

March 14, 2002

John T. Butler, P.A.
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jbutler@steelhector.com

-VIA HAND DELIVERY-

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

RECEIVED - FPSC
02 MAR 14 AM 8:04
COMMISSION
CLERK

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

Dear Ms. Bayó:

Enclosed for filing are the original and fifteen (15) copies of Joint Motion for Approval of Stipulation and Settlement, which includes the Stipulation and Settlement, together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows 2000, and the word processing software in which the document appears is Word 2000.

If there are any questions regarding this transmittal, please contact me at 305-577-2939.

Very truly yours,

John T. Butler, P.A.
John T. Butler, P.A.

Enclosure

cc: Counsel for Parties of Record (w/enclosures)

- AUS _____
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of the retail rates of) Docket No. 001148-EI
Florida Power & Light) Dated: March 14, 2002
Company.)
_____)

**JOINT MOTION FOR APPROVAL
OF STIPULATION AND SETTLEMENT**

The Citizens of the State of Florida, through the Office of Public Counsel, the Florida Retail Federation, the Florida Industrial Power Users Group, Publix Supermarkets, Inc., Dynegy Midstream Services LP, Lee County, Thomas P. and Genevieve Twomey, and Florida Power & Light Company jointly move the Florida Public Service Commission to review and approve no later than March 22, 2002, the attached Stipulation and Settlement as full and complete resolution of all matters pending in this docket in accordance with Section 120.57(4), Florida Statutes (2001), and to enter a final order reflecting said approval on an expedited basis, so that the rate changes reflected in the Stipulation and Settlement can be implemented by FPL effective April 15, 2002, immediately following the conclusion of the currently approved stipulation and settlement on April 14, 2002.

WHEREFORE, the undersigned parties respectfully urge the Florida Public Service Commission to approve the attached Stipulation and Settlement in all respects and within the time period described above.

DATED this 14th day of March, 2002.

DOCUMENT NUMBER - DATE

02945 MAR 14 8

FPSC-COMMISSION CLERK

Respectfully submitted,

FOR FLORIDA POWER & LIGHT COMPANY

R. Wade Litchfield, Esq.
Attorney
Florida Power & Light Company
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Steel Hector & Davis LLP
Attorneys for Florida Power & Light Company
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By: Elizabeth C. Dalry Esq
for John T. Butler, P.A.

FOR THE CITIZENS OF THE STATE OF FLORIDA

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By: Jack Shreve
Jack Shreve, Esq.

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McWhirter, Reeves, McGlothlin, Davidson
Decker, Kaufman, Arnold & Steen, P.A.
400 North Tampa Street, Suite 2450
Tampa, FL 33601-3350

By: _____
John W. McWhirter, Jr., Esq.

FOR PUBLIX SUPERMARKETS, INC.

Gray, Harris & Robinson, P.A.
301 East Pine Street, Suite 1400
Orlando, Florida 32801

By: _____
Thomas A. Cloud, Esq.

FOR DYNEGY MIDSTREAM SERVICES LP

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301 East Pine Street, Suite 1400
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By: _____
Thomas A. Cloud, Esq.

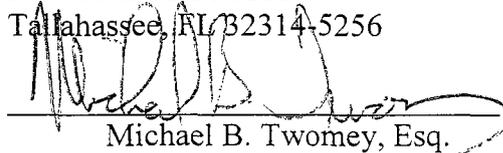
FOR LEE COUNTY

Landers & Parsons
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By: 
Robert Scheffel Wright, Esq.

FOR THOMAS P. AND GENEVIEVE TWOMEY

Michael B. Twomey, Esq.
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Michael B. Twomey, Esq.

FOR THE FLORIDA RETAIL FEDERATION

Greenberg Traurig
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Tallahassee, Florida 32302-1838

By: 
Ronald C. LaFace, Esq.

Respectfully submitted,

FOR FLORIDA POWER & LIGHT COMPANY

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Thomas A. Cloud, Esq.

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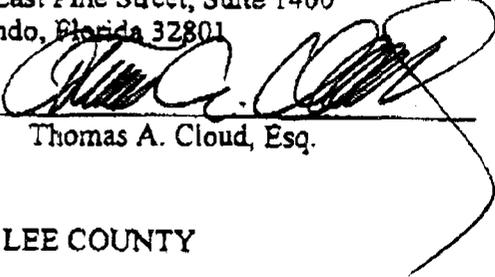
FOR PUBLIX SUPERMARKETS, INC.

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By: Thomas A. Cloud
Thomas A. Cloud, Esq.

FOR DYNEGY MIDSTREAM SERVICES LP

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By: 
Thomas A. Cloud, Esq.

FOR LEE COUNTY

Landers & Parsons
310 W. College
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By: _____
Robert Scheffel Wright, Esq.

FOR THOMAS P. AND GENEVIEVE TWOMEY

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Tallahassee, FL 32314-5256

Michael B. Twomey, Esq.

FOR THE FLORIDA RETAIL FEDERATION

Greenberg Traurig
101 E. College Avenue
P.O. Box 1838
Tallahassee, Florida 32302-1838

By: _____
Ronald C. LaFace, Esq.

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by United States Mail this 4th day of March, 2002, to the following:

Robert V. Elias, Esq.
Legal Division
Florida Public Service Commission
2540 Shumard Oak Boulevard
Room 370
Tallahassee, FL 32399-0850

Florida Industrial Power Users Group
c/o John McWhirter, Jr., Esq.
McWhirter Reeves
400 North Tampa Street, Suite 2450
Tampa, FL 33601-3350

Thomas A. Cloud, Esq.
Gray, Harris & Robinson, P.A.
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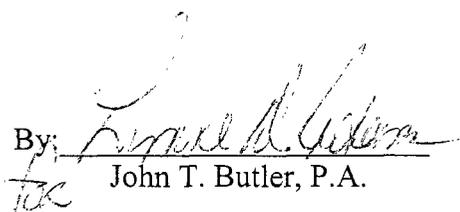
Andrews & Kurth Law Firm
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1701 Pennsylvania Ave., NW, Suite 300
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Joseph A. McGlothlin, Esq.
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Ronald C. LaFace, Esq.
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P.O. Box 1838
Tallahassee, Florida 32302-1838

By: 
John T. Butler, P.A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Review of the Retail Rates)
of Florida Power & Light Company)
_____)

DOCKET NO. 001148-EI

STIPULATION AND SETTLEMENT

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

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

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

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

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

WHEREAS, the Parties to this Stipulation and Settlement have undertaken to resolve the issues raised in this review so as to effect a prompt reduction in base rates charged to customers, to maintain a degree of stability to FPL's base rates and charges, and to provide incentives to FPL to continue to promote efficiency through the term of this Stipulation and Settlement;

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

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

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

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

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

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

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

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

5. No party to this Stipulation and Settlement will request, support, or seek to impose a change in the application of any provision hereof. OPC, FIPUG, Publix, Thomas P. and Genevieve Twomey, Dynegy Midstream Services LP, Florida Retail Federation and Lee County will neither seek nor support any additional reduction in FPL's base rates and charges, including interim rate decreases, to take effect prior to the expiration of this Stipulation and Settlement unless such reduction is initiated by FPL. FPL will not petition for an increase in its base rates and charges, including interim rate increases, to take effect before the end of this Stipulation and Settlement, except as provided for in Section 8.

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

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

I. Revenue Cap - Retail base rate revenues above the retail base rate revenue cap will be refunded to retail customers on an annual basis. The retail base rate revenue cap for 2002 will be \$3,740 million. For 2002 only, the refund to customers will be limited to 71.5% (April 15 through December 31) of the retail base rate revenues exceeding the cap.

The retail base rate revenue caps for 2003, 2004 and 2005 will be \$3,840 million, \$3,940 million and \$4,040 million, respectively. Section 9 explains how refunds will be paid to customers.

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

8. If FPL's retail base rate earnings fall below a 10% ROE as reported on an FPSC adjusted or pro-forma basis on an FPL monthly earnings surveillance report during the term of this Stipulation and Settlement, FPL may petition the FPSC to amend its base rates notwithstanding the provisions of Section 5. Parties to this Stipulation and Settlement are not precluded from participating in such a proceeding. This Stipulation and Settlement shall terminate upon the effective date of any Final Order issued in such proceeding that changes FPL's base rates.

9. All refunds will be paid with interest at the 30-day commercial paper rate as specified in Rule 25-6.109, Florida Administrative Code, to retail customers of record during the last three months of each applicable refund period based on their proportionate share of base rate revenues for the refund period. For purposes of calculating interest only, it will be assumed that revenues

to be refunded were collected evenly throughout the preceding refund period at the rate of one-twelfth per month. All refunds with interest will be in the form of a credit on the customers' bills beginning with the first day of the first billing cycle of the second month after the end of the applicable refund period. Refunds to former customers will be completed as expeditiously as reasonably possible.

10. In Order No. PSC 99-0519-AS-EI, FPL was authorized to record an amortization amount of up to \$100 million per year for each of the three years of the settlement agreement which was to be applied to reduce nuclear and/or fossil production plant in service. Under this provision, FPL recorded \$170,250,000. Starting with the effective date of this Stipulation and Settlement, FPL may, at its option, amortize up to \$125,000,000 annually as a credit to depreciation expense and a debit to the bottom line depreciation reserve over the term of this Stipulation and Settlement. The amounts so recorded will first go to offset the \$170,250,000 bottom line amortization amount that has previously been recorded, with any additional amounts recorded to a bottom line negative depreciation reserve during the term of this Stipulation and Settlement. Any such reserve amount will be applied first to reduce any reserve excesses by account, as determined in FPL's depreciation studies filed after the term of this Stipulation and Settlement, and thereafter will result in reserve deficiencies. Any such reserve deficiencies will be allocated to individual reserve balances based on the ratio of the net book value of each plant account to total net book value of all plant. The amounts allocated to the reserves will be included in the remaining life depreciation rate and recovered over the remaining lives of the various assets. Additionally, depreciation rates as addressed in Order Nos. PSC 99-0073-FOF-EI, PSC 00-2434-PAA-EI and PSC 01-1337-PAA-EI will not be changed for the term of this Stipulation and Settlement.

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

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

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

14. On April 15, 2002, FPL shall effect a mid-course correction of its Fuel Cost Recovery Clause to reduce the fuel clause factor based on projected over-recoveries, in the amount of \$200 million, for the remainder of calendar year 2002. The fuel adjustment clause shall continue to operate as normal, including but not limited to, any additional mid-course adjustments that may become necessary and the calculation of true-ups to actual fuel clause expenses. FPL will not use the various cost recovery clauses to recover new capital items which traditionally and historically would be recoverable through base rates.

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

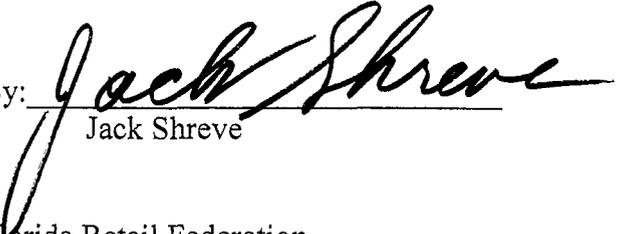
16. This Stipulation and Settlement dated as of March 12, 2002 may be executed in counterpart originals, and a facsimile of an original signature shall be deemed an original.

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

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408

Office of Public Counsel
111 West Madison Street, Suite 810
Tallahassee, FL 32399

By: 
W. G. Walker, III

By: 
Jack Shreve

Florida Industrial Power Users Group

Florida Retail Federation

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Davidson, Decker, Kaufman,
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Greenberg, Traurig, Hoffman, Lipoff,
Rosen & Quentel, P.A.
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By: _____
John W. McWhirter, Jr.

By: 
Ronald C. LaFace

Lee County

Publix Super Markets, Inc.

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Tallahassee, FL 32301

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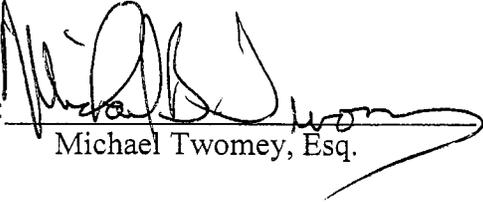
By: _____
Thomas A. Cloud

Thomas P. and Genevieve Twomey

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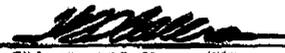
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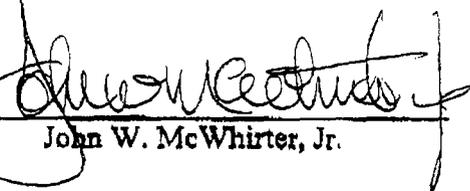
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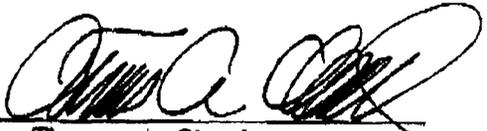
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