FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

DECEMBER 1, 1998

RE: DOCKET NO. 981390-EI - Investigation into the equity ratio and return on equity of Florida Power & Light Company. (Deferred from the 11/3/98 Commission Conference; staff has filed an appendix to the recommendation.)

Issue 1: Should the Commission hold a hearing to determine the appropriate equity ratio and return on equity (ROE) for Florida Power & Light Company (FPL)?
Recommendation: Yes. Staff believes information exists suggesting that FPL's equity ratio is excessive and that its currently authorized ROE, 12.0%, exceeds a reasonable return required by investors. The Commission should hold a limited proceeding hearing to determine the appropriate equity ratio and ROE for FPL for all regulatory purposes.

The proposal submitted by FPL at the conference was approved; the order is to be issued as PAA.

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING
E L	
Susan F. Clark	
J. Terry Deason	
Joe A. Garcia	
[signature]	

REMARKS/DISSENTING COMMENTS:

Chairman Johnson participated in the conference via teleconference. She agreed with ~~dissented from~~ the majority vote and will sign the vote sheet upon return to Tallahassee.

DOCUMENT NUMBER-DATE
13569 DEC-3 98
FPSC-RECORDS/REPORTING

PSC/RAR33 (5/90)

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DOCKET NO. 981390-EI - Investigation into the equity ratio and return on equity of Florida Power & Light Company.

(Continued from previous page)

Issue 2: Should this docket be closed?
Recommendation: No. The docket should remain open for a hearing.

MODIFIED The docket is to remain open pending expiration of the PAA protest period.

Docket No. 981390-EI
Item No. 6

December 1, 1998

FPL Proposal

1. Effective November 1, 1998, extend the amortization plan as outlined in Order No. PSC-98-0027-FOF-EI for an additional year, through December 31, 2000, with the following additional items to be amortized:

   Regulatory assets, or their equivalent, established pursuant to future Commission orders and directed to become subject to the amortization plan. The amortization plan may be extended by the Commission as part of the approval process for creating and amortizing additional regulatory assets.

   The portion of unused nuclear fuel remaining in nuclear plants upon decommissioning, which may be properly attributable to customers prior to the end of 1999 and which, together with the amount, will be determined in the annual fuel docket.

   Loss on reacquired debt incurred before December 1, 1998.

   FPL will amortize $140 million per year through December 31, 2000 as a fixed amount in addition to the expense recorded under the current plan which is determined by taking 100% of the difference between FPL's forecasted 1996 Most Likely Revenue equal to $3,224.1 million and Low Band Revenue equal to $3,140.9 million and at least 50% of the base rate revenues produced by retail sales above FPL's Most Likely sales forecast for 1996, as filed in Docket No. 950359-EI.

2. In the event that there are no longer items to be amortized under the plan prior to December 31, 2000, FPL will agree to record amounts based on the formula in the plan in a regulatory liability account subject to the Commission's final determination for the use of those funds.

3. Effective January 1, 1999, FPL will agree to lower its authorized return on equity midpoint from 12.0% to 11.20% (range: 10.20% - 12.20%) for all regulatory purposes on a prospective basis. FPL will agree to cap its adjusted equity ratio at 55.83% until December 31, 2000 as included in FPL's projected 1998 Rate of Return Report for surveillance purposes. The adjusted equity ratio equals common equity divided by the sum of common equity, preferred equity, debt and off balance sheet obligations. The amount used for off balance sheet obligations will be calculated per the Standard & Poor's methodology as used in their August 1998 credit report.

4. FPL will agree with Staff's Recommendation on depreciation dated November 19, 1998 in Docket No. 971660-EI.

5. FPL will agree to use the most cost effective financing available to fund its Capital Expansion Program.