schedule OS purchases based upon FPL's projected incremental generation cost relative to projected market prices plus incremental costs and transmission.				
30					
31	c. Energy & transmission costs of OS purchases recovered through the FCRC. For OS sales, FCRC credited for incremental generation cost, CCRC credited for FPL transmission incurred to make sale, Base credited for incremental costs of running gas turbines, if applicable, and FCRC credited for gain on sale				
32					
33					
34					
35					
36					
37	4 Interchange related to St Lucie Unit 2 Reliability Exchange agreement				
38	a. Based on PMONTH projection for PSL 1 and PSL 2 output as applied to the contract formula				
39					
40	5 Schedule of New and Expiring Interchange/Purchase Power Contracts for the period.				
41	a. Florida Crushed Stone 136 MW, expiring October 31, 2005.				
42	b. Bioenergy 10 MW, expiring January 1, 2005.				
43					
44	6 Purchased Power from Qualifying Facilities:				
45	a. Firm				
46		Capacity (MW)	Energy (MWH)		
47		2005	874	6,730,226	
48		2006	738	5,769,943	
49	b. As Available				
50		2005	322,392		
		2006	322,392		

Supporting Schedules:

Recap Schedules:

E-10, C-40

DOCKET NO. 050045-EI
 SOLOMON L. STAMM, EXHIBIT NO. _____
 DOCUMENT NO. SL-S-3, PAGE 6 OF 9
 MFR F-8, ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
[X] Projected Test Year Ended 12/31/06
Prior Year Ended
Historical Test Year Ended
Witness: L. E. Green, K. Michael Davis, Solomon L. Stamm

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO. 050045-EI

Table with columns: Line No., (1), (2), (3), (4). Rows include VI. 7 Schedule of Sales and Purchased Power Contracts, VII. FUEL ASSUMPTIONS, VIII. OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS, and IX. OTHER ASSUMPTIONS.

Supporting Schedules:

Recap Schedules:

E-10, C-40

DOCKET NO. 050045-EI
SOLOMON L. STAMM, EXHIBIT NO.
DOCUMENT NO. SL5-3, PAGE 7 OF 9
MFR F-8, ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION
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 AND SUBSIDIARIES
 DOCKET NO. 050045-EI

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 Historical Test Year Ended ___/___/___
 Witness: L. E. Green, K. Michael Davis,
 Solomon L. Stamm

Line No	(1)	(2)	(3)	(4)
1	IX E.	DEPRECIATION RATES		K. MICHAEL DAVIS
2	1	For the Year 2005, depreciation rates are as approved by the Florida Public Service Commission in Docket 971660-EI		
3		(Order No. PSC-99-0073-FOF-EI). Depreciation rates specifically applicable to the Ft. Myers Combined Cycle Units		
4		were approved in Docket No. 001437-EI (Order No. PSC-00-2434-PAA-EI), and for the Martin Simple Cycle Units		
5		approved in Docket No. 020332-EI, Order No. PSC-02-1103-PAA-EI issued on August 12, 2002 and in Docket No. 03139-EI,		
6		Order No. PSC-03-0634-PAA-EI, issued on May 23, 2003, respectively.		
7	2	For projection purposes, composite rates are developed to calculate depreciation expense.		
8	3	The following composite rates were calculated based on September, 2004 plant balances:		
9		a. For steam, nuclear and other production, the composite rate is at the site level.		
10		b. For transmission plant, the composite rate is at the function level.		
11		c. For distribution plant, the composite rate is calculated at the plant account level.		
12		d. For general plant, the composite rate is calculated for Account 390, structures; Account 392, transportation		
13		and all other general plant accounts.		
14		e. For intangible plant, the rate is calculated at the function level.		
15	4	For year 2006, the composite depreciation rates were developed based on the depreciation study		
16		filed in early 2005. The depreciation study used plant and reserve balances as of September 30, 2004 and		
17		adjusted the plant balance and reserve balances to December 31, 2005, based on forecasted additions, retirements and		
18		estimated depreciation.		
19	5	The Company has filed the current Depreciation Study as required in Order No. PSC-02-1103-PAA-EI, Docket		
20		No. 020332-EI, issued on August 12, 2002. The Commission required FPL to file a depreciation study by October 31, 2005,		
21		with rates effective January 1, 2006.		
22	6	The Company is accruing \$18,674,395 annually for the Dismantlement of Fossil-Fueled Generating Stations. The current amount was		
23		approved by the Commission in Order No. PSC-04-0086-PAA-EI in Docket No. 030558-EI issued on January 27, 2004.		
24				
25	F.	RESERVE FUND REQUIREMENT AT TIME OF EXPENDITURE		
26	1	Decommissioning		K. MICHAEL DAVIS
27		a. Nuclear Decommissioning Reserve accruals are based on amounts last authorized by		
28		Order No. PSC-02-0055-PAA-EI issued in Docket No. 981246-EI which resulted in monthly accruals of		
29		\$6,543,602 (annual \$78,523,219) effective May 1, 2002.		
30		b. No change in the level of accrual was forecasted for the period 2005 and 2006. Any change in the		
31		authorized accrual approved by the Commission prior to the conclusion of the rate filing		
32		will need to be reflected in the test year cost of service.		
33	2	Storm and Property Damage Reserve		M. DEWHURST
34		The annual storm damage accrual in the filing has been increased to \$120 million beginning in 2006 to both replenish the reserve and reflect increased annual storm expense		
35				
36	G.	Total Line Losses	2006	L. E. GREEN
37			6.49%	
38			of Net Energy for Load	
39	H.	Company Usage	2006	L. E. GREEN
40			0.13%	
41			of Net Energy for Load	
42	I.	35% FEDERAL INCOME TAX RATE (REGULAR)		SOLOMON L. STAMM
43				
44	J.	5.5% STATE INCOME TAX RATE		SOLOMON L. STAMM
45				
46	K.	0.00072 REGULATORY ASSESSMENT FEE RATE (FPSC)		SOLOMON L. STAMM
47		Per Rule 25.0131, "Investor Owned Electric Company Regulatory Assessment Fee" in the Florida Administrative Code		
48				
49	L.	2.50% GROSS RECEIPTS TAX RATE		SOLOMON L. STAMM
50		1.5% of the rate is included in base rates,		
51		1.0% is provided as a pass-through to customers as provided in Florida Statute Chapter 203.		
52		The Company is proposing to combine the 1.5% and 1% Gross Receipts Tax Rate and separately report it on the customers bill.		

FLORIDA PUBLIC SERVICE COMMISSION

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 Historical Test Year Ended ___/___/___
 Witness: L. E. Green, K. Michael Davis,
 Solomon L. Stamm

COMPANY: FLORIDA POWER & LIGHT COMPANY
 AND SUBSIDIARIES

DOCKET NO. 050045-FI

Line No.	(1)	(2)	(3)
1	IX	M. 4.49% FRANCHISE FEE RATE	SOLOMON L. STAMM
2		Percentage represents composite rate	
3			
4	N.	PRIOR YEAR	SOLOMON L. STAMM
5		Year 2005 Forecast	
6			
7	O.	TEST YEAR	SOLOMON L. STAMM
8		Year 2006 Forecast	
9			
10	P.	HISTORICAL YEAR	SOLOMON L. STAMM
11		Year 2004	
12			
13	Q.	LAST MONTH OF HISTORICAL DATA	SOLOMON L. STAMM
14		August 2004	
15			
16	R.	MILLAGE RATE FOR PROPERTY TAXES	SOLOMON L. STAMM
17		2.048% is the overall millage rate used for historical, prior and test year	
18			
19	S.	STATUTORY SALES TAX RATE	SOLOMON L. STAMM
20		6.0% is the statutory sales tax rate. This may be coupled with a sur-tax that is levied by the County from 1/2% up to 1 1/2%	
21		6.12% is the blended forecasted rate, based on 2003 actual payments.	
22			
23	T.	FEDERAL AND STATE UNEMPLOYMENT TAX RATES	SOLOMON L. STAMM
24		8.0% FUTA on the first \$7,000 of wage base per employee	
25		26.0% SUTA on the first \$7,000 of wage base per employee	
26			
27	U.	FICA TAX RATES	SOLOMON L. STAMM
28		6.2% Social Security Tax on \$87,900 wage base for 2004 and on \$90,000 wage base for 2005, 2006, 2007	
29		1.5% Medicare tax on total compensation.	

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 SOLOMON L. STAMM, EXHIBIT NO. ___
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 MFR F-8, ASSUMPTIONS

BUDGET AND ACTUAL NET INCOME 2000 - 2004

\$ millions	Budget Net <u>Income</u>	Actual Net <u>Income</u>	Percent <u>Change</u>
2000	\$645 (1)	\$645 (2)	0.0%
2001	\$691 (1)	\$695 (3)	0.6%
2002	\$695 (1)	\$717 (4)	3.2%
2003	\$735 (1)	\$733 (4)	-0.3%
2004	\$773 (1)	\$763 (5)	-1.3%
Average			0.4%

(1) Source: Company records.

(2) Source: FPL Group, Inc. Form 10-K, excludes \$38 million of after tax merger costs.

(3) Source: FPL Group, Inc. Form 10-K, excludes \$16 million of after tax merger costs.

(4) Source: FPL Group, Inc. Form 10-K.

(5) Source: FPL Group, Inc. Form 10-K; excludes impact of hurricanes and settlement of shareholder lawsuit.

PLANT IN SERVICE BALANCES, 2002 AND 2006

\$000s				Change	
Electric Plant In Service	Actual	Projected		Increase	% of Total
Account 101	<u>12/31/02</u> (1)	<u>12/31/06</u> (2)		<u>(Decrease)</u>	<u>Change</u>
Depreciable					
Intangible Plant	\$371,290	\$703,055		\$331,765	7%
Steam Production	2,671,205	3,031,271		360,066	7%
Nuclear Production	3,489,363	3,991,412		502,049	10%
Other Production	2,321,667	3,942,475		1,620,808	32%
Transmission	2,285,418	2,914,467		629,049	12%
Distribution	7,217,850	9,000,413		1,782,563	35%
General Plant	915,811	882,723		(33,088)	-1%
Other	107,383	107,383		0	0%
Non-Depreciable	<u>308,421</u>	<u>213,900</u>		<u>(94,521)</u>	<u>-2%</u>
	\$19,688,408	\$24,787,099		\$5,098,691	100%

(1) Source: 2002 FERC Form 1 pages 204 - 207.
 (2) Source: MFR B-7 Test Year Ended 12/31/06.

CUSTOMERS, USAGE AND BILLED SALES, 2002 AND 2006

	<u>Actual</u> <u>2002</u>	<u>Projected</u> <u>Test Year</u> <u>2006</u>	<u>Percent</u> <u>Change</u>
Average customers (millions)	4.02 (1)	4.37 (2)	8.7%
Average billed sales per customer (kWh)	24,077 (1)	24,634 (3)	2.3%
Billed sales (million kWh)	96,790 (1)	107,650 (2)	11.2%

(1) Source: Company records.

(2) Source: MFR F-8.

(3) Calculated.

O&M EXPENSE, 2002 AND 2006

	Total	Less: Fuel		Less: Purchased Power		Less: Deferred Exp		Excl Fuel Pur Power and Deferred
		Dollars	FERC A/C	Dollars	FERC A/C	Dollars	FERC A/C	
Steam Power Generation	\$1,259,509	\$1,140,852	501	\$0	N/A	\$0	N/A	\$118,657
Nuclear Power Generation	380,313	104,028	518	0	N/A	0	N/A	276,285
Other Power Generation	915,905	873,624	547	0	N/A	0	N/A	42,281
Other Power Supply	1,185,485	0	N/A	1,007,675	555	172,327	557 (2)	5,484
Transmission	49,687	0	N/A	0	N/A	0	N/A	49,687
Distribution	240,262	0	N/A	0	N/A	0	N/A	240,262
Customer Accounts	106,926	0	N/A	0	N/A	0	N/A	106,926
Customer Service and Informational	76,599	0	N/A	0	N/A	0	N/A	76,599
Sales	403	0	N/A	0	N/A	0	N/A	403
Administrative and General	315,501	0	N/A	0	N/A	0	529	315,501
	<u>\$4,530,591</u>	<u>\$2,118,504</u>		<u>\$1,007,675</u>		<u>\$172,327</u>		<u>\$1,232,085</u>

	Total (3)	Less: Fuel		Less: Purchased Power		Less: Deferred Exp		Excl Fuel Pur Power and Deferred
		Dollars	FERC A/C	Dollars	FERC A/C	Dollars	FERC A/C	
Steam Power Generation	\$1,064,945	\$918,558	501	\$0	N/A	\$0	N/A	\$146,387
Nuclear Power Generation	484,185	123,386	518	0	N/A	0	N/A	360,799
Other Power Generation	2,749,545	2,693,708	547	0	N/A	0	N/A	55,837
Other Power Supply	1,128,090	0	N/A	923,934	555	194,528	557 (2)	9,628
Transmission	117,147	0	N/A	0	N/A	0	N/A	117,147
Distribution	258,837	0	N/A	0	N/A	0	N/A	258,837
Customer Accounts	124,262	0	N/A	0	N/A	0	N/A	124,262
Customer Service and Informational	69,076	0	N/A	0	N/A	0	N/A	69,076
Sales	18,585	0	N/A	0	N/A	0	N/A	18,585
Administrative and General	461,050	0	N/A	0	N/A	1,151	529	459,899
	<u>\$6,475,723</u>	<u>\$3,735,652</u>		<u>\$923,934</u>		<u>\$195,679</u>		<u>\$1,620,458</u>

(1) Source - 2002 FERC FORM 1 pages 319 - 323

(2) Does not include account 557.000

(3) Source: MFR C-41 column 1

O&M Excluding Fuel, Purchased Power and Deferred Expenses

	\$000s		Increase (Decrease)	% of Total
	Actual 2002	Forecast 2006		
Steam Power Generation	\$118,657	\$146,387	\$27,730	7%
Nuclear Power Generation	276,285	360,799	84,514	22%
Other Power Generation	42,281	55,837	13,556	3%
Other Power Supply	5,484	9,628	4,144	1%
Transmission	49,687	117,147	67,460	17%
Distribution	240,262	258,837	18,575	5%
Customer Accounts	106,926	124,262	17,336	4%
Customer Service and Informational	76,599	69,076	(7,523)	-2%
Sales	403	18,585	18,182	5%
Administrative and General	315,501	459,899	144,398	37%
	<u>\$1,232,085</u>	<u>\$1,620,458</u>	<u>\$388,372</u>	100%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:
FOR TEST YEAR FUNCTIONALIZED O & M EXPENSES,
PROVIDE THE BENCHMARK VARIANCES.

TYPE OF DATA SHOWN:
 X PROJECTED TEST YEAR ENDED 12/31/06
___ PRIOR YEAR ENDED ___/___/___

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

___ HISTORICAL TEST YEAR ENDED ___/___/___
WITNESS: K. MICHAEL DAVIS, LEONARDO E. GREEN
SOLOMON L. STAMM

DOCKET NO. 050045-EI

(\$000)

LINE NO.	(1) FUNCTION	(2) TEST YEAR TOTAL COMPANY PER BOOKS	(3) O & M ADJUSTMENTS (A)	(4) ADJUSTED TEST YEAR O & M	(5) 2002 BASE YEAR ADJUSTED O & M	(6) COMPOUND MULTIPLIER	(7) TEST YEAR BENCHMARK (5) X (6)	(8) UNADJUSTED BENCHMARK VARIANCE (4) - (7)	(9) UNADJUSTED BENCHMARK VARIANCE EXCLUDING: (B)	(10) ADJUSTED BENCHMARK VARIANCE (8) + (9)
1										
2	PRODUCTION - STEAM	1,064,945	928,520	136,426	116,074	1.065592	123,688	12,738	0	12,738
3										
4	PRODUCTION - NUCLEAR	484,185	135,543	348,643	267,891	1.065592	285,463	63,180	0	63,180
5										
6	PRODUCTION - OTHER	2,944,073	2,890,176	53,897	41,627	1.065592	44,357	9,539	0	9,539
7										
8	POWER SUPPLY	933,562	923,934	9,628	5,484	1.065592	5,844	3,784	(3,941)	(156)
9										
10	TRANSMISSION	117,147	18,467	98,680	31,771	1.158942	36,821	61,860	0	61,860
11										
12	DISTRIBUTION	258,837	3,842	254,995	238,685	1.158942	276,622	(21,627)	0	(21,627)
13										
14	CUSTOMER ACCOUNTS	124,262	0	124,262	106,926	1.158942	123,921	341	0	341
15										
16	CUSTOMER SERVICE & INFORMATION	69,076	54,774	14,302	14,680	1.158942	17,013	(2,711)	0	(2,711)
17										
18	SALES EXPENSES	18,585	0	18,585	403	1.158942	467	18,118	0	18,118
19										
20	ADMINISTRATIVE & GENERAL	461,050	4,288	456,761	278,864	1.158942	323,187	133,574	3,941	137,515
21										
22	TOTAL	6,475,723	4,959,544	1,516,179	1,102,405		1,237,383	278,796	0	278,796
23										
24										
25										
26										
27										
28										
29										
30	NOTES: (A) IN ADDITION TO THE COMMISSION ADJUSTMENTS REFLECTED ON MFR C-3 AND C-38, THE FOLLOWING ITEMS HAVE ALSO BEEN ADJUSTED OUT OF O&M EXPENSES CONSISTENT									
31	WITH FPL'S LAST RATE CASE, DOCKET NO. 830465-EI, ORDER NOS. 13537, 13948, 13948-A, AND 14005: NON-RECOVERABLE FUEL, AND TRANSMISSION OF ELECTRICITY BY OTHERS									
32	(B) THE ADJUSTMENTS IN COLUMN (9) REFLECT THE PROPER FUNCTIONALIZATION OF COSTS THAT WERE MISCODED IN THE O&M TEST YEAR FORECAST AND THEREFORE ALLOCATED									
33	TO THE WRONG FUNCTION.									
34										
35										
36										
37										
38										
39										
40	NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING									

DOCKET NO. 050045-EI
 SOLOMON L. STAMM, EXHIBIT NO. ___
 DOCUMENT NO. SILS-8, PAGE 1 OF 1
 O&M Benchmark Comparison, 2002 Benchmark Year

O&M BENCHMARK COMPARISON, 1988 BENCHMARK YEAR

\$000s	BASE YEAR	O&M	BASE YEAR	BENCHMARK	BENCHMARK	PERCENT
	BENCHMARK	BENCHMARK	BENCHMARK	BENCHMARK		
	ADJUSTED O&M	COMPOUND	ADJUSTED O&M	ADJUSTED O&M	VARIANCE	ABOVE
	<u>1988</u>	<u>MULTIPLIER</u>	<u>2006</u>	<u>2006 (1)</u>		(BELOW)
						<u>BENCHMARK</u>
STEAM PRODUCTION	\$161,927	1.62046	\$262,396	\$136,426	(\$125,970)	-48.0%
NUCLEAR PRODUCTION	286,342	1.62046	464,006	348,643	(115,363)	-24.9%
OTHER PRODUCTION	18,025	1.62046	29,209	53,897	24,688	84.5%
OTHER POWER SUPPLY	3,829	1.62046	6,205	5,687	(518)	-8.3%
TRANSMISSION	39,103	2.39857	93,791	98,680	4,889	5.2%
DISTRIBUTION	216,803	2.39857	520,017	254,995	(265,022)	-51.0%
CUSTOMER ACCOUNTS	105,965	2.39857	254,164	124,262	(129,902)	-51.1%
CUSTOMER SERVICE	16,280	2.39857	39,049	14,302	(24,747)	-63.4%
SALES	0	2.39857	0	18,585	18,585	N/A
ADMINISTRATIVE & GENERAL	<u>275,460</u>	<u>2.39857</u>	<u>660,710</u>	<u>460,702</u>	<u>(200,008)</u>	<u>-30.3%</u>
TOTAL	<u>\$1,123,734</u>		<u>\$2,329,546</u>	<u>\$1,516,179</u>	<u>(\$813,368)</u>	<u>-34.9%</u>

(1) Source: MFR C-37 column 3