BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PETITION FOR RATE INCREASE BY	)	DOCKET NO. 050045-EI
FLORIDA POWER & LIGHT COMPANY	)	

DIRECT TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

SOUTH FLORIDA HOSPITAL AND HEALTHCARE ASSOCIATION

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

JUNE 2005

BEFORE THE

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DIRECT TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND SUMMARY

Q. Please state your name and business address.

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. What is your occupation and by whom are you employed?

A. I am a utility rate and planning consultant holding the position of Vice President and Principal with the firm of Kennedy and Associates.

Q. Please describe your education and professional experience.

A. I earned a Bachelor of Business Administration in Accounting degree from the University of Toledo. I also earned a Master of Business Administration degree from the University of Toledo. I am a Certified Public Accountant, with a practice license, and a Certified Management Accountant.

I have been an active participant in the utility industry for more than twenty-five years, both as an employee and as a consultant. Since 1986, I have been a consultant with Kennedy and Associates, Inc., providing services to state government agencies and large consumers of utility services in the ratemaking, financial, tax, accounting, and management areas. From 1983 to 1986, I was a consultant with Energy Management Associates, providing services to investor and consumer owned utility companies. From 1976 to 1983, I was employed by The Toledo Edison Company in a series of positions encompassing accounting, tax, financial, and planning functions.

I have appeared as an expert witness on accounting, finance, ratemaking, and planning issues before regulatory commissions and courts at the federal and state levels on more than one hundred occasions. I have developed and presented papers at various industry conferences on ratemaking, accounting, and tax issues. I have previously testified before the Florida Public Service

Commission ("Commission") in Docket Nos. 870220-EI (Florida Power Corporation), 8800355-EI (Florida Power & Light Company), 881602-EU and 890326-EU (Talquin Electric Cooperative), 890319-EI (Florida Power & Light Company), 910890-EI (Florida Power Corporation), and 001148-EI (Florida Power & Light Company). My qualifications and regulatory appearances are further detailed in my Exhibit LK-1.

Q. On whose behalf are you testifying?

A. I am offering testimony on behalf of the South Florida Hospital and Healthcare Association ("SFHHA") and individual healthcare institutions (collectively, the "Hospitals") taking electric service on the Florida Power & Light Company ("FPL" or "Company") system .

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address various components of the Company's revenue requirement for the 2006 test year, including operation and maintenance ("O&M") expense, storm damage expense, GridFlorida expense, incentive compensation expense, return on equity performance incentive, and capital structure, and to quantify the revenue requirement effects of the return on common equity ("ROE") recommendation by Hospitals' witness Mr. Baudino. Another purpose of my testimony is to address the additional rate increase sought by the Company for Turkey Point 5 based on a 2007 projection of costs.

Q. Please summarize your testimony.

A. The Company's proposed base revenue increase of $384.6 million for the 2006 test year, net of various clause adjustments, is excessive and should be reduced. Instead, the Company's base rates should be reduced by at least $224.7 million based on the Hospitals' recommendations. I recommend that the Commission adopt the following adjustments to the Company's proposed base revenue requirement:

1. Reduce O&M expense to set storm damage expense at reasonable level. ($45.7 million).

2. Reduce O&M expense to remove speculative GridFlorida costs. ($102.5 million).

3. Reduce O&M expense to reflect productivity improvements. ($60.3 million jurisdictional).

4. Reduce the requested return on equity to remove the proposed 50 basis points return on equity performance incentive reward. ($50.2 million jurisdictional).

5. Reduce the required return on common equity to reflect recommendation of Hospitals' witness Mr. Baudino. ($311.3 million jurisdictional).

6. Establish a reasonable capital structure for FPL as a standalone utility in the computation of the rate of return. ($39.3 million jurisdictional).

In addition, the Company's proposed additional rate increase for Turkey Point 5, based on projections of 2007-2008 costs, should be rejected. The Commission should not allow piggybacked rate increases using speculative projections that are some four years beyond the historic data relied on by the Company to develop these projections.

II. STORM DAMAGE EXPENSE IS EXCESSIVE AND SHOULD BE LIMITED TO REASONABLE LEVEL

Q. Please describe the Company's request for storm damage expense included in its revenue requirement.

A. The Company's filing includes $120.0 (total Company) million in storm damage expense for the test year, an increase of $99.7 million from the present $20.3 million recovered through base rates. The Company's request includes $73.7 million in expense for the current recovery of projected storm damages, quantified on a probabilistic basis by ABS Consulting, and an additional $46.3 million in expense to establish a storm damage reserve fund of $367 million within the next five years, also quantified on a probabilistic basis by ABS Consulting.

The Company's request reflects its expectation that the existing storm damage reserve deficiency will be recovered through a storm surcharge. The framework for recovery of actual storm damage expenditures previously established by the Commission provides for base rate recovery of estimated annual losses in conjunction with a funded storm reserve account and surcharge recovery of catastrophic losses if there is a significant reserve deficiency.

Q. Is the amount of storm damage expense included in the base revenue requirement a matter of significant judgment?

A. Yes. The Commission must balance the amount of storm damage expense recovery through base rates with the potential for catastrophic losses and the necessity to recover those losses through a storm surcharge. Thus, the amount of expense allowed for base rate recovery is a function of the expected annual storm damage losses and the appropriate amount that should be included in the storm damage reserve.

The amount that should be included in the storm damage reserve is a matter of judgment as to whether amounts should be accumulated in excess of the expected annual storm damage losses, and if so, how much should be accumulated. Another matter of judgment is whether the storm reserve should be funded or unfunded.

Q. What ratemaking objectives should guide the Commission in making these judgments?

A. There are two primary ratemaking objectives that should guide the Commission in its attempt to balance the interests of the Company and those of the ratepayers who actually pay for such costs. The first ratemaking objective is that the Company should be provided recovery of its prudently incurred and reasonable costs for storm damage. The second objective is that the process of recovering prudent and reasonable costs should be structured to minimize the costs to ratepayers on an economic, or net present value, basis consistent with other ratemaking objectives such as intergenerational equity and rate stability.

Q. Does the Company agree with these ratemaking objectives?

A. Yes. The Company has identified four regulatory objectives, based on the testimony of Mr. Dewhurst. In addition to full recovery, the Company believes that the regulatory objectives should be "(1) achieve the lowest long-term customer costs; balanced with (2) dampen volatility of the reserve (i.e., reduce reliance on special assessments/rate increases); and (3) cover the costs of most storms, but not those from the most catastrophic events." (Dewhurst Direct at 40).

Q. How can the Commission provide the Company recovery of its prudent and reasonable costs while minimizing the effect on ratepayers?

A. These dual ratemaking objectives can be achieved by adopting a recovery process that results in the least cost to ratepayers on a net present value basis, tempered judgmentally by other ratemaking objectives. Generally, the least cost to ratepayers can be accomplished by providing recovery at the expected annual amount of storm damage losses, with no intentional buildup or deficiency in a storm damage reserve. The storm damage reserve would continue to operate as a means of tracking the difference between recoveries and actual storm damage losses. If there is a significant buildup or deficiency in the storm damage reserve over time, then the Commission can determine an appropriate recovery or amortization period and amount, whether through base rates or surcredit/surcharge, that will eliminate the buildup or deficiency.

Q. Why should the Commission target an average $0 storm damage reserve amount in quantifying the annual expense accrual allowed?

A. First, the Commission should use the best estimate of annual storm damage losses to set the allowed level of expense, including the costs associated with unusual storm events such as those that occurred in 2004. The Company's estimate of $73.7 million, developed by ABS Consulting, includes the effects of the costs incurred by FPL in 2004. Such an estimate will provide the Company full recovery of its storm damage losses over time, including the damage from even the most unusual and severe storm activity, no more and no less, consistent with the ratemaking objective of full recovery of prudent and reasonable costs.

Second, there is no economic justification to set the allowed storm damage expense at a level designed to intentionally overrecover by $46.3 million annually the Company's best estimate of annual storm damage losses, particularly if the Commission continues to require that such overrecoveries be included in a storm damage reserve fund with its low earned returns. Overrecoverries included in the storm damage reserve fund earn even less than the Company's cost of short-term borrowings and less than ratepayers' cost of capital. Thus, there is a net present value harm to ratepayers from intentional overrecovery for the purpose of building up an excess in the storm damage reserve fund.

Third, intentionally setting the storm damage expense at an excessive level results in an intergenerational mismatch between those ratepayers that will be required to prepay storm damage costs and those that will benefit from the prepayment in the future. Setting the storm damage expense at the level of expected storm damage losses mitigates this problem.

Q. Should the Commission continue to require the use of a storm damage reserve fund?

A. No. This requirement does not result in the least cost to ratepayers. If the Commission intentionally provides for excessive recovery to build-up an excess in the storm damage reserve, then it should at least provide ratepayers with a rate of return equivalent to that provided on all other rate base components rather than a short term earned return on fund balances. This can be achieved by eliminating the funding requirement and requiring the Company to include a deferred carrying charge each month on the excess or deficiency in the reserve. The Company's requested grossed-up rate of return on rate base in this proceeding is 12.03%, more than 3 times the 3.9% short term interest return assumed for earnings on amounts recovered in excess of actual costs and accumulated in the storm damage reserve fund. In addition, a storm damage reserve fund is unnecessary given the Company's strong financial condition and its ability to draw on its credit facilities at favorable short-term interest rates.

Q. Please summarize your recommendation on the recovery of storm damage costs.

A. I recommend that the Company be allowed to recover the expected storm damage expense quantified at $73.7 million (total Company) by ABS Consulting, or $46.3 million less than the Company's request. To the extent the Commission allows some amount in addition to the $73.7 million, then the Commission should no longer require that such excess amounts be placed into a storm damage reserve fund. Instead, the Commission should require that the Company add a return to the monthly balance in the storm damage reserve account on the accumulated overrecovery amounts at the Company's cost of capital. This will provide ratepayers a return on such overrecovered amounts at the same rate as the Company earns on its rate base investment.

III. GRIDFLORIDA COSTS ARE UNCERTAIN AND NOT KNOWN AND MEASURABLE FOR TEST YEAR

Q. Please describe the Company's request for recovery of GridFlorida RTO costs.

A. The Company's filing includes $104 million for GridFlorida costs in the test year. This amount consists of $59.0 (total Company) million projected for 2006 and supported by FPL witness Mr. Mennes and another $45.0 million (total Company) imputed to the test year to reflect the average annual effect of projected increases from 2007 through 2010, which is supported by FPL witness Mr. Davis.

Q. Are the implementation and operational dates of GridFlorida RTO currently known?

A. No. These dates are not known at this time because they are dependent upon approvals from state and federal regulators, according to the Company's response to Staff 1-29.

Q. Are the costs that will be incurred by the Company for GridFlorida RTO and the timing of when those costs will be incurred currently known?

A. No. The total amount that will be incurred and the timing of those costs are presently unknown. The total amount of the GridFlorida start-up costs that will be incurred by FPL is dependent upon two major factors, the actual start-up costs and the actual GridFlorida membership, according to the Company's response to Staff 1-30. Neither of these factors is presently known. Nor does the Company know when it will incur this unknown level of costs. The total amount of the GridFlorida operating costs and their timing also is unknown for the same reasons. The Company's filing reflects start-up and operating costs quantified by Accenture Group in 2002, which it has adjusted to account for inflation and the delays in implementation, according to the testimony of Mr. Mennes and the Company's response to Staff 1-30. Since then, other estimates have been prepared by ICF Consulting for the GridFlorida cost-benefit analysis, according to the Company's response to Staff 1-32. I have replicated the Company's response to Staff 1-30 as my Exhibit___(LK-2) and its response to Staff 1-32 as my Exhibit___(LK-3).

Q. Do the GridFlorida costs included by the Company in its filing reflect all

costs and revenues associated with the implementation and operation of the GridFlorida RTO?

A. No. The Company has not included all potential costs, according to its response to Staff 1-37, nor has it included any Day 1 or Day 2 incremental revenues, investment efficiencies, or operational efficiencies from the operation and use of its transmission system pursuant to the GridFlorida RTO OATT or considered in the ICF Consulting cost-benefit analysis, which quantified nearly $1 billion in statewide benefits through 2016. I have replicated the Company's response to Staff 1-37 as my Exhibit___(LK-4).

Q. Should the Commission include either the $59.0 million projected by the Company for 2006 or the additional $45.0 million estimated annual average projected post-test year through 2010 in the base revenue requirement?

A. No. No portion of the $104.0 million is known and measurable. It is not certain if any amount actually will be incurred in the test year, according to the Company's discovery admission. Further, the Company's filing does not include all costs, incremental revenues, investment efficiencies, or operational efficiencies associated with the operation and use of its transmission system pursuant to the GridFlorida RTO OATT or those addressed in the ICF Consulting cost-benefit analysis.

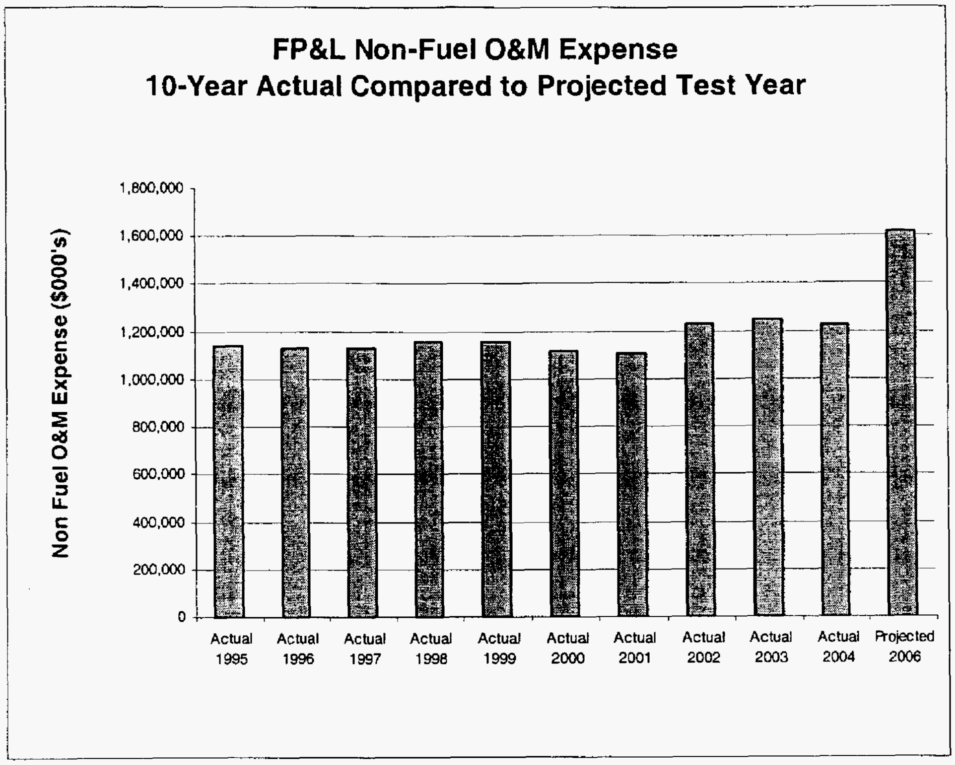
In addition to the preceding reasons, the Commission should reject the $45 million because it represents an average of costs that the Company projects will be incurred post-test year from 2007 through 2010. The $45.0 million component is even more unreasonable than the $59.0 million component of the Company's proposed GridFlorida costs. The Company's proposal violates the sanctity of the test year and creates a mismatch in the measurement of the revenue and cost components comprising the revenue requirement.

The Company's proposed post-test year adjustment is a classic example of a single-issue selective ratemaking adjustment that fails to consider other components of the revenue requirement in those years. If the Company's adjustment is acceptable, then it would be equally equitable to project the increase in revenues due to customer growth for the years 2007 through 2010 and to selectively impute the average annual incremental revenues into the 2006 test year. Similarly, if the Company's adjustment is acceptable, then it would be equally equitable to compute the projected reduction in rate base due to depreciation expense for the years 2007 through 2010 and to selectively impute the average effect on accumulated depreciation into the 2006 test year. These two additional post-test year adjustments alone would reduce the revenue requirement more than the $45 million post-test year adjustment proposed by the Company for the same four year post-test year period.

IV. O&M EXPENSE SHOULD BE REDUCED TO REFLECT PRODUCTIVITY IMPROVEMENTS

Q. Has the Company been successful at controlling its O&M expense over the last ten years?

A. Yes. The Company has addressed this issue at considerable length through various witnesses in their functional areas of responsibility. The following chart provides a ten-year history of the Company's actual O&M expense from 1995 through 2004 compared to its projected O&M expense for the test year. The chart demonstrates that the Company has been successful at controlling its O&M expense with virtually no growth, except in 2002.

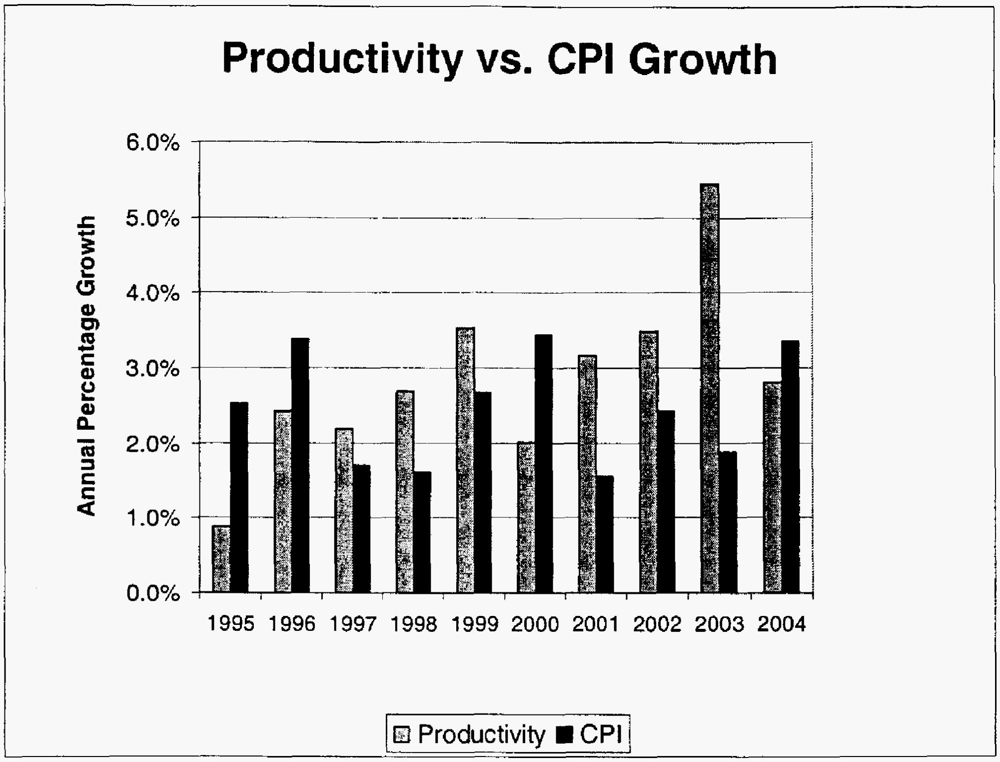


Q. What conclusions can be drawn from this chart?

A. First, the Company has been successful in controlling its actual O&M expense over the last ten years, except for the significant increase which occurred in 2002, and of which $35.0 million was a one-time expense to increase the storm damage reserve fund. Second, the Company allows its O&M expense to increase substantially coincident with rate filings and the use of projected test years in those filings. The 2002 increase coincided with the Company's filing in Docket No. 001148-EI, which was based on a 2002 test year. The huge increase projected for 2006 also coincides with a base rate filing. The increase projected for the 2006 test year compared to actual 2004 levels is nearly 33%, a huge increase by comparison even to the increase in 2002. Given this historic pattern and the inherent ratemaking incentive to project excessive cost levels, the Commission should view the requested increase in test year O&M expense with a high degree of skepticism in considering whether the Company's projections are prudent and reasonable.

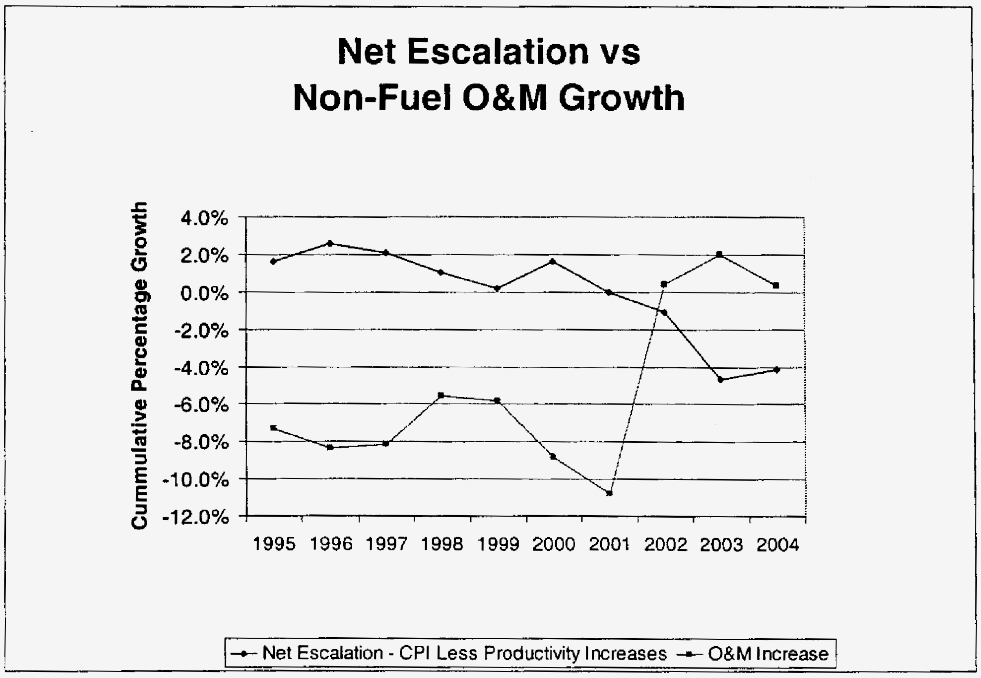
Q. During the ten-year historical period, what was the relationship between annual growth in inflation and offsetting growth in productivity?

A. In most years, productivity growth was greater than inflation growth, thus contributing to a net reduction in costs for businesses nationwide. The following chart portrays the annual changes in productivity and inflation for the last ten years.



Q. Does the Company's historical growth in O&M expense, except for the increase in 2002, parallel the inflation rate less growth in productivity on a national basis?

A. Yes. There was significant growth in productivity nationwide over the last ten years, which mitigated the growth in inflation. The Company's O&M expense followed a similar pattern whereby inflation was almost entirely offset by improvements in productivity. The Company was able to improve its productivity during the historical ten-year period through various means, including investment in technology. In general, the Company was able to limit the growth in its O&M expense to less than inflation adjusted downward for the growth in productivity (measured on a national basis), with the exception of the increase in 2002. The following chart portrays this correlation.



Q. Were the Company's improvements in productivity reflected in the number of employees?

A. Yes. Productivity is a measurement of output per employee. Despite significant customer and sales growth, the Company has reduced the number of employees over the ten-year historical period from 11,396 to 10,000, or an average of 140 positions per year, according to the Company's response to OPC 1-113.

Q. Does the Company's O&M expense projection for the test year explicitly recognize a continuation of its historic productivity improvements as measured by the number of employees?

A. No. The Company has reflected an increase in the number of employees to 10,558 in the test year compared to 10,000 actual in 2004, which reflected staffing levels necessary to meet the unusual storm requirements. It has reflected inflation growth in O&M expense, but no explicit offset to that growth for productivity improvement.

Q. Is the Company's O&M expense for the test year excessive given that there is no explicit recognition of continued productivity improvement?

A. Yes. The Company's O&M expense is excessive by $61.159 million (total Company), computed as the number of excess employees (838) times the all-in cost per employee ($91,228, according to Schedule C-35) times the O&M payroll expense ratio (80%). If the Company had properly reflected a continuation of the historic growth in productivity as measured by the number of employees, then it should have included 9,720 employees in the test year, a reduction of 140 employees per year on average compared to 2004 levels.

Q. Should the Commission disallow this amount included by the Company in projected test year O&M expense as unreasonable?

A. Yes. The Commission should view the requested increase with a high degree of skepticism given the Company's actual experience and the national experience in net cost escalation. The Commission should consider the Company's ten years of history in controlling O&M expenses by implementing productivity improvements and reducing the number of employees. There is no reason why the Company cannot continue this decade-long pattern of productivity improvement given the appropriate ratemaking incentives to do so, i.e., providing a target level for the Company to achieve consistent with its history of achievement. I should note that the Company has not expended the projected O&M expense amounts; they remain projections based on assumptions unless and until the expenses are actually incurred. If the Commission establishes the base revenue requirement based on an appropriate O&M expense level, then it will be incumbent upon the Company to achieve it.

V. COMPANY'S PROPOSED RETURN ON EQUITY PERFORMANCE INCENTIVE SHOULD BE REJECTED

Q. Please describe the Company's request for a return on equity performance incentive.

A. The Company's filing includes a 50 basis point increase in the requested return on common equity from 11.80% to 12.30%. The Company's request for this 50 basis point increase in the return on equity comprises $50.211 million (jurisdictional) of the requested base rate increase.

Q. Is Mr. Dewhurst correct that "traditional cost-of-service based regulation has a shortcoming in that it fails to provide incentives for utilities to achieve more efficient levels of service over a long period of time?"

A. No. This statement is incorrect and directly at odds with this Commission's and the Company's own experience, the very experience that is touted by many of its witnesses in this proceeding. In general, traditional cost-of-service based regulation provides incentives for utilities to achieve efficient levels of service over a long period of time by allowing the utility to retain excess earnings between rate cases. More specifically, the Commission has allowed FP&L to retain all of the earnings from the savings it achieved from 1988 through 1998 and then a portion of the savings through the operation of two successive revenue sharing plans from 1999 through 2004. The Company has earned higher returns as the result of the incentive to reduce and control O&M expense between base rate proceedings.

Q. Does the Company's successful achievement of savings support the Company's argument that an incentive rate of return must be provided in order to achieve such savings?

A. No. The Company's experience is directly contrary to this proposition. In the Company's experience, traditional cost-of-service regulation has been effective because the Company was allowed to retain excess earnings in the absence of a base rate case. According to Mr. Dewhurst's testimony in this proceeding, "FPL achieved unprecedented reductions in operating expenses during the decade of the 1990s." It achieved those savings with no ROE performance incentive. Also according to Mr. Dewhurst's testimony, "After a decade of steady reductions, costs have grown only modestly over the last few years despite the increased costs of nuclear maintenance, healthcare, and insurance." It also achieved those savings with no ROE performance incentive.

As I noted previously, the Company's actual costs demonstrate its historical success in achieving O&M expense savings with no ROE performance incentives provided through the ratemaking process. Between rate cases, the Company has demonstrated its ability to restrain cost growth because of the ability to retain the earnings benefit for its shareholder was a powerful and sufficient incentive to do so. Only in conjunction with the filing of rate cases has the Company allowed its O&M expense to increase by any significant amounts over the last ten years. This pattern of reductions or no increases between rate cases, and substantial increases in conjunction with the filing of rate cases, demonstrates that there already exists a dual incentive system that is the direct result of the ratemaking process. Thus, it is clearly unnecessary to overlay yet another incentive system in the form of an increased ROE, particularly one that is inherently gratuitous.

Q. Mr. Dewhurst states that one of the two purposes of the Company's proposed ROE performance incentive "is to recognize FPL's past superior performance." Is this an appropriate ratemaking objective?

A. No. The Company's request is the quintessence of improper retroactive ratemaking given this stated purpose. The Commission cannot and should not modify lawful rates that were in effect in prior years by including a surcharge on prospective rates through an incentive rate of return. The Company already has been handsomely rewarded by its retention of achieved savings in those prior years.

Q. Mr. Dewhurst states that the second of the two purposes of the Company's proposed ROE performance incentive is "to encourage continued strong operational performance over the long-term." Has the Company provided any logical or empirical support for this proposition, i.e., that an additional 50 basis points on the return on equity will motivate Company management to achieve strong operational performance?

A. No. There is no demonstrated nexus between the proposed ROE performance incentive and the future achievement of strong operational performance. To the contrary, such a reward is gratuitous if it is not contingent upon the prospective achievement of specific performance improvements that benefit ratepayers and that are based on quantifiable metrics rather than generalized claims.

Instead of a reward for achieved performance, an ROE performance reward will provide a reward for success in achieving a higher allowed rate of return, and thus, higher revenues, through the ratemaking process. This is not the type of incentive that benefits ratepayers and should not be adopted or encouraged by the Commission.

VI. RETURN ON COMMON EQUITY RECOMMENDED BY HOSPITALS WILL RESULT IN REDUCTION TO BASE REVENUE REQUIREMENT

Q. Have you quantified the effect on the Company's base revenue requirement of the Hospitals' witness Mr. Baudino's recommended return on common equity?

A. Yes. The return on equity recommended by Mr. Baudino will result in a reduction in the Company's requested base revenue requirement of $311.311 million (jurisdictional). This amount represents the difference between the Company's request for an 11.80% return, excluding the Company's proposed 50 basis points ROE performance incentive reward, and the 8.70% return recommended by Mr. Baudino. I have quantified the effect of the requested 50 basis point ROE performance incentive separately. My computations are detailed on my Exhibit___(LK-5).

VI. CAPITAL STRUCTURE SHOULD BE SET AT REASONABLE LEVEL TO REFLECT FPL AS STANDALONE UTILITY

Q. Please describe the capital structure reflected in the Company's filing.

A. The Company's capital structure, reflecting the projected short term debt, long term debt and common equity outstanding for the test year, but excluding other components incorporated in the cost of capital computation for ratemaking purposes, is as follows, according to Company witness Dr. Avera:

Component	Jurisdictional Company Adjusted Balances	Capital Ratios
Long Term Debt	3,751,548	37.47%
Common Equity	6,200,049	61.92%
Short Term Debt	61,631	0.61%
Total	10,013,228	100.00%

Q. Mr. Dewhurst and Dr. Avera argue that the requested ratemaking common equity ratio of 61.92% is reasonable because it is equivalent to a common equity ratio of 55.83% on a Standard & Poor's bond rating basis, which reflects imputed debt due to purchased power agreements. Please

respond.

A. First, the Company's requested common equity ratio for establishing the revenue requirement is 61.92%, not 55.83%, according to Schedule D-1a, once the nonfinancing components are of the ratemaking capitalization are removed. I have replicated this Schedule and shown the computations for the financing components of capitalization as my Exhibit___(LK-6). These computations result in the financing capital structure shown on page 61 of Dr. Avera's testimony.

Second, a common equity ratio of 61.92% for ratemaking purposes is wildly excessive for a standalone utility with a single A utility bond rating and with a business profile of 4, which Standard & Poor's ("S&P") has assigned FP&L. Even a 55.83% common equity ratio, adjusted to reflect the Company's purchased power obligations is above the high end of the range for a single A utility bond rating by S&P and with a business profile of 4, assuming the utility is evaluated on a standalone basis, which FPL is not. The S&P equity range for a single A utility bond rating with a business profile of 4 is 48%-55%. Thus, a reasonable level for the common equity ratio of a single A utility could be as low as 48%, adjusted to include the effects of purchased power contracts as debt. I have replicated a copy of the S&P Corporate Ratings Criteria dated October 28, 2004, as my Exhibit___(LK-7).

Third, an excessive FPL common equity capital ratio will force ratepayers to subsidize FPL Group's unregulated affiliate activities, which are grouped into the FPL Group Capital affiliate. FPL Group could not maintain a single A bond rating on a corporate-wide basis without an excessive FPL common equity ratio because FPL Group Capital is extremely highly leveraged. In a recent report, S&P confirmed that its single A rating for FPL was based on the consolidated credit profile of FPL Group, which includes both FPL and FPL Group Capital. FPL Group Capital owns FPL Energy. In that report, S&P confirmed that the FPL Group credit profile reflected the financial strength of FPL against the financial weakness and increased risk of FPL Energy. In that April 1, 2005 Ratings Direct Report on FPL, S&P explained its rationale for the single A bond rating for FPL as follows:

> **The ratings on Florida Power & Light Co (FP&L) reflect the consolidated credit profile of its parent, diversified energy company FPL Group, Inc. The consolidated rating on FPL Group reflects the strength of FPL's stable cash flows. FP&L, which is an integrated electric utility in Florida, contributes about 80% of the consolidated cash flow and has a above average business profile relative to its integrated electric peers. Concerns include the higher-risk cash flows from FPL Energy's portfolio of merchant**

> **generation, the utility's increased exposure to natural gas, uncertainty regarding pending regulatory proceedings, and the consolidated company's slightly weak financial profile for the rating.**

Q. How do the capital structures of FPL, FPL Group Capital, and FPL Group on a consolidated basis compare to each other?

A. To achieve an acceptable common equity ratio for FPL Group on a consolidated basis for financial statement and rating purposes, FPL Group has used the excessive FPL common equity ratio to balance the minimal FPL Group Capital common equity ratio. At December 31, 2004, FPL Group on a consolidated basis had a 43.6% common equity ratio, FPL had a 61.6% common equity ratio, and FPL Group Capital had a 20.4% common equity ratio. The FPL Group and the FPL Group Capital common equity ratios were both well below the level required for a single A rating for a standalone utility. I obtained this information from Schedule D-2 of the Company's MFR filing in this proceeding.

Q. Should FPL ratepayers subsidize the FPL Group Capital unregulated activities through an excessive common equity ratio for ratemaking purposes?

A. No. The Commission should consider FPL on a standalone regulated utility basis. On a standalone basis, the FPL common equity ratio should be set within the range for a single A utility pursuant to the S&P guidelines. It is inappropriate for Florida ratepayers to subsidize the unregulated operations of FPL Group Capital in other states through an excessive revenue requirement based on an excessive common equity ratio.

Q. What is your recommendation for a reasonable FPL standalone capital structure?

A. I recommend that the Commission use the midpoint of the S&P range for a single A utility, with the capital structure reflecting the imputed value of the purchased power agreements as an increase in debt. The capital structure for ratemaking purposes would then be computed by removing the imputed value of the purchased power agreements from debt and including the nonfinancing capital structure components. On an adjusted S&P basis, the common equity ratio would be limited to no more than 51.5%, with total short and long term debt comprising the residual 48.5%. On a ratemaking basis, the common equity ratio would be set at 46.08%, long-term debt at 34.05%, and short-term debt at 0.55%, after consideration of the nonfinancing components. The computations of these capital ratios is detailed on my Exhibit___(LK-6).

Q. Have you quantified the revenue requirement effect of your recommendation for a reasonable FPL standalone capital structure?

A. Yes. The use of a reasonable capital structure for the Company will reduce test year revenue requirements by $39.3 million, using the Hospitals' return on common equity. The computations are detailed on my Exhibit___(LK-5).

VII. ADDITIONAL RATE INCREASE FOR TURKEY POINT 5 SHOULD BE REJECTED

Q. **The Company has proposed an additional increase based upon a projected revenue requirement for Turkey Point 5 for the twelve months ending May 31, 2008 compared to a projected revenue requirement for 2007. Should the Commission grant this request?**

A. No. First, this is nothing less than a selective post-test year adjustment packaged within the context of additional test years. The Commission should reject this approach as a matter of principle. If the Company concludes it will have a revenue deficiency in either 2007 or the twelve months ending May 31, 2008 absent an additional rate increase, then it should be required to file for that increase in 2006 or 2007, not simply be awarded that additional increase on the basis of a an additional projected revenue requirement after the 2006 test year.

Second, the projected data for a 2007 test year or the twelve months ending May 31, 2008 test year are even more speculative than the projected data for the 2006 test year. The Company prepared its 2005 budget and the 2006 – 2008 forecasts based on actual information only through mid-year 2004. Thus, the projected amounts for the twelve months ending May 31, 2008 are nearly four years beyond the historic data relied on in the budgeting and forecasting process.

Third, the projected data for a 2007 test year or the twelve months ending May 31, 2008 fail to consider the effects of the Commission's decisions on the various issues related to the 2006 test year and the Company's real-world responses to those decisions. For example, if the Commission determines that the Company's requested O&M expense is excessive in the 2006 test year and the Company responds by reducing its O&M expense, then that benefit also would be achieved in 2007 and the twelve months ending May 31, 2008, thus reducing the revenue requirement in those two periods.

Fourth, if the Commission adopts this selective post-test year adjustment in this proceeding, as a matter of principle, there is nothing that will preclude the Company or another utility in the future from proposing not only two rate increases based on three different test years, but proposing four increases or five increases based on three or four different test years.

Q. Does this complete your testimony?

A. Yes.

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PETITION FOR RATE INCREASE BY	)	DOCKET NO. 050045-EI
FLORIDA POWER & LIGHT COMPANY	)	

EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

SOUTH FLORIDA HOSPITAL AND HEALTHCARE ASSOCIATION

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

JUNE 2005

EXHIBIT ____ (LK-1)

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

More than twenty-five years of utility industry experience in the financial, rate, tax, and planning areas. Specialization in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition diversification. Expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

1986 to Present:

J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Minnesota, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and West Virginia state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to 1986:

Energy Management Associates: Lead Consultant.
Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to 1983:

The Toledo Edison Company: Planning Supervisor.
Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.
Construction project cancellations and write-offs.
Construction project delays.
Capacity swaps.
Financing alternatives.
Competitive pricing for off-system sales.
Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.
Airco Industrial Gases
Alcan Aluminum
Armco Advanced Materials Co.
Armco Steel
Bethlehem Steel
Connecticut Industrial Energy Consumers
ELCON
Enron Gas Pipeline Company
Florida Industrial Power Users Group
General Electric Company
GPU Industrial Intervenors
Indiana Industrial Group
Industrial Consumers for
Fair Utility Rates - Indiana
Industrial Energy Consumers - Ohio
Kentucky Industrial Utility Customers, Inc.
Kimberly-Clark Company
Lehigh Valley Power Committee
Maryland Industrial Group
Multiple Intervenors (New York)
National Southwire
North Carolina Industrial
Energy Consumers
Occidental Chemical Corporation
Ohio Energy Group
Ohio Industrial Energy Consumers
Ohio Manufacturers Association
Philadelphia Area Industrial Energy
Users Group
PSI Industrial Group
Smith Cogeneration
Taconite Intervenors (Minnesota)
West Penn Power Industrial Intervenors
West Virginia Energy Users Group
Westvaco Corporation

Regulatory Commissions and Government Agencies

Georgia Public Service Commission Staff
Kentucky Attorney General's Office, Division of Consumer Protection
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York State Energy Office
Office of Public Utility Counsel (Texas)

RESUME OF LANE KOLLEN, VICE PRESIDENT

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation
Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

Expert Testimony Appearances
of
Lane Kollen
As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements. Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.

Expert Testimony Appearances
of
Lane Kollen
As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric	Financial workout plan. Corp.
5/88	M-87017 -1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017 -2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.

Expert Testimony Appearances
of
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As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
7/88	M-87017- -1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92
7/88	M-87017- -2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170- EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171- EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial Considerations, working capital.
10/88	8800 355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71)
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.

Expert Testimony Appearances
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As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.

**Expert Testimony Appearances
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As of June 2005**

Date	Case	Jurisdict.	Party	Utility	Subject
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231 -E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.

Expert Testimony Appearances
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As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.

Expert Testimony Appearances
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As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	Merger. Corp.
3/93	93-01 EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	Merger. Corp.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	Merger. Corp.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.

Expert Testimony Appearances
of
Lane Kollen
As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
11/94	U-19904 Initial Post-Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95 12/95	U-21485 (Supplemental Direct) U-21485 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.

Expert Testimony Appearances
of
Lane Kollen
As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co. The Cleveland Electric Illuminating Co.	Competition, asset writeoffs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC No. 14967	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.

Expert Testimony Appearances
of
Lane Kollen
As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. and Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.

**Expert Testimony Appearances
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Lane Kollen
As of June 2005**

Date	Case	Jurisdict.	Party	Utility	Subject
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.

Expert Testimony Appearances
of
Lane Kollen
As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.

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Lane Kollen
As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers mechanisms.	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery
4/99	99-02-05	CT	Connecticut Industrial Utility Customers mechanisms.	Connecticut Light and Power Co.	Regulatory assets and liabilities stranded costs, recovery
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers Kentucky Utilities Co.	Louisville Gas and Electric Co. and	Alternative regulation.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, and American Electric Power Co.	Merger Settlement Stipulation.
7/99	97-596 (Surrebuttal)	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 (Surrebuttal)	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 (Rebuttal)	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Revenue requirements.
8/99	98-474 98-083 (Rebuttal)	KY	Kentucky Industrial Utility Customers	Louisville Gas and Electric Co. and Kentucky Utilities Co.	Alternative forms of regulation.
8/99	98-0452-E-GI (Rebuttal)	WVa	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
10/99	U-24182 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	21527	TX	Dallas-Ft.Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
01/00	U-24182 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
05/00	2000-107	KY	Kentucky Industrial Utility Customers	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
07/00	22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	PUC 22350 SOAH 473-00-1015	TX	The Dallas-Ft. Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 (Affidavit)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009		Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, U-20925, U-22092 (Subdocket C) (Surrebuttal)	LA	Louisiana Public Service Commission Staff f	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 (Direct)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925 and U-22092 (Subdocket B) (Surrebuttal)		Louisiana Public Service Commission Staff	Entergy Gulf States, Inc,.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. and Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05 /01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution (Rebuttal)	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, Separations methodology.
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Review requirements, Rate Plan, fuel clause recovery.
11/01 (Direct)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
11/01 (Direct)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	25230	TX	Dallas Ft.-Worth Hospital Council & the Coalition of Independent Colleges & Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02 (Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02 (Rebuttal)	14311-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear llife extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02 (Supplemental Surrebuttal)	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 and U-22092 (Subdocket C)		Louisiana Public Service Commission Staff	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission Statt	Entergy Services, Inc. and The Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.

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Date	Case	Jurisdict.	Party	Utility	Subject
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KU	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, and ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, and ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Market-Ing, L.P, and Entergy Power, Inc.	Unit power purchase and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.

Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post test year Adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459, PUC Docket 29206	TX	Cities Served by Texas-New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction
				true-up revenues, interest.	
08/04	SOAH Docket 473-04-4556 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	Docket No. U-23327 Subdocket B	LA	Louisiana Public Service Commission	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	Docket No. U-23327 Subdocket A	LA	Louisiana Public Service Commission	SWEPCO	Revenue requirements.

Expert Testimony Appearances
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As of June 2005

Date	Case	Jurisdict.	Party	Utility	Subject
12/04	Case No. 2004-00321 Case No. 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, etal.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
02/05	18638-U	GA	Georgia Public Service Commission	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case No. 2004-00426 Case No. 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and § 199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.

EXHIBIT ____ (LK-2)

Q.

What is the total amount of GridFlorida RTO start-up costs that will be incurred by FPL?

A.

The total amount of the GridFlorida RTO's start-up costs that will be incurred by FPL is dependent upon two major factors, the actual start-up costs and the actual GridFlorida membership. The original start-up cost estimate was based on Accenture Group's 2002 GridFlorida cost estimates, and was adjusted to $181.8 million to account for inflation due to the delay in implementation. The total five year revenue requirement associated with this estimate is approximately $206 million of which FPL will pay its load ratio share. FPL's load ratio share is calculated based on the ratio of FPL's load to the GridFlorida load and was estimated to be approximately 53%, resulting in approximately $109 million for FPL's share of the start-up costs.

EXHIBIT ____ (LK-3)

Q.

On page 21, lines 20 to 22 of the testimony of C. Martin Mennes, he indicates that GridFlorida start-up and operating costs for the first year were developed from estimates provided by the Accenture Group that were filed with the Commission in Docket No. 020233-EI on March 20, 2002. Please explain why FPL used Accenture Group's 2002 GridFlorida cost estimates instead of the 2004 cost estimates prepared by ICF Consulting for its GridFlorida Cost-Benefit Analysis.

A.

At the time that Mr. Mennes filed his testimony, the ICF cost estimates were not finalized, and the Accenture Group 2002 estimates were the best information available.

EXHIBIT ____ (LK-4)

Q.

Is FPL proposing to recover all costs associated with GridFlorida through base rates?

A.

No. FPL has included in its base rate filing the costs that can be reasonably quantified at this time through base rates.

However, as discussed in Mr. Mennes' testimony, there are additional costs outside of FPL's control, associated with implementing the planned GridFlorida wholesale energy markets as well as future yet to be determined markets and products that are not easily quantifiable or predictable. FPL may seek to recover these additional costs through a clause or through base rates as appropriate when the costs are known.

EXHIBIT ____ (LK-5)

Florida Power and Light Company
Revenue Requirement Effect of Hospitals' Adjustments to Cost of Capital
For the 2006 Test Year

1. As Filed - Schedule D-1a

Component	Jurisdictional Company Adjusted Balances	Capital Ratios	Cost Rates	WACC (Net of Tax)	GRCF	WACC (Pre Tax)
Long Term Debt	3,751,548	30.23%	5.89%	1.78%		1.78%
Preferred Stock	-	0%	0.00%	0.00%		0.00%
Customer Deposits	436,358	3.52%	5.98%	0.21%		0.21%
Common Equity	6,200,049	49.96%	12.30%	6.14%	1.619710	9.95%
Short Term Debt	61,631	0.50%	8.73%	0.04%		0.04%
Deferred Income Tax	1,911,608	15.40%	0.00%	0.00%		0.00%
Investment Tax Credits	49,328	0.40%	9.88%	0.04%		0.04%
Total	12,410,522	100.00%		8.22%		12.03%

2. Removal of 50 Basis Points Incentive on ROE

Component	Jurisdictional Company Adjusted Balances	Capital Ratios	Cost Rates	WACC (Net of Tax)	GRCF	WACC (Pre Tax)
Long Term Debt	3,751,548	30.23%	5.89%	1.78%		1.78%
Preferred Stock	-	0%	0.00%	0.00%		0.00%
Customer Deposits	436,358	3.52%	5.98%	0.21%		0.21%
Common Equity	6,200,049	49.96%	11.80%	5.90%	1.619710	9.55%
Short Term Debt	61,631	0.50%	8.73%	0.04%		0.04%
Deferred Income Tax	1,911,608	15.40%	0.00%	0.00%		0.00%
Investment Tax Credits	49,328	0.40%	9.88%	0.04%		0.04%
Total	12,410,522	100.00%		7.97%		11.62%

Change in Grossed Up Rate of Return - Removal of 50 Basis Points Incentive on ROE	-0.40%
FP&L Requested Jurisdictional Rate Base ($000)	$12,410,522
Reduction in FP&L Revenue Requirement ($000)	($50,211)

3. Reduction of ROE Based on Baudino Testimony

Component	Jurisdictional Company Adjusted Balances	Capital Ratios	Cost Rates	WACC (Net of Tax)	GRCF	WACC (Pre Tax)
Long Term Debt	3,751,548	30.23%	5.89%	1.78%		1.78%
Preferred Stock	-	0%	0.00%	0.00%		0.00%
Customer Deposits	436,358	3.52%	5.98%	0.21%		0.21%
Common Equity	6,200,049	49.96%	8.70%	4.35%	1.619710	7.04%
Short Term Debt	61,631	0.50%	8.73%	0.04%		0.04%
Deferred Income Tax	1,911,608	15.40%	0.00%	0.00%		0.00%
Investment Tax Credits	49,328	0.40%	9.88%	0.04%		0.04%
Total	12,410,522	100.00%		6.42%		9.11%

Change in Grossed Up Rate of Return - Reduction in ROE	-2.51%
FP&L Requested Jurisdictional Rate Base ($000)	$12,410,522
Reduction in FP&L Revenue Requirement ($000)	($311,311)

4. With Adjustment to Company's Capital Structure

Component	Jurisdictional Company Adjusted Balances w/o S&P Adj. and CE At S&P Midpoint	Revised Capital Ratios	Cost Rates	WACC (Net of Tax)	GRCF	WACC (Pre Tax)
Long Term Debt	4,226,295	34.05%	5.89%	2.01%		2.01%
Preferred Stock	-	0%	0.00%	0.00%		0.00%
Customer Deposits	436,358	3.52%	5.98%	0.21%		0.21%
Common Equity	5,719,261	46.08%	8.70%	4.01%	1.619710	6.49%
Short Term Debt	67,672	0.55%	8.73%	0.05%		0.05%
Deferred Income Tax	1,911,608	15.40%	0.00%	0.00%		0.00%
Investment Tax Credits	49,328	0.40%	9.88%	0.04%		0.04%
Total	12,410,522	100.00%		6.31%		8.80%

Change in Grossed Up Rate of Return - Reasonable Capital Structure	-0.32%
FP&L Requested Jurisdictional Rate Base ($000)	$12,410,522
Reduction in FP&L Revenue Requirement ($000)	($39,260)

EXHIBIT ____ (LK-6)

Florida Power and Light Company
Revised Capital Structure
For the 2006 Test Year

1. As Filed - Schedule D-1a

Component	Jurisdictional Company Adjusted Balances	Capital Ratios
Long Term Debt	3,751,548	30.23%
Preferred Stock	-	0%
Customer Deposits	436,358	3.52%
Common Equity	6,200,049	49.96%
Short Term Debt	61,631	0.50%
Deferred Income Tax	1,911,608	15.40%
Investment Tax Credits	49,328	0.40%
Total	12,410,522	100.00%

2. As Described by Dr. Avera Removing Non-Financing Components

Component	Jurisdictional Company Adjusted Balances	Capital Ratios
Long Term Debt	3,751,548	37.47%
Common Equity	6,200,049	61.92%
Short Term Debt	61,631	0.61%
Total	10,013,228	100.00%

3. As Described by Dr. Avera Removing Non-Financing Components and Adding S&P Adjustments

Component	Jurisdictional Company Adjusted Balances	S&P Adjustments	Jurisdictional Company Adjusted Balances w/ S&P Adj.	Capital Ratios
Long Term Debt	3,751,548	1,092,134	4,843,682	43.62%
Common Equity	6,200,049		6,200,049	55.83%
Short Term Debt	61,631		61,631	0.55%
Total	10,013,228	1,092,134	11,105,362	100.00%

4. To Adjust Common Equity % to Midpoint of S&P Range

Component	Jurisdictional Company Adjusted Balances w/ S&P Adj.	Adjustment to Restate Common Equity At S&P Midpoint	Jurisdictional Company Adjusted Balances w/ S&P Adj. and CE At S&P Midpoint	Capital Ratios
Long Term Debt	4,843,682	474,747	5,318,429	47.89%
Common Equity	6,200,049	(480,788)	5,719,261	51.50%
Short Term Debt	61,631	6,041	67,672	0.61%
Total	11,105,362	0	11,105,362	100.00%

5. Without S&P Adj. and With Financing Components Setting Common Equity at the S&P Midpoint

Component	Jurisdictional Company Adjusted Balances w/ S&P Adj. and CE At S&P Midpoint	Remove S&P Adjustments	Add Non-Financing Components	Jurisdictional Company Adjusted Balances w/o S&P Adj. and CE At S&P Midpoint	Revised Capital Ratios
Long Term Debt	5,318,429	(1,092,134)		4,226,295	34.05%
Preferred Stock	-			-	0.00%
Customer Deposits	-		436,358	436,358	3.52%
Common Equity	5,719,261			5,719,261	46.08%
Short Term Debt	67,672			67,672	0.55%
Deferred Income Tax			1,911,608	1,911,608	15.40%
Investment Tax Credits			49,328	49,328	0.40%
Total	11,105,362	(1,092,134)	2,397,294	12,410,522	100.00%

EXHIBIT ____ (LK-7)

STANDARD &POOR'S	RATINGSDIRECT

Return to Regular Format

Research:

Florida Power & Light Co.

Publication date: 01-Apr-2005

Primary Credit Analyst(s): Jodi E Hecht, New York (1) 212-438-2019; jodi_hecht@standardandpoors.com
Secondary Credit Analyst(s): Terry A Pratt, New York (1) 212-438-2080; terry_pratt@standardandpoors.com

Corporate Credit Rating

A/Negative/A-1

Business Profile

1 2 3 $\boxed{4}$ 5 6 7 8 9 10

Financial policy (consolidated):
Moderate

Outstanding Rating(s)	
Florida Power & Light Co.	
Sr unsecd debt	
Local currency	A-
Sr secd debt	
Local currency	A
CP	
Local currency	A-1
Pfd stk	
Local currency	BBB+
FPL Group Inc.	
Corporate Credit Rating	A/Negative/--
Sr unsecd debt	
Local currency	A-
FPL Group Capital Inc.	
Corporate Credit Rating	A/Negative/A-1
Sr unsecd debt	
Local currency	A-
CP	
Local currency	A-1
Pfd stk	
Local currency	BBB+

Corporate Credit Rating History	
July 11, 1995	AA-/A-1+
Sept. 26, 2001	A/A-1

■ Major Rating Factors

Strengths:

- Florida Power & Light Co. (FP&L) adds stability to FPL Group Inc.'s consolidated cash flow,
- FP&L's strong customer growth with a primarily residential base, and
- Parent FPL's adequate financial performance.

Weaknesses:

- Higher-risk unregulated generation portfolio at FPL Energy contributes less certain cash flow,
- FP&L's increased exposure to natural gas to serve its load,
- Uncertainty regarding several regulatory issues at FP&L, and
- FPL's high consolidated leverage.

Rationale

The ratings on Florida Power & Light Co. (FP&L) reflect the consolidated credit profile of its parent, diversified energy company FPL Group Inc. The consolidated rating on FPL Group reflects the strength of FP&L's stable cash flows. FP&L, which is an integrated electric utility in Florida, contributes about 80% of the consolidated cash flow and has an above average business profile relative to its integrated electric peers. Concerns include the higher-risk cash flows from FPL Energy's portfolio of merchant generation, the utility's increased exposure to natural gas, uncertainty regarding pending regulatory proceedings, and the consolidated company's slightly weak financial profile for the rating.

As of Dec. 31, 2004, Juno Beach, Fla.-based FPL had about $8.5 billion of consolidated debt.

FP&L's strengths include its location in one of the fastest-growing service territories in the U.S. and a predominately residential customer base. The company is in the midst of two regulatory proceedings to be resolved this year that will affect future financial performance: prudency hearings on the recovery of $890 million of storm costs and a request to increase base rates by $400 million to $450 million. Given the magnitude of the requests, a high level of public scrutiny, and rising fuel costs, which increased the average residential bill by about 18% since 2002, it is uncertain how much Florida regulators will grant despite historically constructive treatment.

A longer-term concern is the growing concentration of natural gas in the utility's fuel supply mix, which has caused electricity prices to rise substantially, and underlies the utility's desire to diversify fuel source supply. One alternative that FPL is evaluating is importing liquefied natural gas (LNG) to increase geographic supply diversification. FPL Group Capital's role in LNG supply is not yet determined, but its participation could increase overall business risk should the company take on a project development or ownership role.

FPL Energy's merchant generation portfolio adds business risk. About half of the portfolio is uncontracted, which exposes it to volatile market price risks, and roughly half is concentrated in gas-fired generation, much of it located in regions of oversupply. The company has conservatively forecast that returns on these plants will continue to be minimal; much of the profitability comes from the more stable, fully contracted wind projects and its Seabrook nuclear plant. The merchant portfolio requires FPL Energy to maintain an energy marketing and trading operation that, although small, requires sophisticated risk management and carries the risk of becoming a significant user of liquidity.

FPL's credit-protection measures are mixed. The cash flow ratios, which were lower in 2004 reflecting the impact of the storms, are expected to return to historic levels. The company's 2004 adjusted funds from operations (FFO) to average total debt was 21%, down from about 24% in 2003. Adjusted consolidated total debt to capital remains weak for the rating at 51% as of Dec. 31, 2004. Standard & Poor's expects that FFO to average debt will improve substantially to about 28% over the next three years, assuming the majority of storm costs are recovered. An improvement in adjusted debt to capital is also expected. However, the outcome of the rate case and storm recovery proceedings is likely to have a substantial effect on future financial performance.

Short-term credit factors

The short-term rating on FP&L is 'A-1'. On a consolidated basis, FPL Group's liquidity is adequate based on its bank facilities and cash on hand. FPL Group has $3.5 billion of credit facilities, with $1.5 billion allocated to FP&L and $2 billion allocated to FPL Group Capital. FP&L had $492 million of commercial paper (CP) outstanding as of Dec. 31, 2004, with none outstanding at FPL Group Capital. The CP balances include a portion of the hurricane-related costs that exceeded the balance in the storm reserve. One of the facilities, $1.5 billion, matures in October 2006 with the remaining $2 billion in 2009. A portion of the facility can be used to support LOCs up to certain caps. As of Dec. 31, 2004, the company had posted $237 million in collateral.

Standard & Poor's performed a stress scenario that showed that FPL has adequate liquidity to cover exposure to adverse market and credit events. None of its bank revolvers has rating triggers; however, there are rating triggers in the $400 million bank loan used for construction of some unregulated generation plants. The company has significant maturities of $1.1 billion in 2005 and $1.24 billion in 2006. To repay a portion of the upcoming maturities, $600 million in 2005 and $500 million in 2006 is available from the conversion of the equity units for debt repayment.

FPL's 2004 adjusted FFO was about $1.9 billion, which is in excess of $1.8 billion of capital expenditures (of $1.3 billion for FPL and about $500 million at FPL Energy) and current dividends. For 2005, free cash flow is expected to be stronger as operating income normalizes after the hurricanes and an additional 1,900 MW of generation is brought on line at the Martin and Manatee sites. However, as mentioned above, this situation could decline if the storm recovery proceedings and rate case are not resolved reasonably.

■ Outlook

The negative outlook for FPL and its subsidiaries is likely to remain until the uncertainty regarding the regulatory requests is resolved. Without any increase in base rates, the consolidated cash flow would be insufficient to maintain the ratings, which could be lowered one notch. In the past, the negative outlook reflected FPL Energy's aggressive growth strategy, but, absent any large acquisitions, this is no longer a drive of the negative outlook because growth on the unregulated side has moderated.

A stable outlook would be predicated on financial performance in line with rating expectations. An outlook revision to stable could be accomplished if recovery of the storm restoration costs are approved without any significant disallowances and an increase in base rates is approved.

■ Accounting

FPL and FP&L's financial statements are prepared under U.S. GAAP and audited by independent auditors Deloitte & Touche LLP who issued an unqualified opinion.

In analyzing the company's financial profile, Standard & Poor's made the following off-balance-sheet adjustments in 2004:

- Standard & Poor's views several projects as not essential to the company's strategy and are considered noncore. These projects have nonrecourse debt, but are consolidated in the company's financial statements because FPL Group Capital is the majority owner. Standard & Poor's deconsolidates these projects from the consolidated financial forecast and the dividends are added to FFO. These projects include the $117 million senior secured notes issued for the Bayswater and Jamaica Bay projects and the $435 million project bonds for the Doswell project.
- FPL considers its wind portfolio to be an integral, or core, part of its growth strategy. All of these projects are consolidated in FPL's financial statements because FPL Group Capital is the majority owner. Reflecting this importance, Standard & Poor's deconsolidates only 75% of the project's finances and leaves 25% of the project's finances, including the debt on the balance sheet and in the financial statements. The debt is structured on a nonrecourse basis and does not receive significant parental support. The dividends from the deconsolidated portion are added back to FFO. The net impact of this adjustment to FFO is lower than if the projects remained consolidated in the financial statements. Projects receiving this treatment include the $505 million American Wind transaction, the $465 million National Wind transactions, and the Stateline bank loan.
- In 2002 and 2003, FPL Group Capital issued $1.06 billion of convertible equity units. Standard & Poor's recognizes the certainty of the equity conversion in advance and simultaneously incorporates the debt and associated interest expense, as well as the equity component, in financial ratios while the debt obligation may remain outstanding for two years beyond the common equity issuance.
- The company issued $305 million of trust preferreds, which are treated as debt.
- Because power-purchase agreements are a fixed obligation of FP&L, Standard & Poor's assigns a portion of the value of the payments, based on the risk factor, as debt and imputes an associated interest charge in calculating the adjusted coverage ratios. For FPL, a 30% risk factor

is assigned, reflecting a high level of regulatory recovery of these costs through the adjustment clause. A 10% discount rate is applied to the fixed capacity payments after the risk factor is applied on all contracts longer than three years. Approximately $1.1 billion is imputed on the balance sheet with a corresponding 10% interest expense component.

FPL adopted SFAS No. 143 on Jan. 1, 2003, which relates to accounting for asset retirement obligation (ARO). The company recorded AROs totaling $2.2 billion for nuclear decommissioning at FP&L and $152 million for decommissioning at Seabrook with another $12 million for the decommissioning of various wind facilities. The adoption of this statement had no impact on the regulated entities' income because, pursuant to SFAS No. 71, a regulatory asset and a regulatory liability were established, offsetting the impact. The impact to the net income for the nonregulatory assets was immaterial.

FPL adopted SFAS No. 133, requiring that derivative instruments for interest rates and commodity prices be recorded at fair value and included in the balance sheet as assets or liabilities. All of the changes in the fair value of the contracts held by FP&L are deferred as a regulatory asset or liability until the contracts are settled. After settlement, the gains and losses are passed through for recovery through the fuel or capacity clauses. The impact of the nonregulatory changes in fair value as of Dec. 31, 2004 was immaterial.

FPL adopted the revisions to FIN 46 in March 2004, requiring that variable interest entities be consolidated onto the beneficiary company's financial statements if the company is the primary beneficiary of the net losses or benefits. FP&L has a lease for its nuclear fuel, which is consolidated under FIN 46. The consolidated asset as of Dec. 31, 2004 had a value of $370 million. In addition, FPL Energy has an operating lease for the output of a 550 MW combined cycle power plant. The $343 million asset value and $345 million debt are included in the consolidated company's liabilities. Although the net income impact is immaterial, these obligations may increase if FIN 46 becomes applicable to two qualified-facility contracts with FP&L, which are under consideration.

Table 1 FPL Group Inc. Peer Comparison

	--Average of past three fiscal years--				
	FPL Group Inc.	Southern Co.	WPS Resources Corp.	Dominion Resources Inc.	Progress Energy Inc.
Rating	A/Negative/--	A/Stable/A-1	A/Negative/A-1	BBB+/Negative/A-2	BBB/Negative/A-3
(Mil. $)					
Sales	9,322.9	10,673.4	3,962.3	12,089.3	8,820.0
Net income from cont. oper.	813.8	1,441.3	126.4	1,191.7	705.4
Funds from oper. (FFO)	2,065.8	2,802.0	250.1	3,267.8	1,616.5
Capital expenditures	1,322.7	1,855.0	250.3	2,139.0	1,737.3
Total debt	7,821.2	12,531.0	1,036.0	16,696.1	10,399.5
Preferred stock	75.3	427.3	67.8	1,080.0	385.9
Common equity	8,045.7	10,985.3	959.2	10,725.7	7,251.3
Total capital	15,942.2	23,957.0	2,063.5	28,501.8	18,048.8
Ratios					
Adj. EBIT interest coverage (x)	3.0	3.5	3.2	2.5	2.1
Adj. FFO interest coverage (x)	4.9	4.6	7.7	3.6	3.2
Adj. FFO/avg. total debt (%)	23.3	21.5	22.4	17.0	14.4
Net cash flow/capital expenditures (%)	123.8	97.8	69.4	104.7	62.8
Adj. total debt/capital (%)	52.6	52.4	53.3	61.0	60.4
Return on common equity (%)	10.1	13.1	13.6	10.8	9.8
Common dividend payout (%)	52.6	69.7	59.5	67.4	74.6

Table 2 FPL Group Inc. Financial Summary

	2004	2003	2002	2001	2000
Rating	A/Negative/--	A/Negative/--	A/Negative/--	A/Negative/--	AA-/Watch Neg/--
(Mil. $)					
Sales	10,242.6	9,415.2	8,311.0	8,475.0	7,082.0
Net income from cont. oper.	913.8	832.7	695.0	781.0	704.0
Funds from oper. (FFO)	1,885.4	2,139.2	2,173.0	2,029.0	976.0
Capital expenditures	1,308.2	1,383.0	1,277.0	1,099.0	1,299.0
Total debt	7,773.7	7,979.0	7,711.0	6,840.0	5,199.0
Preferred stock	0	0	226.0	226.0	226.0
Common equity	8,618.0	8,048.0	7,471.0	6,015.0	5,593.0
Total capital	16,391.7	16,027.0	15,408.0	13,081.0	11,018.0
Ratios					
Adj. EBIT interest coverage (x)	2.7	3.2	3.2	3.3	3.6
Adj. FFO interest coverage (x)	4.0	4.9	5.9	5.2	3.5
Adj. FFO/avg. total debt (%)	20.9	23.6	25.5	28.1	16.8
Net cash flow/capital expenditures (%)	106.8	123.9	141.0	150.3	47.0
Adj. total debt/capital (%)	50.8	53.1	54.0	56.3	52.4
Return on common equity (%)	9.9	10.3	10.3	12.5	12.8
Common dividend payout (%)	53.4	51.0	53.5	48.3	52.0