BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause and generating performance incentive factor.	DOCKET NO. 010001-EI ORDER NO. PSC-01-0963-PCO-EI ISSUED: April 18, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER APPROVING MID-COURSE CORRECTION

BY THE COMMISSION:

By Order No. 13694, issued September 20, 1984, in Docket No. 840001-EI, this Commission required each investor-owned electric utility to notify us when its projected fuel revenues result in an over-recovery or under-recovery in excess of ten percent of its projected fuel costs for the given recovery period. Depending on the magnitude of the over-recovery or under-recovery and the length of time remaining in the recovery period, a party may request, or we may order on our own motion, a mid-course correction to the utility's authorized fuel and purchased power cost recovery factors ("fuel factors").

On January 26, 2001, Florida Power & Light Company ("FPL") notified us that it anticipates the fuel factors approved in Order No. PSC-00-2385-FOF-EI, issued December 12, 2000, will result in an under-recovery greater than 10 percent. On February 2, 2001, FPL petitioned for approval of a mid-course correction to its fuel factors, effective beginning with the cycle 3 billings for April 2001 until modified by subsequent order of this Commission.

At our March 6, 2001, Agenda Conference, after deliberating on this matter, we deferred ruling on FPL's petition to our March 13, 2001, Agenda Conference to allow us time to prepare rate impact analyses for proposed alternatives to FPL's petition. Upon review of FPL's petition and the rate impact analyses for the proposed alternatives, we approve FPL's petition, as set forth below.

I. UNDER-RECOVERY FOR 2000

Based on actual results through December 2000, FPL experienced a $76.8 million under-recovery for 2000. This under-recovery is primarily due to an approximate $77.0 million (3.4 percent) increase compared with projections in Jurisdictional Fuel Costs and Net Power Transactions, offset by an approximate $1.4 million variance compared with projections in Jurisdictional Fuel Revenues. The balance is $1.2 million in interest.

The $77.0 million increase in Jurisdictional Fuel Costs and Net Power Transactions is primarily due to a $109.0 million (5.4 percent) increase compared with projections in Fuel Cost of System Net Generation, plus a $9.8 million (17.3 percent) increase compared with projections in Energy Cost of Economy Purchases, plus a $5.9 million (4.0 percent) increase compared with projections in Purchased Power. These amounts are offset by a $24.5 million increase compared with projections in Fuel Cost of Power Sold, a $16.9 million increase compared with projections in projected Revenues from Off-System Sales, and $6.2 million in Adjustments to Fuel Cost compared with projections.

The $109.0 million variance in Fuel Cost of System Net Generation is the result of a large, unexpected, short-term increase in demand for both oil and natural gas during the last two months of 2000. In the short term, demand for these fuels is primarily dependent upon the weather. According to the National Climatic Data Center, the last two months of 2000 were the coldest November and December in 105 years nationwide. As natural gas prices rose, many electric utilities switched from natural gas-fired generation to oil-fired generation, when possible. These actions increased oil demand which placed upward pressure on oil prices.

As stated above, we established guidelines in Order No. 13694 for utilities to notify this Commission of anticipated fuel cost over-recoveries or under-recoveries in excess of ten percent. At page 6, the order states in pertinent part:

> [W]hen a utility becomes aware that its projected fuel revenues applicable to a given six-month recovery period will result in an over- or under-recovery in excess of 10 percent of its projected fuel costs for the period, the utility shall so advise the Commission thorough a filing promptly made.

When we moved to annual, calendar year fuel factors, we expressly adopted the mid-course correction guidelines set forth in Order No. 13694. See Order No. PSC-98-0691-FOF-PU, issued May 19, 1998. These guidelines do not refer to an actual over- or under-recovery during a historical period, such as the 2000 period in this case. Thus, it is arguable that these guidelines were not intended to allow an historical period under-recovery to be collected through a mid-course correction. However, this Commission has previously allowed such historical period under-recoveries to be recovered through mid-course corrections. For example, by Order No. PSC-00-1081-PCO-EI, issued June 5, 2000, we authorized FPL to recover its 1999 under-recovery as part of its mid-course correction in 2000.

In this case, we find good reason to authorize FPL to collect its 2000 under-recovery through a mid-course correction. First, unlike the estimated 2001 under-recovery amount, FPL's $76.8 million 2000 under-recovery represents the difference between actual costs incurred and revenues received. Although these amounts are currently unaudited, these actual fuel revenues and costs from 2000 have a higher degree of certainty than the projected fuel revenues and costs for 2001. We note that a Commission audit of FPC's 2000 fuel revenues and costs will occur in the normal course of this docket, and that any audit findings which compel an adjustment to these amounts may be addressed at our November 20-21, 2001, hearing scheduled for this docket. Second, recovery of the 2000 under-recovery commencing in April 2001, instead of January 2002, would be consistent with the basic principle of ratemaking which seeks to match the timing of cost incurrence with the timing of cost recovery. If FPL had not filed a petition for approval of a mid-course correction, FPL would have collected the $76.8 million under-recovery plus interest in 2002.

Based on the foregoing, we authorize FPL to collect its $76.8 million under-recovery for 2000 as part of this mid-course correction.

II. ESTIMATED UNDER-RECOVERY FOR 2001

Based on updated projections for 2001, FPL estimates an under-recovery of fuel and purchased power costs of $431.5 million for 2001. FPL requests a change in its fuel factors to collect its estimated 2001 under-recovery amount in order to avoid a more severe rate impact on its retail ratepayers during 2002.

Review Process

Consistent with our review of previous mid-course correction petitions, our analysis of FPL's petition includes an examination of whether the assumptions (i.e., fuel prices, retail energy sales, generation mix, and system efficiency) that FPL used to support its re-projected fuel costs appear reasonable. FPL uses these updated assumptions to develop future cost and revenue estimates that, if approved, are used to set FPL's fuel factors. During the scheduled November 20-21, 2001, hearing in this docket, we will compare the approved estimates to actual data, then apply the difference to next year's fuel factors through the true-up process established in this docket. Any over-recovery that FPL may collect through its approved fuel factors will be refunded to FPL's ratepayers with interest. Further, any fuel costs that are found by this Commission to have been imprudently incurred will be disallowed for cost recovery purposes.

Basis for FPL's Request

FPL states in its petition that its estimated $431.5 million under-recovery amount is primarily due to higher natural gas prices and, to a lesser extent, higher oil prices. These prices were originally projected in Gerard Yupp's direct testimony and applied in Korel Dubin's direct testimony, both prefiled September 21, 2000, in Docket No. 000001-EI. Table 1 of Attachment A, which is incorporated in this order by reference, provides a comparison of FPL's forecasts of its average 2001 prices for natural gas, residual oil, and distillate oil as filed September 21, 2000, in Docket No. 000001-EI, and as filed February 2, 2001, in its petition for a mid-course correction in this docket.

FPL provides two reasons for the higher oil and natural gas prices for 2001. First, an appreciable short-term increase in demand for both oil and natural gas occurred during the last two months of 2000, as described in part I of this order. Suppliers withdrew oil and natural gas from storage to meet the additional demand. These unreplenished withdrawals left storage levels for both fuels significantly below historic levels. The lower storage levels increased the volatility of both oil and natural gas prices. As natural gas prices rose, many electric utilities switched from natural gas-fired generation to oil-fired generation, when possible. These actions increased oil demand. While prices have drifted downward during the past two months, they are still well above historical levels.

Second, while oil and natural gas demand increased sharply, an insufficient supply of both fuels was available to meet the additional demand. One reason for limited supply increases was a reduction in exploration and production activity. When natural gas prices were below $2.00 per MMBtu and oil prices were near $10 per barrel approximately two years ago, the exploration and production companies curtailed their activities for both fuels because the low prices did not adequately reward these companies for the associated costs and risks. FPL cited other factors which have limited increases in the supply of oil and natural gas, such as a reduction in oil imports from OPEC member-nations and a delay in receiving natural gas imports from Canada.

<u>FPL's Mitigation Efforts</u>

FPL states that it employs several methods to mitigate the impact of these higher fuel costs. First, FPL has partially mitigated the natural gas price increases by increasing generation at its units that do not burn natural gas, to the extent available capacity exists at these units. FPL's current generation resources are divided approximately equally among nuclear, oil-fired, and natural gas-fired generation, with the remainder comprised of coal-fired generation and purchased power.

Second, FPL states that it is minimizing its use of natural gas by using the "fuel-switching" capabilities of several generating units to burn oil instead of natural gas. Excluding its nuclear units, FPL estimates that 68 percent of its generation capacity can switch between oil and natural gas. Based on FPL's assumptions, we estimate that FPL may reduce its total fuel costs by approximately $100 million in 2001 through its fuel-switching capabilities.

Third, FPL states that it engages in two types of wholesale energy transactions to mitigate its purchased power costs. Because coal continues to be a low cost fuel, FPL is purchasing wholesale energy from coal-fired generating units to reduce consumption of oil and natural gas on FPL's system. Also, FPL is selling wholesale energy from its oil-fired generating units to utilities at a price which results in a net benefit to FPL's ratepayers. If these wholesale energy sales are less than one year, FPL credits the generation-related gains from these sales to retail ratepayers through the fuel and purchased power cost recovery clause ("fuel clause") pursuant to Order No. PSC-99-2512-FOF-EI, issued December 22, 1999.

Fourth, FPL states that it has engaged in two additional types of transactions to minimize its fuel costs. When FPL can purchase oil and natural gas at prices lower than expected future prices plus storage costs, FPL often purchases these fuels in quantities greater than its immediate demand for electric generation. FPL then stores the excess oil and natural gas for later use. We note that pursuant to Order No. 6357, issued November 26, 1974, FPL does not recover any costs through the fuel clause until the fuel is burned or consumed in FPL's generating units. Also, FPL state that it has entered into bilateral transactions with customized pricing mechanisms with fuel suppliers. According to FPL, these transactions provide oil and natural gas to FPL at market prices or lower to the benefit of its ratepayers.

Reasonableness of FPL's Assumptions

We compared the data and assumptions that FPL relied upon to support its September 21, 2000, filing in Docket No. 000001-EI and its February 2, 2001, filing in this docket. One of FPL's assumptions did not change - retail energy sales remained at the previously forecasted level of 89,259,918 megawatt-hours. FPL asserted that while energy sales would typically be expected to decrease in response to higher fuel factors, overall system growth would offset that decrease. Three sets of FPL's assumptions did change: fuel price forecast; system efficiency; and unit dispatch.

Table 2 of Attachment A shows a comparison of FPL's revised forecast of natural gas commodity prices with the futures prices that existed on the New York Mercantile Exchange ("NYMEX") at the close of trading on February 2, 2001, (the day FPL filed its mid-course correction petition) for the period March 2001 through December 2001. Table 3 of Attachment A shows the same comparison for distillate oil. In addition, we compared FPL's 2001 residual oil price forecast to the 2001 residual oil price estimate listed in the U.S. Energy Information Administration's ("EIA") Short Term Energy Outlook for February 2001. We used EIA's estimate because NYMEX has not created a futures market for residual oil. FPL's 2001 average residual oil price estimate is $4.12/MMBtu compared with EIA's average residual oil price estimate of $4.03/MMBtu.

As an additional test for reasonableness of FPL's natural gas price forecast, we compared the system cost impact of both FPL's natural gas price forecast and NYMEX futures prices on various dates. FPL's system costs calculated based on its 2001 natural gas price forecast were approximately $60 million less than system costs based on the NYMEX futures prices for January 10, 2001, (i.e., near the maximum price for natural gas on NYMEX during the past three months). System costs calculated based on FPL's 2001 natural gas price forecast were approximately $7.3 million more than system costs based on the NYMEX futures prices for March 5, 2001, the day before our initial consideration of FPL's petition. These comparisons demonstrate the dynamic nature of the natural gas market and support the reasonableness of FPL's natural gas price forecast. Based on the comparisons discussed above, we find that FPL's natural gas commodity, residual oil, and distillate oil price forecasts are reasonable for purposes of its proposed mid-course correction.

Regarding FPL's efficiency assumptions, Table 4 of Attachment A shows that FPL's forecasted system efficiency fell by approximately 4.5 percent. We note that this drop in system efficiency is largely the result of the increased oil-fired generation planned for 2001 to mitigate the impact of higher natural gas prices. Because less efficient oil-fired generation now represents a larger share of 2001 total generation compared with FPL's forecast filed September 21, 2000, FPL's forecasted weighted average system efficiency decreased from 9,574 Btu/kWh to 10,002 Btu/kWh. We find this assumption reasonable.

Table 5 of Attachment A shows the changes in FPL's forecast of net generation by fuel type for the filings FPL made on September 21, 2000, and February 2, 2001. As discussed previously, FPL has several generating units on its system that can burn oil or natural gas, whichever fuel is less expensive at any given time. Also, as natural gas prices become increasingly more expensive relative to oil prices, more oil-fired generating units are economically dispatched ahead of natural gas-fired generating units. Based on the expected fuel prices for the remainder of 2001, FPL's forecast of net generation by fuel type is reasonable for purposes of its proposed mid-course correction.

Impact of Proposed Mid-Course Correction on FPL's Ratepayers

FPL has proposed to collect its 2000 under-recovery and its estimated 2001 under-recovery through proposed new fuel factors for the period April 2001 through December 2001. FPL's proposed fuel factors by rate schedule are shown on Attachment B, which is incorporated herein by reference. Approval of these factors would increase a residential ratepayer's bill for 1,000 kWh/month by $7.43 (9.2 percent) to $87.98 for the remainder of 2001. We estimate that a residential ratepayer's bill for 1,000 kWh/month would decrease $.51 to $87.47 in 2002.[1] This estimate takes into account all amounts previously deferred for recovery through the fuel clause in 2002.

If FPL's proposed mid-course correction is approved, the amount of interest that FPL's ratepayers would pay on its estimated under-recovery amount may decrease. Pursuant to Order No. 9273,

[1]Our estimates of the 2002 rate impact of FPL's proposal and the three alternative proposals discussed in this order, below, are based on the following assumptions: (1) FPL's estimated 2001 under-recovery is fully realized; (2) FPL's 2002 fuel price forecasts; and (3) FPL's estimates of the impact of other cost recovery clauses in 2002. We note that FPL's estimated 2001 under-recovery is based on fuel price forecasts that we find reasonable, as discussed above. Although FPL's 2002 fuel price forecasts are preliminary, we find them reasonable for the purposes of our analysis. Likewise, we find FPL's estimates of the impacts of other cost recovery clauses reasonable for purposes of our analysis.

issued March 7, 1980, FPL's ratepayers pay interest on any under-recovery at the commercial paper rate. The commercial paper rate that FPL used to calculate the interest on its December 31, 2000, under-recovery balance was 6.58 percent. According to FPL, its ratepayers may avoid approximately $24 million in interest payments through 2002 if it is permitted to collect its estimated under-recovery in 2001 instead of 2002. We find that FPL's proposed mid-course correction would mitigate the rate impact of collecting the under-recovery, plus interest, during 2002.

Alternative Mid-Course Correction Proposals

In addition to FPL's proposal, we considered three alternative mid-course correction proposals. First, we considered an alternative that would allow FPL a mid-course correction to its fuel factors to recover an amount equivalent to *only known under-recoveries from 2000* ($335.8 million), deferring all 2001 under-recoveries for recovery in 2002. These known 2000 under-recoveries consist of the following: (1) the $76.8 million under-recovery for 2000 discussed above; and (2) an amount equivalent to the $259 million under-recovery for 2000 previously deferred for recovery in 2002 pursuant to Order No. PSC-00-2385-FOF-EI, issued December 12, 2000.

Under this alternative, a residential ratepayer's bill for 1,000 kWh/month would increase $4.91 to $85.46 for the remainder of 2001. We estimate that a residential ratepayer's bill for 1,000 kWh/month would increase an additional $3.99 to $89.45 in 2002. This estimate takes into account all amounts previously deferred for recovery through the fuel clause in 2002 and the interest ($9.0 million) associated with the portion of FPL's estimated 2001 under-recovery deferred until 2002.

Second, we considered an alternative that would allow FPL a mid-course correction to its fuel factors to recover *all known under-recoveries* ($379.2 million), deferring all projected under-recoveries for recovery in 2002. As of the date of our vote on this matter, all known under-recoveries consisted of the amounts included in the first alternative discussed above ($335.8 million) plus a $43.4 million under-recovery for January 2001. The $43.4 million under-recovery for January 2001 represents an under-recovery in excess of the amount estimated in FPL's petition for mid-course correction.

Under this alternative, a residential ratepayer's bill for 1,000 kWh/month would increase \$5.50 to \$86.05 for the remainder of 2001. We estimate that a residential ratepayer's bill for 1,000 kWh/month would increase an additional \$2.93 to \$88.98 in 2002. This estimate takes into account all amounts previously deferred for recovery through the fuel clause in 2002 and the interest associated with the portion of FPL's estimated 2001 under-recovery deferred until 2002.

Third, we considered an alternative that would allow FPL a mid-course correction to its fuel factors to recover \$433.85 million, i.e., one-half the total of all known and projected adjustments to the fuel clause for 2001 and 2002, consisting of the following: (1) the \$76.8 million under-recovery for 2000; (2) the \$43.4 million under-recovery for January 2001; (3) the \$431.5 million estimated under-recovery for 2001; (4) the \$259 million under-recovery for 2000 previously deferred for recovery in 2002; and (5) \$57 million amortization of a regulatory asset previously authorized for recovery in the fuel clause beginning in 2002 pursuant to Order No. PSC-00-1913-PAA-EI, issued October 19, 2000. Under this alternative, the remaining \$433.85 million, plus interest on any unrecovered amounts, would be recovered in 2002. This alternative did not include interest expense, but we believe the interest amount is not material for purposes of this analysis.

Under this alternative, a residential ratepayer's bill for 1,000 kWh/month would increase \$6.02 to \$86.57 for the remainder of 2001. We estimate that a residential ratepayer's bill for 1,000 kWh/month would increase an additional \$1.96 to \$88.53 in 2002.

Although each of the alternative proposals would have a lower initial rate impact than FPL's proposal, we find that FPL's proposal provides the most reasonable approach. First, although FPL's fuel price forecasts for 2002 assume a decline from 2001 prices, our estimates show that each of the alternative proposals would result in an additional rate increase in 2002. Thus, the alternative proposals would not send an accurate price signal to ratepayers. Further, given the uncertainty as to future fuel prices, FPL's proposal would better mitigate the potential for additional increases in 2002. Finally, each of the alternatives would involve additional interest expense charged to ratepayers through the fuel clause.

Summary

In summary, we approve FPL's petition for mid-course correction for the following reasons. First, we find the assumptions that FPL has used to determine its estimated under-recovery amount to be reasonable. Second, the mid-course correction may mitigate the more severe rate impact of FPL collecting its estimated under-recovery during 2002. Third, the mid-course correction may reduce the interest expense that FPL's ratepayers would pay on FPL's 2001 estimated under-recovery balance if that balance were recovered in 2002. Finally, the mid-course correction will allow FPL to recover the additional fuel and purchased power costs that FPL is likely to incur in a timely manner. FPL's new fuel factors are shown on Attachment B and shall become effective as discussed below.

III. EFFECTIVE DATE FOR MID-COURSE CORRECTION

FPL has requested that its mid-course correction become effective beginning with FPL's cycle 3 billings for April 2001, which falls on April 2, 2001. Although this effective date would not allow a full 30-day notice to customers, we find FPL's proposal reasonable. Due to the magnitude of the under-recovery, we believe it is important that the new factors be implemented as soon as possible to mitigate the monthly billing impact of the mid-course correction. The April 2, 2001, effective date will also ensure that all customers are billed under the new rates for the same amount of time.

We have typically not required a 30-day notice period prior to implementing new fuel factors after a mid-course correction. See, e.g., Order No. PSC-96-0907-FOF-EI, issued July 15, 1996; Order No. PSC-96-0908-FOF-EI, issued July 15, 1996; Order No. PSC-97-0021-FOF-EI, issued January 6, 1997. Most recently, at our February 6, 2001, Agenda Conference, we approved mid-course corrections for each investor-owned natural gas utility to become effective on the date of our vote.

Due to the magnitude of the increase, FPL shall notify its ratepayers in writing of the newly approved fuel factors. FPL shall mail the notice to its customers as soon as possible after the date of our vote. The notice shall include, but not be limited to, the following information: the total dollar amount of the mid-course correction; the impact of the mid-course correction on the typical ratepayer's monthly bill; and the effective date of the newly approved fuel factors.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's petition for mid-course correction to its fuel and purchased power cost recovery factors is granted. It is further

ORDERED that Florida Power & Light Company's new fuel and purchased power cost recovery factors, set forth in Attachment B to this order, which is incorporated herein by reference, shall become effective beginning April 2, 2001, the date of Florida Power & Light Company's cycle 3 billings for April 2001. It is further

ORDERED that Florida Power & Light Company shall provide written notice of its new fuel and purchased power cost recovery factors to its customers as set forth in the body of this order. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 18th day of April, 2001.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

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DISSENTS

CHAIRMAN JACOBS dissents, as set forth below:

The Florida Public Service Commission exercises broad jurisdiction and discretion when it authorizes the recovery of fuel costs prudently incurred by utilities for power generation. See, Sections 366.04(1) and (2), 366.041, 366.05(1), and 366.06, Florida Statutes. In the instant case, I dissent because I believe the decision reached by the majority disproportionately burdens ratepayers.

In September of each year, Florida Power & Light Company (FPL) and other investor-owned electric utilities submit estimates of their fuel and purchased power expenses for the coming year. Based primarily upon these estimates, the Commission establishes cost recovery factors that, when applied to every ratepayer's usage, generate revenues designed to recover these expenses. After actual data of expenses are filed, a "true up" takes place. If the initial estimate was too low (high), an under-recovery (over-recovery) results and the succeeding cost recovery factor is adjusted accordingly.

This case concerns what is referred to as a "mid-course correction." This process can be used by investor-owned electric utilities when evidence shows that the prevailing factors will result in an under-recovery or over-recovery of fuel costs of more than 10%. It is reasoned that when a projected under-recovery exceeds 10%, it is appropriate for the Commission to examine whether a mid-course correction is appropriate to avoid "rate shock" in the next cycle.

In this docket, FPL has requested a mid-course correction to increase its fuel factors to recover fuel cost under-recoveries for 2000 and estimated fuel cost under-recoveries for 2001. FPL avers that the volatility in the oil and gas markets in November and December 2000 and in January 2001 has caused them to experience recent under-recoveries and to submit revised estimated fuel costs for 2001.

In reviewing FPL's request, the majority seems to have equated the projections in fuel costs in the market with the fuel costs reasonably incurred by FPL in the future. I disagree with that assumption. To the contrary, I believe that investor-owned electric utilities have an obligation to take reasonable measures to ameliorate the negative effects that can be caused by highly volatile fuel markets. In fact, to its credit, FPL pointed to some of the steps it had already taken as a result of the disruption during the recent winter months.

In examining FPL's proposed mid-course correction, I conclude that between now and the end of the year, there will be ample opportunity for FPL to explore further steps to reduce fuel costs. Therefore, at the time of the next Commission review of fuel cost recovery, I consider it likely that FPL's fuel cost estimates will be shown to be overstated or, in the absence of any actions to ameliorate fuel costs, FPL's costs will not be found to be entirely prudent.

For these reasons, I conclude that, in this case, charging the full amount to customers in the context of the mid-course correction would disproportionately burden ratepayers. Instead, I would favor the step approach proposed by Commissioner Palecki wherein some additional recovery would be allowed immediately and possible requests for further additional recovery would be considered at a later date when more information would be available.

COMMISSIONER PALECKI dissents, as set forth below:

I would allow FPL a mid-course correction to recover under-recoveries known at this time but would postpone collection of FPL's projected future under-recoveries until 2002. To reduce immediate rate shock to FPL's customers, I believe it would be more appropriate to wait and see if, and to what extent, projected under-recoveries materialize. I would spread the collection of these under-recoveries over twelve additional months in 2002, rather than requiring collection of known and projected under-recoveries over the short nine months remaining in 2001.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

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

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

ATTACHMENT A

Table 1: Change in FPL's 2001 Delivered Fuel Price Forecast ($/MMBtu)			
	As-Filed (09/21/00)	As-Filed (02/02/01)	Change
Natural Gas	$4.73	$6.91	46.09%
Residual Oil	$3.69	$4.12	11.65%
Distillate Oil	$5.14	$5.95	15.76%

Table 2: FPL Monthly Natural Gas Commodity Price Compared to NYMEX ($/MMBtu)				
Month in 2001	FPL 02/02/01 Petition Natural Gas Price	NYMEX 02/02/01 Natural Gas Price	Difference	Percent Difference
March	$8.64	$6.74	$1.90	28.13%
April	$6.24	$5.91	$0.33	5.53%
May	$5.58	$5.57	$0.01	0.13%
June	$5.49	$5.54	($0.05)	-0.96%
July	$5.47	$5.56	($0.09)	-1.67%
August	$5.46	$5.57	($0.11)	-2.03%
September	$5.39	$5.53	($0.14)	-2.50%
October	$5.39	$5.52	($0.13)	-2.41%
November	$5.47	$5.60	($0.13)	-2.29%
December	$5.66	$5.71	($0.05)	-0.81%

ATTACHMENT A

Table 3: FPL Monthly Distillate Oil Price Compared to NYMEX ($/MMBtu)				
Month in 2001	FPL's 02/02/01 Petition Distillate Oil Price	NYMEX 02/02/01 Distillate Oil Price	Difference	Percent Difference
March	$5.33	$5.91	($0.58)	-9.81%
April	$5.41	$5.67	($0.26)	-4.59%
May	$5.43	$5.47	($0.04)	-0.73%
June	$5.53	$5.36	$0.17	3.17%
July	$5.57	$5.32	$0.25	4.70%
August	$5.86	$5.57	$0.29	4.95%
September	$6.30	$5.53	$0.77	13.92%
October	$6.35	$5.52	$0.83	15.04%
November	$6.36	$5.60	$0.76	13.57%
December	$6.65	$5.71	$0.94	16.46%

Table 4: FPL's Forecasts of System Efficiency (Btu/kWh)		
	As-filed (09/21/00)	As-Filed (02/02/01)
Residual Oil	10,066	10,082
Distillate Oil	13,751	13,231
Coal	10,228	10,228
Natural Gas	8,026	8,182
Nuclear	10,149	10,823
Weighted Average	9,574	10,002

ATTACHMENT A

Table 5: FPL's System Net Generation (GWH) by Fuel Type			
	As-Filed 09/21/2000	As-Filed 02/02/2001	% Change
Residual Oil	27,822	35,722	28.39%
Distillate Oil	362	441	21.82%
Coal	6,853	6,858	0.07%
Natural Gas	21,511	13,935	-35.22%
Nuclear	23,776	23,776	0.00%
Total	80,323	80,732	0.51%

ATTACHMENT B

FLORIDA POWER & LIGHT COMPANY
FUEL AND PURCHASED POWER COST RECOVERY FACTORS
BY RATE CLASS
APRIL 2001-DECEMBER 2001

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1, GS-1, SL-2	3.660	1.00198	3.667
A-1	SL-1, OL-1, PL-1	3.599	1.00198	3.606
B	GSD-1	3.660	1.00191	3.667
C	GSLD-1, CS-1	3.660	1.00077	3.663
D	GSLD-2, CS-2, OS-2, MET	3.660	0.99503	3.642
E	GSLD-3, CS-3	3.660	0.95800	3.506
A	RST-1, GST-1			
	ON-PEAK	3.948	1.00198	3.956
	OFF-PEAK	3.533	1.00198	3.540
B	GSDT-1, CILC-1(G)			
	ON-PEAK	3.948	1.00191	3.955
	OFF-PEAK	2.798	1.00191	3.540
C	GSLDT-1, CST-1			
	ON-PEAK	3.948	1.00077	3.951
	OFF-PEAK	3.533	1.00077	3.536

ATTACHMENT B

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
D	GSLDT-2, CST-2			
	ON-PEAK	3.948	0.99503	3.928
	OFF-PEAK	3.533	0.99503	3.515
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T)			
	ON-PEAK	3.948	0.95800	3.782
	OFF-PEAK	3.533	0.95800	3.385
F	CILC-1(D), ISST-1(D)			
	ON-PEAK	3.948	0.99431	3.925
	OFF-PEAK	3.533	0.99431	3.513