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ACCESSION NBR: 8511110247 DOC. DATE: 85/11/04 NOTARIZED: NO DOCKET #

FACIL: 50-000 Generic Docket 05000000
50-250 Turkey Point Plant, Unit 3, Florida Power and Light C 05000250
50-251 Turkey Point Plant, Unit 4, Florida Power and Light C 05000251
50-335 St. Lucie Plant, Unit 1, Florida Power & Light Co. 05000335
50-389 St. Lucie Plant, Unit 2, Florida Power & Light Co. 05000389

AUTH. NAME AUTHOR AFFILIATION
WILLIAMS, J. W. Florida Power & Light Co.
RECIP. NAME RECIPIENT AFFILIATION
SALTZMAN, J. Office of State Programs, Director

SUBJECT: Forwards financial info, including: util 1984 Form 10-K, Sept 1985 quarterly financial rept & internal cash flow excluding retained earnings for yr ending 850930, per 10CFR240.21.

"See Financial Repts"

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NOTES:

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OL: 07/19/72	
	05000251
OL: 04/14/73	
	05000335
OL: 02/01/76	
	05000389
OL: 04/06/83	

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[illegible] exclusion [illegible]

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P.O. BOX 029100 MIAMI, FL 33102

FLORIDA POWER & LIGHT COMPANY

NOV 4 1985
L-85-410

Director of Nuclear Reactor Regulation
Attention: Mr. Jerome Saltzman
Office of State Programs
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Saltzman:

Re: Turkey Point Units 3 & 4
St. Lucie Units 1 & 2
Docket Nos. 50-250, 50-251, 50-335 & 50-389
Price Anderson Guarantees

In accordance with 10 CFR 240.21, Florida Power & Light Company submits the attached financial information.

Florida Power & Light Company's 1984 Form 10-K is enclosed as Exhibit 1. The most recent quarterly financial statement (September 1985) appears as Exhibit 2. Exhibit 3 gives the Company's internal cash flow excluding retained earnings for the twelve months ended September 30, 1985 and for the projected twelve months ending September 30, 1986. The format of Exhibit 3 is based on the NRC's suggested format for cash flow statements as published in the September 1978 Regulatory Guide 9.4

Should you have any questions on this information, please contact us.

Very truly yours,

J. W. Williams, Jr.
Group Vice President
Nuclear Energy

JWW/TCG/dh

Attachments

cc: Dr. J. Nelson Grace, Regional Administrator, Region II (w/o attachments)
Harold F. Reis, Esquire (w/o attachments)
PNS-LI-85-376/2

A004
1/1

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1984 Commission file number 1-3545

FLORIDA POWER & LIGHT COMPANY

(Exact name of registrant as specified in its charter)

Florida (State or other jurisdiction of incorporation or organization)	**59-0247775** (I.R.S. Employer Identification No.)
9250 West Flagler Street, Miami, Florida (Address of principal executive office)	**33174** (Zip Code)

area code: (305) 552-3552

tion 12(b) of the Act:

tion 12(g) of the Act:

ar Value

) has filed all reports required to be
ge Act of 1934 during the preceding
egistrant was required to file such
ments for the past 90 days.

No _____

by non-affiliates of the registrant as

nding 1,000 shares of the registrant's
held, beneficially and of record, by

BY REFERENCE

DEFINITIONS

When the following terms are used in the text they will be understood to have the meanings indicated.

Term	Meaning
AFUDC	Allowance for funds used during construction
Amoco	Amoco Production Company
Charter	Restated Articles of Incorporation
Clean Air Act	Federal Clean Air Act of 1970, as amended
CWIP	Construction work in progress
DOE	U. S. Department of Energy
EPA	U. S. Environmental Protection Agency
FDER	Florida Department of Environmental Regulation
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPL	Florida Power & Light Company
FPSC	Florida Public Service Commission
Fuel adjustment clause	Fuel and Purchased Power Cost Recovery Clause
Group	FPL Group, Inc.
JEA	Jacksonville Electric Authority
kv	Kilovolt
kva	Kilovolt-ampere
kw	Kilowatt
kwh	Kilowatt-hour
Management's Discussion	Management's Discussion and Analysis of Financial Condition and Results of Operations
mcf	Thousand cubic feet
Mortgage	FPL's Mortgage and Deed of Trust dated as of January 1, 1944, as supplemented and amended
mw	Megawatt
Note ____	Note ____ to Consolidated Financial Statements
NRC	U. S. Nuclear Regulatory Commission
Oil-backout factor	Oil-backout cost recovery factor
PCB's	Polychlorinated biphenyls
Southern Companies	Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company
Water Act	Federal Water Pollution Control Act Amendments of 1972, as further amended by the Clean Water Act of 1977
Westinghouse	Westinghouse Electric Corporation

PART I.

Item 1. Business.

General. FPL was incorporated under the laws of Florida in 1925 and is engaged in the generation, transmission, distribution and sale of electric energy. The principal executive office of FPL is located at 9250 West Flagler Street, Miami, Florida 33174, telephone (305) 552-3552, and its mailing address is P.O. Box 029100, Miami, Florida 33102.

All of the shares of common stock of FPL are owned by Group, a holding company which became FPL's corporate parent pursuant to a corporate restructuring plan approved by the holders of common stock of FPL on December 12, 1984, effective on December 31, 1984. As a result of the restructuring, the common shareholders of FPL became instead the common shareholders of Group on a share-for-share basis and Group's Common Stock was then split on a two-for-one basis. The corporate restructuring had no effect on FPL preferred stock and outstanding FPL debt securities. The preferred stock of FPL is held by non-affiliated persons.

Service Area and Operations. FPL supplies service in 35 counties in the State of Florida which include most of the territory along the east and lower west coasts of Florida (except the Jacksonville area and six other areas which are served by municipal electric systems), the agricultural area around southern and eastern Lake Okeechobee and portions of central and north central Florida. The service area contains approximately 27,650 square miles with a population of approximately 5.7 million and its economy is broadly based on summer and winter tourism, manufacturing, construction and agriculture. More than 700 communities are located within the service area. The largest, based on total customers served, are Miami, Fort Lauderdale, Hollywood, Hialeah, Miami Beach, Pompano Beach, West Palm Beach, Boca Raton, Daytona Beach and Sarasota. As of December 31, 1984 FPL served approximately 2.6 million customers.

During 1984, 52% of its operating revenues were derived from residential customers, 36% from commercial customers and 12% from other sources. FPL's service area, principal communities served, and location of generating plants and principal transmission lines are shown on the map located elsewhere herein.

Financing Program. During 1985 FPL expects to raise approximately $75 million of long-term capital from the sale of securities in order to finance a portion of its construction program. Pursuant to a shelf registration statement filed in December 1983 with the Securities and Exchange Commission, $225 million of FPL's first mortgage bonds remain registered for issuance as market conditions and other factors warrant. FPL anticipates the sale of additional securities during the 1986-87 period primarily to finance a portion of its construction program. See "Item 7. Management's Discussion--Liquidity and Capital Resources" and "Item 8. Financial Statements and Supplementary Data--Consolidated Statements of Capitalization."

FPL is having to construct additional electrical facilities at incremental costs which are significantly higher than the average embedded cost of plant investment due to, among other things, the impact of inflation over the past several years and increased regulatory requirements. From time to time FPL's generating units are subject to unscheduled outages or to outages which extend beyond the time originally scheduled. During such outages FPL may incur substantial unbudgeted costs to repair or replace major components of a unit. In the case of such outages involving nuclear units, lost nuclear generation has to be replaced with more expensive generation. During such times earnings and cash flow could be materially adversely affected. FPL's ability to

recover these costs through its rates and charges is dependent upon the regulatory treatment accorded by the FPSC and the FERC.

FPL's Charter prohibits the issuance of shares of its $100 par value preferred stock or its no par preferred stock (collectively, preferred stocks) unless gross income (after depreciation and taxes) for 12 consecutive months within the 15 months immediately prior thereto shall have been at least one and one-half (1.50) times the sum of annual interest charges on all indebtedness and annual dividend requirements on the preferred stocks. Under this test the preferred stock coverage ratio for the 12 months ended December 31, 1984 was 1.76.

Under its Mortgage, FPL could issue approximately $1.7 billion of additional first mortgage bonds based on unfunded property additions at December 31, 1984. On March 1, 1985 FPL redeemed all $125 million of its First Mortgage Bonds, 15-1/4% Series due March 1, 2010, at a redemption price of 112.63%, plus accrued interest to the date of redemption.

FPL has used and expects to continue to use short-term borrowings, including bank borrowings and commercial paper, to temporarily finance portions of its construction program and for other corporate purposes. FPL's unused available bank credit aggregated approximately $323 million at December 31, 1984.

FPL's Charter limits the amounts of unsecured debt which may be incurred by FPL to 20% of the aggregate of secured indebtedness and capital and surplus. Under this test at December 31, 1984 FPL could issue approximately $1.1 billion of additional unsecured debt.

Nuclear Units. FPL has two nuclear units at its Turkey Point Plant and two nuclear units at its St. Lucie Plant. See "Item 2. Properties--Generating Facilities."

St. Lucie Unit No. 1 was returned to service in May 1984 following an extensive repair and maintenance outage. For further information relating to the prolonged outage of St. Lucie Unit No. 1, see "Regulation and Rates--Florida Public Service Commission" and "Note 8--Nuclear Units."

During routine inspection of the steam generators at St. Lucie Unit No. 1 during the 1981 refueling outage, anomalies were detected in a small percentage of the pressurized water circulation tubes and certain of these tubes were plugged. In March 1984 an inspection of the unit's steam generators showed indications of anomalies in a larger number of tubes and certain additional tubes were plugged. FPL is studying the matter and plans to reinspect the steam generators during the unit's next refueling outage, scheduled for October 1985.

FPL has completed repairs to the steam generators of both of its Turkey Point nuclear units. FPL has filed suit seeking reimbursement from Westinghouse, the supplier of the steam generators. The FPSC has ordered that FPL not include in rate base the costs of the steam generator repairs. Instead, the FPSC has authorized FPL to capitalize a deferred return on these costs, classified as AFUDC, and to defer depreciation associated with the costs until they are considered in a ratemaking proceeding following the resolution of pending litigation. See "Note 6--Florida Public Service Commission" and "Note 8--Nuclear Units."

In December 1983 the NRC issued operating license amendments for Turkey Point Units Nos. 3 and 4, authorizing certain technical changes in the operation of the two units. Certain parties have filed requests with the NRC for an administrative hearing concerning the amendments. In November 1983 these parties instituted an action in the U.S. District Court for the District of Columbia requesting injunctive relief relating to the issuance of the license amendments without first holding public hearings and preparing a supplemental environmental impact statement. In April 1984 the court

denied injunctive relief. In May 1984 the court granted motions filed by FPL and the federal government, which is also a party to the proceeding, to dismiss the complaint. An appeal of the dismissal is now pending before the U.S. Court of Appeals for the District of Columbia Circuit. In May 1984 the NRC granted the requests for an administrative hearing concerning certain of the amendments. The matter is pending.

In February 1982 an individual petitioned the U. S. Court of Appeals for the District of Columbia Circuit to review action of the NRC denying a request to consider the suspension of the operating license for Turkey Point Unit No. 4 because of concerns over that unit's steam generators and reactor pressure vessel integrity. In July 1983 the Court of Appeals dismissed the case for lack of jurisdiction and transferred it to the U.S. District Court for the District of Columbia. However the Court of Appeals has stayed its mandate pending the U.S. Supreme Court's disposition of a petition for a writ of certiorari filed by FPL requesting a ruling that the Court of Appeals has jurisdiction to hear the case and therefore should not transfer it. The U.S. Supreme Court granted FPL's petition for a writ of certiorari and oral argument has been held. The matter is pending.

In 1980 the NRC issued a policy statement in the form of an "Action Plan" developed as a result of the incident at the Three Mile Island nuclear generating unit, a nuclear unit in which FPL has no ownership or other interest. The Action Plan calls for modifications to all nuclear generating units including those of FPL. The NRC could require that presently operating nuclear units be removed from service from time to time to accomplish the modifications. The Action Plan also sets forth certain dates by which modifications must be made to presently operating nuclear units.

In 1982 the NRC issued new fire regulations for all nuclear generating units. These regulations require that certain modifications be implemented by certain dates in FPL's four operating nuclear units.

Because it may be impossible to complete certain modifications under the Action Plan or the new fire regulations within the times established by the NRC, unless the NRC extends these dates (which it has extended in the past), it may be necessary to remove the nuclear units from service until the modifications are completed.

In 1984 FPL incurred expenditures of approximately $84 million for its four nuclear units to implement technical changes due to regulatory requirements occurring since the units were designed (retrofit), including modifications required by the Action Plan and new fire regulations. FPL anticipates that it will incur approximately $233 million of additional retrofit expenditures over the three-year period 1985-87. These projected expenditures are included in FPL's construction program. Evolving NRC regulations may result in additional retrofit requirements for FPL's nuclear units, the cost of which may be significant. It could be necessary to remove FPL's operating nuclear units from service to implement such requirements. Any expenditures which may be required in order to comply with such regulations cannot presently be determined and therefore are not included in FPL's 1985-87 construction program. See "Item 2. Properties--Construction Program."

FPL endeavors to comply with all rules, regulations and procedures of the NRC with respect to the operation of its nuclear units; however, from time to time it has found itself not in compliance with respect to certain matters. The NRC has the authority to impose fines or to shut down a unit, or both, until compliance is achieved, depending upon the severity of the situation.

Fuel and Purchased Power. Fuels for FPL's generating plants are residual and distillate oil, natural gas and nuclear fuel. Fuel cost per kwh varies depending on fuel prices, the availability for operation of various generating units and the proportion of

generation by various fuels, including net interchange and purchased power. FPL has a contract with the Southern Companies, under which FPL has made and will continue to make, subject to the occurrence of certain contingencies, purchases of coal-fired unit power ranging from 350 mw in 1983 up to 2000 mw in each of the years 1987 through 1992, with declining amounts thereafter through mid-1995. FPL has another contract with the Southern Companies under which FPL is currently receiving, subject to the occurrence of certain contingencies, 300 mw of long-term interchange coal-fired energy, and it will continue to receive the same amount through 1986. For information on the take-or-pay provisions of the contracts, see "Note 8--Purchase Power Contracts." See also "Item 2. Properties--Construction Program."

The proportion of net energy for load by resource and average costs in mills (1/10 of 1¢) per kwh for the following periods were:

	Years Ended December 31,		
	1984	1983	1982
Net Energy For Load (%):			
Residual Oil	26	42	40
Natural Gas	19	19	21
Nuclear	32	20	28
Gas Turbines*	Nil	Nil	Nil
Combined Cycle-Oil & Gas	3	2	1
Net Interchange and Purchased Power**	20	17	10
Average Cost (mills/kwh):			
Residual Oil	45.09	42.55	42.86
Natural Gas	36.04	23.36	16.26
Nuclear	6.63	4.60	5.51
Gas Turbines*	75.50	67.41	53.44
Combined Cycle-Oil & Gas	33.63	25.13	48.57
All Fuels (weighted)	27.33	28.54	25.07
Net Interchange and Purchased Power**	31.02	30.40	29.96
All Resources (weighted)**	28.09	28.86	25.58

* Distillate oil and natural gas.

** Includes coal-fired power purchases from the Southern Companies, excluding unit power capacity charges.

A substantial portion of FPL's oil requirements in 1985 will be obtained from existing contracts with various fuel suppliers. FPL anticipates that any additional oil required to meet generation needs can be obtained through additional contracts or on the open market.

Natural gas is obtained under a contract with Amoco for up to 200,000 mcf per day until June 1988. In June 1982 FPL entered into an agreement with FGT under which FGT would make up the difference, if any, between 200,000 mcf per day and the quantity of gas actually provided by Amoco through June 1988. Commencement of service under the agreement is subject to authorization by the FERC and gas supplied would be subject to interruption in accordance with FGT's FERC-approved curtailment plan. Certain parties have intervened in the proceedings pending before the FERC. In February 1985 an

administrative law judge issued an initial decision denying authorization for delivery of natural gas under the agreement. FPL and FGT each has the right to appeal the decision to the FERC. The FERC can also review the decision on its own motion. FPL plans to appeal the decision. No gas is presently being delivered under this agreement. FPL has a separate ten-year supply contract with FGT for interruptible gas, which was entered into in April 1979. The contract, as amended in June 1982, provides greater flexibility in the use of gas, along with pricing based on FGT's average system gas cost plus pipeline transportation costs.

Transportation of the natural gas is provided by FGT under a firm contract which expires in June 1988. FPL and FGT have entered into an agreement under which FGT has granted FPL the option to extend the natural gas transportation agreement for a period of up to five years. If such option is exercised, FPL will have the right to extend the agreement for two additional periods of one year each by giving written notice of each extension sixty days prior to the expiration of the preceding extension. Any extension of the transportation arrangements will require FERC approval.

FPL has a long-term nuclear fuel enrichment contract for 70% of the requirements for its four nuclear units to the year 2014. FPL is also negotiating short- and long-term contracts to cover the balance of its needs for enrichment services. It also has various contracts covering the bulk of its uranium, fuel conversion and fuel fabrication needs through 1988.

For a discussion regarding FPL's contracts with the DOE for the transportation and disposal of existing and future spent nuclear fuel and problems with its suppliers of nuclear fuel over removal of spent fuel, see "Note 8--Spent Nuclear Fuel." The FPSC permits FPL to recover, through its Fuel adjustment clause, the cost of transportation and disposal of spent nuclear fuel which is not the subject of a dispute between FPL and a supplier. Under the Nuclear Waste Policy Act of 1982, the DOE is required to construct storage facilities and will take title to and provide transportation and storage for spent fuel for a specified fee. Currently, FPL is storing spent fuel on site and plans to provide adequate storage capacity for all its nuclear units through at least the year 2000, pending removal of the spent fuel by the DOE. The NRC has issued license amendments for Turkey Point Units Nos. 3 and 4 and St. Lucie Unit No. 2 to allow expansion of spent fuel storage capacity on site. The NRC has granted the petition of certain parties to intervene and has scheduled a pre-hearing conference concerning the amendments for Turkey Point Units Nos. 3 and 4. The matter is pending.

The impact that existing or proposed legislation, regulation, decisions by courts or administrative bodies or other factors may have on FPL operations, fuel supply, ability to meet existing or future load obligations or its construction program is not presently determinable. See "Regulation and Rates" and "Environmental Matters."

Energy and Conservation Matters. Pursuant to federal and state regulations, FPL has numerous programs in effect in order to achieve the conservation of energy, the displacement of oil and the development of more plentiful domestic fuels. The costs of these programs are recovered through current rate structures.

Regulation and Rates-Florida Public Service Commission. FPL is subject to continuing regulation by the FPSC as to retail rates, service, accounting, issuance of securities and certain other activities.

For a discussion of FPL's 1984-85 retail rate case, its Fuel adjustment clause and its energy conservation cost recovery clause, see "Note 1--Revenues and Rates" and "Note 6--Florida Public Service Commission."

The FPSC began a hearing in February 1985 to investigate the extended outage of St. Lucie Unit No. 1 and to determine whether the resulting replacement power costs

incurred as a result of this outage were reasonable and prudent. See "Note 8--Nuclear Units."

Federal Energy Regulatory Commission. FPL is subject to regulation by the FERC in various respects, including the keeping of accounts, the acquisition and disposition of certain facilities and wholesale sales to certain electric cooperatives and municipalities, but not with respect to the issuance of securities.

In December 1984 FPL reached an agreement in principle with its wholesale customers on its 1984 rate case, subject to final approval by the FERC. The increased revenues are being collected subject to refund, with interest, pending a final decision by the FERC or approval by the FERC of the agreement. For further information, see "Note 6—Federal Energy Regulatory Commission."

Nuclear Regulatory Commission. FPL is subject to the jurisdiction of the NRC with respect to the operation of its four nuclear generating units.

Environmental Matters. FPL is subject to regulation with respect to air and water quality and other environmental matters by various federal, state and local authorities.

Water. Under the Water Act and the regulations promulgated thereunder, FPL must obtain permits from the EPA for discharges by its generating plants (including discharges of heat) into navigable wate. or waters of the contiguous zone. Permits have been received for all of FPL's operating plants. The Water Act requires certification of such permits or the waiver thereof by the FDER. FPL has administratively contested some of the provisions of several such state certifications, and anticipates that its objections will be satisfactorily resolved.

The FDER has revised its regulations which apply to surface waters, ground waters and waste disposal. Although the impact of these revisions cannot be determined at this time, FPL anticipates that it will be able to comply with their current requirements. However, beginning July 1, 1985 the regulations will apply secondary drinking water standards to existing ground water discharges in the State of Florida. Although the FDER is currently considering an extension of this deadline, unless relief from this future requirement is obtained, FPL will be required to upgrade its current ground water discharge systems at several facilities. The cost of upgrading the facilities is not expected to be material.

Land. The Florida Transmission Line Siting Act was enacted by the Florida Legislature to establish a "one stop" review and permitting process for bulk transmission lines which cross county lines and for transmission line corridors. The FDER coordinates the permitting process, which is designed to take no longer than seven months. Under this process, the FPSC makes a determination of the need for the line and the Governor and Cabinet decide whether the line should be built and, if so, where and under what conditions.

Toxic Substances and Hazardous Waste. In August 1982 the EPA issued its final rules on the use of PCB's in electrical equipment. FPL and other parties have sought judicial review of the rules in the U.S. Court of Appeals for the District of Columbia Circuit. Under the rules in their current form, certain PCB capacitors will have to be phased out by October 1988. The amount of expenditures required to comply with the rules is not expected to be material.

Corrosive wastes generated and neutralized at FPL's electric generating plants are subject to a combined state and federal hazardous waste permit program implemented by the FDER. FPL believes that it is currently in full compliance with all environmental requirements of the program. However, a question has been raised by the FDER with regard to FPL's compliance with procedural and other non-environmental requirements of this program. The FDER and FPL are presently working to resolve these concerns

through the issuance of appropriate permits or consent orders or by means of facility modifications, the cost of which is not expected to be material.

Air. Pursuant to the Clean Air Act, the EPA has promulgated ambient air quality standards and emission limitations for new sources. The FDER has promulgated air quality standards and emission limitations for both new and existing sources.

Two of FPL's generating units are subject to regulation as new sources under the air quality regulations of the EPA and the FDER. From time to time, these units experience difficulty in meeting opacity emission limitations, and FPL has submitted petitions to both the FDER and the EPA requesting adjustment of the opacity standards for these units. FPL has also responded to a formal request for information made by the EPA regarding opacity, compliance testing and emission monitoring equipment certification, and has met with the EPA representatives, in response to a subsequent letter from the EPA alleging violations of certain notification and monitoring requirements, to show cause why formal enforcement action should not be taken with respect to the alleged violations. It is anticipated that these issues will be resolved in ongoing discussions with the EPA and the FDER and by additional emissions testing of these units. In the event that they cannot be resolved, FPL may have to change operating practices at the units, install additional pollution control equipment or remove the units from service for indefinite periods of time or be subject to substantial civil and criminal penalties.

The ultimate requirements and resulting effects upon FPL's contracts, properties and operations of these and other federal and state environmental protection laws and regulations and proposed laws and regulations, as well as of the significance to FPL of the existence of several threatened or endangered species in FPL's service area, are not presently determinable.

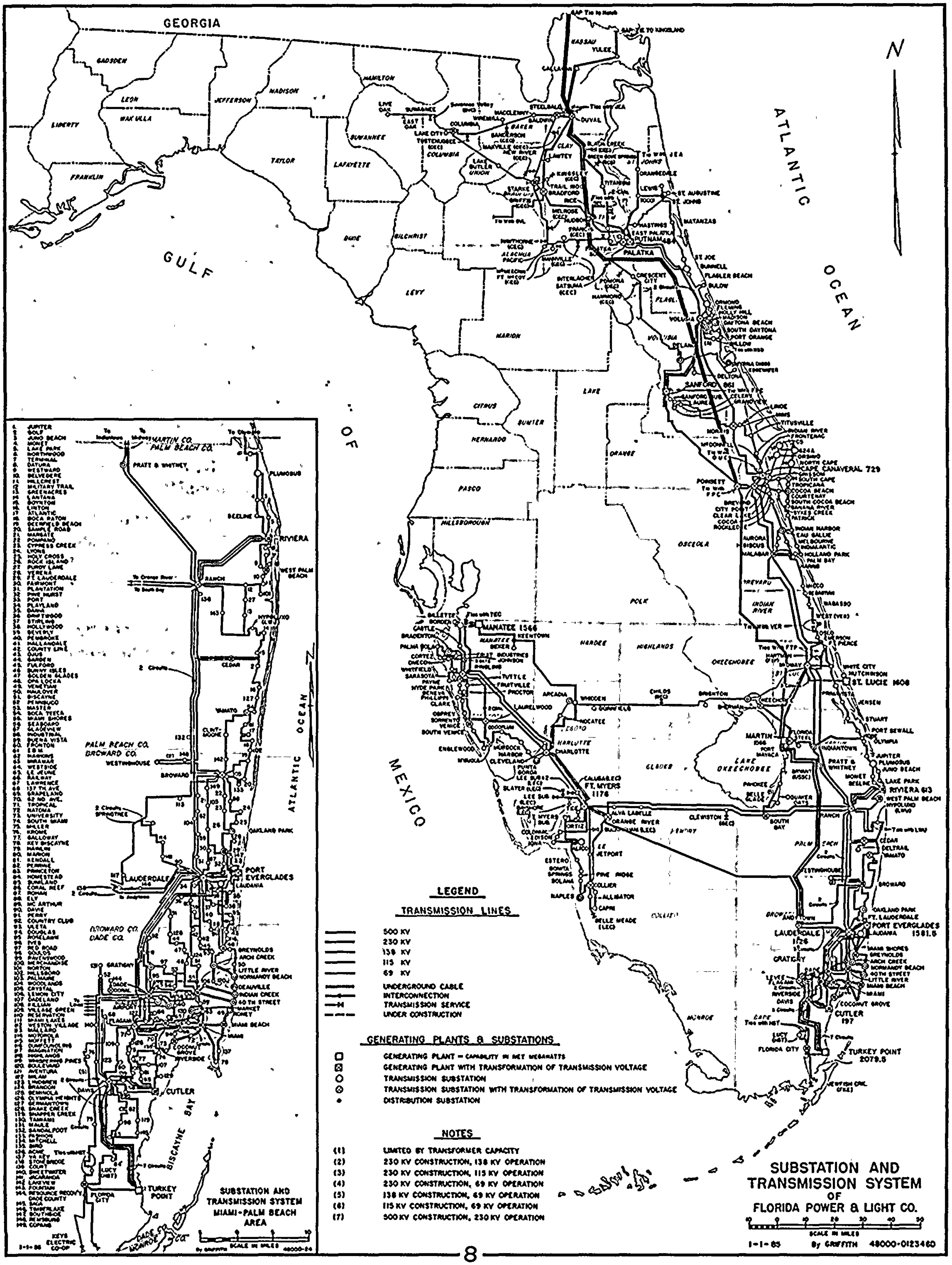
FPL endeavors to comply with all applicable valid governmental requirements but has in the past, and intends in the future, to contest any it deems unreasonable, impossible of compliance, invalid or contrary to the public interest.

FPL's capital expenditures include substantial amounts expended as a result of environmental considerations. The construction program for 1984 included approximately $31 million to meet environmental requirements. For 1985, 1986 and 1987 construction expenditures required to meet environmental standards are estimated to be approximately $53 million, $57 million and $47 million, respectively. Developing environmental requirements at times may prevent full capacity operation of FPL's generating units, may delay construction of facilities and may result in further increases in capital expenditures. See "Fuel and Purchased Power" and "Item 2. Properties--Construction Program."

Competition. Generally, in municipalities and other areas where FPL provides retail electric service no other utility directly renders such service. FPL is a regulated public utility.

Franchises. FPL holds franchises to provide electric service in various municipalities and six counties in the State of Florida. These franchises have varying terms. In general, FPL considers its franchises to be adequate for the conduct of its business.

Employee Relations. FPL had approximately 13,300 employees at December 31, 1984. FPL has a two-year collective bargaining agreement with members of the International Brotherhood of Electrical Workers that expires November 1, 1985.


GEORGIA
GULF OF MEXICO
ATLANTIC OCEAN
N
LEGEND
TRANSMISSION LINES
500 KV
230 KV
138 KV
115 KV
69 KV
UNDERGROUND CABLE
INTERCONNECTION
TRANSMISSION SERVICE
UNDER CONSTRUCTION
GENERATING PLANTS & SUBSTATIONS
GENERATING PLANT — CAPABILITY IN NET MEGAWATTS
GENERATING PLANT WITH TRANSFORMATION OF TRANSMISSION VOLTAGE
TRANSMISSION SUBSTATION
TRANSMISSION SUBSTATION WITH TRANSFORMATION OF TRANSMISSION VOLTAGE
DISTRIBUTION SUBSTATION
NOTES
(1) LIMITED BY TRANSFORMER CAPACITY
(2) 230 KV CONSTRUCTION, 138 KV OPERATION
(3) 230 KV CONSTRUCTION, 115 KV OPERATION
(4) 230 KV CONSTRUCTION, 69 KV OPERATION
(5) 138 KV CONSTRUCTION, 69 KV OPERATION
(6) 115 KV CONSTRUCTION, 69 KV OPERATION
(7) 500 KV CONSTRUCTION, 230 KV OPERATION
SUBSTATION AND TRANSMISSION SYSTEM OF FLORIDA POWER & LIGHT CO.
SCALE IN MILES
1-1-85
By GRIFFITH 48000-0123460
SUBSTATION AND TRANSMISSION SYSTEM MIAMI-PALM BEACH AREA
PALM BEACH CO.
BROWARD CO.
BROWARD CO.
DADE CO.
BISCAYNE BAY
CUTLER
TURKEY POINT
PORT EVERGLADES
LAUDERDALE
RIVIERA
WEST PALM BEACH
KEYS ELECTRIC CO-OP
SANFORD 861
CAPE CANAVERAL 729
ST. LUCIE 1608
MARTIN
MANATEE 1566
FT. MYERS 1176
RIVIERA 613
PORT EVERGLADES 1581.5
CUTLER 197
TURKEY POINT 2079.5
PALATKA
PUTNAM 484
LAKE OKEECHOBEE

OPERATING STATISTICS

	Years Ended December 31,				
	1984	1983	1982	1981	1980
Energy Generated and Interchanged (Thousands of kwh):					
Generated—net station output	42,241,488	43,416,701	45,331,942	47,832,185	46,564,622
Interchanges—in and purchased power	20,065,607	17,103,795	10,939,581	5,603,547	4,933,183
Total input	62,307,095	60,520,496	56,271,523	53,435,732	51,497,805
Interchanges—out	9,158,282	8,020,549	5,739,624	3,413,083	3,047,810
Lost—unaccounted for or used, etc.	3,797,576	3,911,170	3,458,948	3,759,554	3,742,382
Energy sold	49,351,237	48,588,777	47,072,951	46,263,095	44,707,613
Energy Sales (Thousands of kwh):					
Residential	23,636,346	23,324,076	22,702,130	22,932,312	22,432,192
Commercial	18,396,769	17,423,200	16,745,176	15,578,062	15,089,288
Industrial	3,706,941	3,544,095	3,449,351	3,466,912	3,347,513
Other sales to public authorities	871,878	852,585	893,296	866,722	835,223
Total general business	46,611,934	45,143,956	43,789,953	42,844,008	41,704,216
Other electric utilities	2,739,303	3,444,821	3,282,998	3,419,087	3,003,397
Total energy sales	49,351,237	48,588,777	47,072,951	46,263,095	44,707,613
Number of Customers (Average for Period):					
Residential	2,246,834	2,170,686	2,110,357	2,044,623	1,955,240
Commercial	256,304	243,269	232,912	223,399	212,956
Industrial	14,892	13,333	12,530	14,923	14,734
Other sales to public authorities	2,470	2,368	2,339	2,212	2,011
Total general business	2,520,500	2,429,656	2,358,138	2,285,157	2,184,941
Other electric utilities	37	50	46	45	44
Total customers	2,520,537	2,429,706	2,358,184	2,285,202	2,184,985
Residential Service:					
Average annual energy sales per customer (kwh)	10,520	10,745	10,757	11,216	11,473
Average annual revenue per customer	$904.96	$777.47	$743.67	$757.46	$608.84
Average revenue per kwh	8.60¢	7.24¢	6.91¢	6.75¢	5.31¢
Operating Revenues (Thousands of Dollars):					
Residential	$2,033,288	$1,687,645	$1,569,419	$1,548,713	$1,190,420
Commercial	1,403,036	1,111,034	1,062,955	1,070,715	833,344
Industrial	242,798	193,664	192,379	201,547	150,952
Other sales to public authorities	75,209	62,665	64,709	62,641	48,054
Total general business	3,754,331	3,055,008	2,889,462	2,883,616	2,222,770
Other electric utilities	172,882	158,147	150,975	151,707	105,728
Total from energy sales	3,927,213	3,213,155	3,040,437	3,035,323	2,328,498
Deferred revenues	(18,694)	89,088	(73,233)	(26,537)	-
Transition adjustment(1)	-	(11,026)	(48,109)	59,135	-
Miscellaneous electric revenues	31,410	61,318	21,738	20,699	18,780
Total operating revenues	$3,939,929	$3,352,535	$2,940,833	$3,088,620	$2,347,278
Approximate 60-minute net peak demand—kw (2)	10,270,000	10,676,000	10,919,000	10,738,000	9,732,000

(1)Related to the adoption of a revised Fuel adjustment clause in 1980.
(2)The highest 60-minute net peak to date of 12,533 mw was reached on January 22, 1985.

Item 2. Properties.

General. The physical properties of FPL are located in the State of Florida. FPL considers that its properties are well maintained and in good operating condition and that there is no excessive obsolescence in its principal plants and other properties. The electric generating, transmission, distribution and general facilities represent approximately 53%, 15%, 29% and 3%, respectively, of FPL's gross investment in electric plant and equipment in service.

Generating Facilities. As of December 31, 1984 FPL had the following generating facilities:

Facility	Location	No. of Units	Fuel	Net Warm Weather Capability (mw)	Plant Net Output for 1984 (%)
STEAM TURBINES (continuous capability)					
Cape Canaveral	Cocoa	2	Oil/Gas	729	6.4
Cutler	Miami	2	Oil/Gas	197	.1
Fort Myers	Fort Myers	2	Oil	504	4.9
Lauderdale	Dania	2	Oil/Gas	274	.7
Manatee	Parrish	2	Oil	1,566	7.1
Martin	Indiantown	2	Oil	1,566	7.3
Port Everglades	Port Everglades	4	Oil/Gas	1,142	12.4
Riviera	Riviera Beach	3	Oil/Gas	613	5.0
St. Lucie	Hutchinson Island	2	Nuclear	1,491*	22.8
Sanford	Lake Monroe	3	Oil/Gas	861	2.5
Turkey Point	Florida City	2	Oil/Gas	734	9.2
		2	Nuclear	1,332	18.3
COMBINED CYCLE (peak capability)					
Putnam	Palatka	2	Oil/Gas	484	3.1
GAS TURBINES (peak capability)					
Fort Myers	Fort Myers	12	Oil	672	.1
Lauderdale	Dania	24	Oil/Gas	852	.1
Port Everglades	Port Everglades	12	Oil/Gas	426	-
DIESEL UNITS (peak capability)					
Port Everglades	Port Everglades	5	Oil	13.5	-
Turkey Point	Florida City	5	Oil	13.5	-
		Total		13,470**	100.0***

* This rating represents FPL's share of the St. Lucie Units, and excludes Orlando Utilities Commission's and Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2. In March 1985 the NRC issued an amendment to the operating license for St. Lucie Unit No. 2 which is expected to result in upgrading the total capability of the unit by 36 mw. FPL's share of this upgrade would be 31 mw and FPL's share of the total St. Lucie Plant capability would be 1,522 mw.

**Sanford Units Nos. 4 and 5 (724 mw), Riviera Unit No. 2 (69 mw) and Cutler Units Nos. 5 and 6 (197 mw) are expected to be placed on long-term reserve shutdown status in 1985.

***Additional resources of 353 mw and 660 mw of coal-fired unit power were available in 1983 and 1984, respectively, through purchase power contracts with the Southern Companies. These purchases are primarily designed to reduce oil usage. Additional resources of 2,011 mw of coal-fired unit power are expected to be available in 1985 through a combination of purchase power contracts with the Southern Companies and Tampa Electric Company. For information on purchase power contracts, see "Item 1. Business--Fuel and Purchased Power", "Note 8--Purchase Power Contracts" and "Construction Program."

Reference is made to "Item 1. Business--Nuclear Units" and "Note 8--Nuclear Units" for additional information concerning FPL's nuclear units. See also "Construction Program."

On January 22, 1985 FPL reached its highest 60-minute net peak to date of 12,533 mw during a period of extreme cold weather. The highest summer peak to date of 10,676 mw was reached on July 25, 1983. Based on its current load projections and construction plans, FPL's reserves are projected to be adequate to meet peak load for the next several years.

During 1984 FPL's plants operated at the following capacity factors based on net warm weather capability ratings: fossil-fired units, 33.2%; combined cycle units, 31.4%; nuclear units, 68.4%; and gas turbine units, 0.5%.

Transmission and Distribution. Electric transmission and distribution lines owned and in service as of December 31, 1984 are as follows:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cable Miles
500 kv	845*	-
230 kv	1,946	31
138 kv	1,317	45
115 kv	601	Nil
69 kv	254	17
Less than 69 kv	33,132	10,228
Total Miles	38,095	10,321

*Includes approximately 80 miles owned jointly with JEA.

FPL owns and operates 364 substations with a total capacity of 80,749,030 kva.

Other Properties. FPL owns and has a substantial investment in offices and service buildings, district and local headquarters, repair shops, motor vehicles, construction

equipment and tools and office furniture and equipment, and also leases offices and storerooms and certain other equipment. It also owns miscellaneous parcels of real estate not now used in utility operations.

Additions and Retirements. During the five years ended December 31, 1984 construction expenditures (including AFUDC and net nuclear fuel additions) amounted to $3.8 billion and retirements of property amounted to $172 million. During that period, total plant, including nuclear fuel, increased 62.7%.

Character of Ownership. Substantially all of FPL's properties are subject to the lien of its Mortgage and certain pollution control equipment is also subject to security interests under Installment Purchase and Security Contracts. Except for certain property owned by its subsidiary, the principal properties of FPL are held by it in fee and are free from other encumbrances, subject to minor exceptions, none of which is of such a nature as to substantially impair the usefulness to FPL of such properties. Many of the offices in the various communities served are occupied by FPL under leases. All properties are subject to liens for taxes, assessments and undetermined charges (if any) incidental to construction. In general, some of the electric lines are located on land not owned in fee but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. These consents and rights are deemed adequate for the purposes for which the properties are being used. FPL generally does not, however, have specific easements from the owners of property adjacent to public highways over, upon or under which its electric lines are located. At the time each of the principal properties was purchased a title search was made. In general, no examinations of titles as to rights-of-way for electric lines were made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

Construction Program. FPL maintains a continuous construction program, principally for electric generation, transmission and distribution facilities. FPL's construction expenditures, including net nuclear fuel additions and AFUDC, approximated $667 million during 1984. FPL estimates that such expenditures under its 1985-87 construction program will approximate $2.3 billion. It is estimated that FPL's construction expenditures for 1985 will approximate $758 million in the following categories: $364 million for generating facilities and nuclear fuel, $327 million for transmission and distribution and $67 million for other additions and improvements. All of these estimates are subject to continuing review and adjustment and actual construction expenditures may vary from these estimates due to factors such as changes in customers, energy sales, business and economic conditions, construction and design requirements, fuel supply and costs, availability of labor, supplies and materials, regulatory treatment, environmental and conservation requirements and existing and proposed legislation. FPL is keeping its construction program as flexible as possible with the intention of accommodating those factors that may develop or change. Reference is made to "Nuclear Units", "Energy and Conservation Matters", "Regulation and Rates--Nuclear Regulatory Commission" and "Environmental Matters" under "Item 1. Business" and to "Note 8-- Construction Program."

FPL has entered into an agreement with JEA for the joint ownership, construction and operation of a coal-fired plant consisting of two 550 mw (net) units in northeast Florida with scheduled in-service dates in 1987 and 1988. The total cost of the project is presently estimated to be approximately $1.6 billion, excluding AFUDC. Approximately

$263 million (including AFUDC) is included in FPL's 1985-87 construction program for FPL's portion of the project. For a discussion regarding this agreement, see "Note 8—Construction Program."

FPL has a contract with Tampa Electric Company to purchase power from a coal-fired unit scheduled to be in commercial operation in the spring of 1985 and anticipates receiving 293 mw, 210 mw and 105 mw in the years 1985, 1986 and 1987, respectively. For a discussion regarding this contract, see "Note 8—Purchase Power Contracts."

FPL has included in its 1985-87 construction program approximately $20 million for the completion of the construction of two 500 kv transmission lines which will extend from the Georgia-Florida border to Martin and St. Lucie Counties and will enhance FPL's ability to import coal-fired power under its two contracts with the Southern Companies. See "Item 1. Business--Fuel and Purchased Power", "Generating Facilities" and "Note 8--Purchase Power Contracts." The total cost of the project is expected to be approximately $340 million. The portions of the lines which extend from Georgia to FPL's Duval substation were built jointly by FPL and JEA. Construction extending the two lines from the Duval substation to Martin and St. Lucie Counties to connect with FPL's existing 500 kv system is scheduled to be completed in mid-1985.

Item 3. Legal Proceedings.

Alleged Discrimination Claims. In November 1977 a Commissioner of the Equal Employment Opportunity Commission filed a charge of unlawful labor employment practices against FPL, certain labor organizations and a joint FPL/labor organization committee alleging violations of the U.S. Constitution and various federal statutes on the basis of alleged patterns and practices of discrimination by FPL against Spanish-surnamed Americans, blacks and females. The matter is pending.

In November 1983 an alleged class action was filed against FPL in the U.S. District Court for the Southern District of Florida alleging violations of various civil rights statutes and seeking injunctive relief and damages in the form of back pay, front pay, prejudgment interest and attorney's fees and costs for members of the alleged class. The plaintiff has subsequently withdrawn his request to have the case certified as a class action and is now seeking injunctive relief and damages solely on his own behalf.

FPL cannot predict the outcome of these claims but, based on the facts that so far have come to its attention, FPL is of the opinion that the likelihood that the outcome of these claims will have a material adverse effect on the financial position of FPL is remote.

Bond Redemption Suit. In September 1977 a class action was filed in the U.S. District Court for the Southern District of Florida alleging damages in excess of $9 million based on alleged breach of contract and violations of the federal securities laws with respect to the redemption in 1977 by FPL of approximately $63.7 million of its First Mortgage Bonds, 10-1/8% Series due 2005. The court certified the suit as a class action and granted summary judgment in favor of FPL on all issues except an alleged claim based upon Section 10(b) of the Securities Exchange Act of 1934. In October 1983 the court ruled in favor of FPL regarding the alleged claim. The opinion issued by the court held that FPL's prospectus and other disclosures properly represented FPL's right to redeem the bonds. Plaintiffs appealed to the U.S. Court of Appeals for the Eleventh Circuit and oral argument has been held. The matter is pending.

Martin Reservoir Suit. In May 1981 FPL filed suit against the architects and engineers, and certain other parties, in the U.S. District Court for the Southern District of Florida, seeking damages as a result of the collapse of the reservoir embankment at FPL's Martin Plant site. In April 1983 the court granted certain defendants' summary judgment motions. In July 1983 FPL appealed the summary judgments granted in favor of the design engineer of record and one of the engineering corporations responsible for the design of the reservoir to the U.S. Court of Appeals for the Eleventh Circuit and oral argument has been held. Trial court proceedings as to certain remaining defendants have been stayed pending the outcome of the appeals.

Environmental Suit. In July 1983 the FDER filed suit against Pepper's Steel and Alloys, Inc. and FPL in the Circuit Court in and for Dade County, Florida. Pepper's Steel had in the past purchased scrap from FPL. The suit seeks damages resulting from alleged contamination of a part of the Pepper's Steel property by PCB's. FPL is cooperating with the FDER and the EPA concerning evaluation of the conditions presented at the site. In 1983 the EPA conducted an immediate clean-up at a portion of the site. In March 1985 the United States, acting at the request of the EPA, filed suit in the U.S. District Court for the Southern District of Florida against Pepper's Steel, FPL and others, seeking to recover costs incurred in this clean-up action, as well as attorney's fees and costs. Based on discussions with its General Counsel, FPL believes that any cost it may incur as a result of these actions will not be material.

Other Legal Proceedings. For information concerning a suit filed against FPL in February 1983 by Westinghouse as a supplier of nuclear fuel, pending in the U.S. District Court for the Southern District of Florida, see "Note 8—Rental and Nuclear Fuel Expense."

For information concerning a suit filed by FPL in October 1975 against Westinghouse, the supplier of nuclear fuel for Turkey Point Units Nos. 3 and 4, which case is now pending in the U.S. Court of Appeals for the Fourth Circuit, see "Note 8--Spent Nuclear Fuel."

For information concerning a suit filed by FPL in May 1978 in the U.S. District Court for the Southern District of Florida against Westinghouse as a supplier of steam generators, see "Note 8--Nuclear Units--Turkey Point Units Nos. 3 and 4."

For information concerning an individual's petition to the U.S. Court of Appeals for the District of Columbia Circuit to review the NRC action concerning FPL's Turkey Point Unit No. 4, see "Item 1. Business--Nuclear Units."

For information concerning litigation regarding certain operating license amendments for Turkey Point Units Nos. 3 and 4, see "Item 1. Business--Nuclear Units."

For information concerning an appeal by two intervenors to the Florida Supreme Court regarding the FPSC's order issued in December 1984 related to FPL's 1984-85 rate case, see "Note 6 -- Florida Public Service Commission."

For information concerning petitions to the U.S. Court of Appeals for the District of Columbia Circuit for judicial review of the EPA's final rules on the use of PCB's in electrical equipment, see "Item 1. Business -- Environmental Matters."

For information concerning a petition to the U.S. Court of Appeals for the District of Columbia Circuit for judicial review of the FERC's orders accepting FPL's 1984 filing to increase base rates charged to wholesale customers, see "Note 6--Federal Energy Regulatory Commission."

Item 4. Submission of Matters to a Vote of Security Holders.

At a Special Meeting of Shareholders of Common Stock of FPL and of Group held on December 12, 1984, an amendment to FPL's Charter to cancel all outstanding shares of FPL common stock, except 1,000 shares of such common stock held by Group, was approved by the holders of FPL common stock by a vote of 47,387,311 for, 785,630 against and 421,479 abstaining. Upon effectiveness of this amendment, FPL became a subsidiary of Group and the holders of FPL common stock became instead the holders of Group Common Stock.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters.

See "Item 1. Business--General" for a description of the corporate restructuring plan which became effective December 31, 1984.

All of FPL's common stock is owned by Group, its corporate parent, and hence there is no market for the stock.

FPL paid a dividend to Group of approximately $46.9 million on December 31, 1984. In February 1985 FPL paid a monthly dividend to Group substantially equal to its Net income available to FPL Group, Inc. for January 1985. Such dividend totaled approximately $34.1 million. FPL's Charter and Mortgage contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to Group. There are currently no restrictions in effect that limit FPL's ability to pay dividends to Group.

Item 6. Selected Financial Data.

	Years Ended December 31,				
	1984	1983	1982	1981	1980
	Thousands of Dollars				
Operating revenues	$3,939,929	$3,352,535	$2,940,833	$3,088,620	$2,347,278
Net income available to Group	$305,085	$267,255	$263,708*	$188,596	$162,463
Total assets	$8,098,072	$7,679,916	$6,778,170	$6,093,431	$5,473,503
Long-term debt excluding current maturities	$2,960,538	$2,648,017	$2,547,987	$2,268,191	$2,000,312
Preferred stock with sinking fund requirements, excluding current maturities	$200,700	$206,250	$145,000	$113,750	$117,500

*Includes the cumulative effect of a change in method of accounting for unbilled revenues amounting to approximately $34.4 million in Net income.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

The improvement in the 1984 financial performance reflects higher earnings of Florida Power & Light Company (FPL) resulting from retail and wholesale rate increases. During July 1984 the Florida Public Service Commission (FPSC) issued an order granting FPL a retail rate increase designed to produce additional annual revenues of approximately $81 million of the $335 million requested. The new rates, which became effective July 1984, were based on a 1984 test year, an overall allowed rate of return of 10.56% and an allowed rate of return on common equity of 15.60%, the midpoint of an approved range of 14.60% to 16.60%. In addition, the FPSC granted an increase based on a 1985 test year designed to produce additional annual revenues of approximately $115 million of the $120 million requested. FPL and the Florida Public Counsel (Public Counsel) filed petitions for reconsideration with the FPSC concerning certain items related to the 1984-85 rate case. In December 1984 the FPSC issued an order on the petitions for reconsideration revising its earlier decision and increasing the additional revenues granted to approximately $84 million for 1984 and to approximately $120 million for 1985. The revised rates associated with the petitions for reconsideration and the approved revenue increase for 1985 were effective with meter readings beginning on January 31, 1985. All issues raised by the Public Counsel were denied. The FPSC has established a 1985 operating revenue cap of $2.2 billion on retail base rate revenues for FPL. The revenue cap is designed to allow FPL to achieve a rate of return of no more than 16.60% on jurisdictional common equity based on the data filed in the utility's 1984-85 rate case. Any retail base rate revenues received in 1985 above this cap would be subject to refund. Retail base rate revenues were approximately $1.9 billion for 1984.

Two intervenors have appealed, to the Florida Supreme Court, the FPSC's order which authorized FPL to increase its gross revenues by approximately $120 million effective January 31, 1985. The intervenors are contesting the FPSC's authority and jurisdiction to authorize a rate increase based on a 1985 test year. FPL will continue to collect the increased revenues subject to refund, with interest, pending the outcome of the appeal.

Liquidity and Capital Resources

Current capital requirements are met by both internally and externally generated funds. The primary capital requirements consist of expenditures under FPL's construction program. Total construction expenditures for the years 1982-84 were $2.4 billion, including net nuclear fuel additions and Allowance for funds used during construction (AFUDC). FPL's planned construction expenditures for the period 1985-87 are estimated to be $2.3 billion.

Internally generated funds for the years 1982-84 were $2.1 billion. External financings for the same period totaled $1.6 billion, consisting of $700 million of FPL first mortgage bonds, $100 million of FPL preferred stock, $273 million of FPL-backed pollution control revenue bonds and $489 million raised through the sale of FPL common stock (including common stock issued pursuant to the Dividend Reinvestment and Common Share Purchase Plan (DRP), the employee benefit plans and continuous public offerings under shelf registrations). It is anticipated that most of the external funds for the near future will be obtained from debt and preferred stock.

There are no significant current limitations under FPL's Mortgage or Charter on the amount of debt securities that can be issued. An earnings coverage of one and one-half times the sum of annual interest charges and preferred stock dividends is required by FPL's Charter before additional preferred stock can be issued. FPL's Charter coverage ratio for the twelve months ended December 31, 1984 was 1.76. The Charter also authorizes the issuance of preference stock for which there is no earnings test.

In addition to the continuing use of long-term debt, FPL has used and expects to continue to use short-term borrowings, including bank borrowings and commercial paper, to temporarily finance portions of its construction program and for other corporate purposes. At year end the unused available bank credit for FPL was approximately $323 million. FPL anticipates that it will be able to meet its cash needs for the foreseeable future.

Results of Operations

Operating Revenues

Increased operating revenues for 1984 reflect the impact of higher retail and wholesale rates.

Operating revenues for 1983 improved primarily because of retail and wholesale rate increases and increased fuel adjustment revenues.

Energy sales increased 1.6% for 1984 and 3.2% for 1983. Average customers increased by 3.7% in 1984 and 3.0% in 1983. Energy usage per customer decreased 2.1% in 1984 and increased 0.2% in 1983.

Operating Expenses

Fuel, Net Interchange and Purchased Power

Fuel-related expenses for the past three years are as follows:

	1984	1983	1982
		(Thousands of Dollars)	
Fuel expense	$1,154,646	$1,239,235	$1,136,675
Net interchange and purchased power	453,865	342,770	155,803
Deferred fuel costs	83,548	(165,431)	-
Total	$1,692,059	$1,416,574	$1,292,478

Fuel expense decreased for 1984 principally because of reduced oil consumption resulting from the greater use of less-expensive nuclear fuel and natural gas as well as increased purchases of coal-fired power.

The increase in fuel expense for 1983 was primarily due to the following: (1) greater reliance on more costly oil-fired generation as a result of nuclear outages, (2) higher energy sales and (3) higher prices for natural gas.

The increase in Net interchange and purchased power in 1984 and 1983 is primarily the result of increased purchases of coal-fired power from Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company. In 1984

these purchases totaled approximately $386 million, a 45% increase over 1983. In 1983 these purchases totaled approximately $265 million, a 158% increase over 1982.

The reversal of deferred fuel costs for 1984 represents the recovery during 1984 of costs deferred in 1983. The deferral of fuel costs for 1983 resulted from the under recovery of such costs. A substantial factor contributing to the under recovery was the prolonged outage of St. Lucie Unit No. 1. There were no deferred fuel costs for 1982.

Other Operating Expenses

Increases in Operations and Maintenance expenses for the past two years reflect increases in non-fuel production expenditures, customer service expenses, employment costs and rising transmission and distribution operating costs, as well as the effects of inflation.

Depreciation expense increased in 1984 and 1983 reflecting higher Utility plant in service balances, including St. Lucie Unit No. 2 which was placed into commercial operation in August 1983. The increases were also attributable to the FPSC order to increase the annual accrual of nuclear plant decommissioning costs effective in 1983.

Interest Charges

The increase in Interest charges reflects the issuance of additional debt. The weighted average interest rate on FPL's first mortgage bonds was 10.63% in 1984 compared to 10.73% in 1983 and 10.31% in 1982.

Allowance for Funds Used During Construction

Total AFUDC for 1984 and 1983 decreased as a result of the transfer of costs related to St. Lucie Unit No. 2 from construction work in progress to utility plant in service in August 1983.

Inflation

The effects of inflation on the operations of FPL have been estimated on the basis prescribed by the Financial Accounting Standards Board. See "Effects of Changing Prices."

EFFECTS OF CHANGING PRICES

The accompanying information is presented in accordance with the requirements of Financial Accounting Standards Board Statement No. 33, "Financial Reporting and Changing Prices" (Statement) as amended by Financial Accounting Standards Board Statement No. 82, "Financial Reporting and Changing Prices: Elimination of Certain Disclosures." Although income (loss) per common share, cash dividends per share, and market price per share are required disclosures, they have not been presented since FPL is a wholly-owned subsidiary of Group.

The prescribed current cost method, which was used in calculating the information that follows, adjusts for "changes in specific prices." The objective of this method is to reflect the effects of changes in the specific prices (also referred to as "current costs") of the resources used in FPL's operations. Measures of these resources and their consumption reflect the current cost of replacing these resources rather than replacing the historical cost amounts expended to acquire them.

Readers are cautioned that the method inherently involves the use of assumptions, approximations, and estimates and, therefore, the resulting measurements should be viewed in that context and not as precise or comprehensive indicators of the effects of inflation on FPL.

Fuel inventories, the cost of fuel used in generation and the cost of net interchange and purchased power have not been restated because rate regulation limits recovery of these costs to actual costs. Likewise, materials and supplies have not been restated since they are used principally in utility plant construction and do not give rise to cost of sales.

The accompanying supplementary information is presented merely in response to the two Statements and is not intended to replace historical cost information.

Current cost of electric utility plant was restated by applying the Handy Whitman Index of Public Utility Construction Costs or other appropriate indices to substantially all electric utility plant excluding production plant. Current cost of production plant was restated by applying the estimated construction cost per megawatt (mw) of each fuel type of production facilities to the number of mw of each fuel type in the present generation mix.

The adjustment for depreciation was calculated by applying the rates and methods used for computing book depreciation to the restated plant amounts. The regulatory ratemaking process limits the utility to recovery of only the historical cost of electric utility plant.

As prescribed by the Statement, income taxes were not adjusted. This treatment is consistent with federal income tax policy which ignores the effect of inflation in measuring taxable income. The effective tax rate for 1984 under current cost accounting is not meaningful because there is a loss before taxes.

The gain from the decline in purchasing power of net amounts owed represents the net effect of holding monetary assets and liabilities. During periods of inflation, monetary assets, such as cash and claims to cash, lose purchasing power because they will be able to purchase less goods and services at a future date, while monetary liabilities, primarily long-term debt, will be paid with dollars having less purchasing power. Since there were more monetary liabilities than monetary assets, a net monetary gain resulted. This gain is not realizable but is merely an estimate of the effect of holding monetary items.

Increases in construction costs, operating expenses and the cost of capital due to inflation have resulted in increases in the unit cost of providing service. The utility's cost recovery clauses permit the fuel adjustment factor, the energy conservation adjustment factor, and the oil-backout cost recovery factor to be changed to reflect fuel costs, conservation costs, and costs related to oil-backout projects, respectively, but all other rates are fixed until adjusted in formal rate proceedings. As a result, while revenues from base rates have grown with increased energy sales, the cost of providing the service (excluding fuel, net interchange and purchased power) has exceeded the growth in revenue.

As FPL continues its construction program it incurs incremental costs of construction which are significantly higher than the average cost of plant investment upon which its base rates are set. This difference results in a gap between the return necessary to support the new investment and the allowed return on investment. In spite of efforts to control costs, inflation increases operating costs while base revenues remain fixed between rate cases, thus reducing internal sources of funds. The preceding factors make it necessary for FPL to obtain additional external financing at higher costs, which further reduce the utility's ability to earn an adequate return.

Supplementary Statement of Income Adjusted for Effects of Changing Prices

For the year ended December 31, 1984
(Thousands of Dollars)

	Conventional Historical Cost	Current Cost (Average 1984 Dollars)
Operating revenues	$3,939,929	$3,939,929
Operating expenses excluding depreciation	3,061,009	3,061,009
Depreciation	286,177	938,005
Operating income (loss)	592,743	(59,085)
Other income—net	36,801	36,801
Interest charges	277,775	277,775
Income (loss) from continuing operations	$ 351,769	$ (300,059)
Increase in current cost of electric utility plant during 1984*		$ 483,364
Effect of increase in general price level		(634,613)
Excess of increase in general price level over increase in specific price level		(151,249)
Gain from decline in purchasing power of net amounts owed		172,968
Net		$ 21,719

*At December 31, 1984 current cost of electric utility plant, net of accumulated depreciation, was $16.4 billion while net historical cost recoverable through depreciation was $6.9 billion.

Five-Year Comparison of Selected Supplementary Financial Data
Adjusted for Effects of Changing Prices

(Average 1984 Dollars in Thousands)

	Years ended December 31,				
	1984	1983	1982	1981	1980
Operating revenues (adjusted for general inflation)	$3,939,929	$3,486,636	$3,271,383	$3,873,129	$3,578,660
Current cost information:					
Income (loss) from continuing operations	$(300,059)	$(287,647)	$(257,319)	$(200,340)	$(129,139)
Excess (deficiency) of increase in current cost after reduction to net recoverable amount over increase in general price level	$(151,249)	$384,666	$310,499	$(47,170)	$(301,789)
Net assets at year end at net recoverable amount	$2,349,102	$2,243,729	$2,024,661	$1,792,706	$1,834,384
General information:					
Gain from decline in purchasing power of net amounts owed	$172,968	$166,134	$161,838	$348,385	$470,978
Average consumer price index	311.1	298.4	289.1	272.4	246.8

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Item 8. Financial Statements and Supplementary Data.

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We have examined the consolidated financial statements and supplemental schedules of Florida Power & Light Company and subsidiary listed in the accompanying index as Item 14(a)(1) and 14(a)(2) of this Annual Report (Form 10-K) to the Securities and Exchange Commission for the year ended December 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such consolidated financial statements present fairly the financial position of Florida Power & Light Company and subsidiary at December 31, 1984 and 1983 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change, with which we concur, in 1982 in the method of accounting for unbilled revenues as described in Note 1 to the consolidated financial statements. Also, in our opinion, such supplemental schedules, when considered in relation to the basic consolidated financial statements, present fairly in all material respects the information shown therein.

DELOITTE HASKINS & SELLS

Miami, Florida
February 11, 1985

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS

Thousands of Dollars

	December 31, 1984	1983
ELECTRIC UTILITY PLANT (Notes 1, 6 and 8):		
At original cost	$8,202,469	$7,544,661
Less accumulated depreciation	1,935,310	1,672,315
Net	6,267,159	5,872,346
Construction work in progress	355,938	438,516
Nuclear fuel (less accumulated amortization of $73,364 at December 31, 1984 and $24,676 at December 31, 1983)	249,291	250,569
Electric utility plant—net	6,872,388	6,561,431
INVESTMENTS:		
Storm and property insurance reserve fund (Note 1)	27,829	23,619
Pollution control construction account held by trustee	131,538	100,665
Nuclear decommissioning reserve fund (Note 1)	31,188	19,286
Other (Note 2)	24,164	29,372
Total investments	214,719	172,942
CURRENT ASSETS:		
Cash and temporary investments	219,344	5,210
Accounts receivable:		
Customers (less allowance for uncollectible accounts of $7,516 at December 31, 1984 and $6,116 at December 31, 1983) (Note 1)	293,013	290,996
Employees and miscellaneous	24,043	30,053
Income tax receivable (Note 1)	-	53,400
Materials and supplies—at average cost	142,289	124,305
Fossil fuel stock—at average cost	84,058	123,523
Prepaid expenses	35,447	38,964
Other	22,374	38,796
Total current assets	820,568	705,247
DEFERRED DEBITS:		
Deferred recoveries on suspended rate base (Note 6)	61,746	40,744
Deferred fuel expenses (Note 1)	81,883	165,431
Other	46,768	34,121
Total deferred debits	190,397	240,296
Total	$8,098,072	$7,679,916

The accompanying Schedules and Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

LIABILITIES

Thousands of Dollars

	December 31, 1984	December 31, 1983
CAPITALIZATION (See Consolidated Statements of Capitalization):		
Common shareholder's equity (Note 2)	$2,311,259	$2,194,306
Preferred stock without sinking fund requirements	311,250	311,250
Preferred stock with sinking fund requirements	200,700	206,250
Long-term debt	2,960,538	2,648,017
Total capitalization	5,783,747	5,359,823
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock	2,462	130,626
Notes payable—commercial paper (Note 4)	-	120,243
Pollution control bond anticipation note	-	105,000
Accounts payable—trade	160,916	106,794
Customers' deposits	142,070	124,432
Income taxes (Notes 1 and 8)	24,799	2,238
Other taxes	46,277	40,263
Interest accrued	90,047	80,471
Pension cost accrued (Note 7)	32,415	46,096
Tax collections payable	32,293	29,552
Other	81,525	87,583
Total current liabilities	612,804	873,298
DEFERRED CREDITS:		
Accumulated deferred income taxes (Note 1)	1,119,693	966,673
Unamortized investment tax credit (Note 1)	454,196	388,775
Other	70,013	37,933
Total deferred credits	1,643,902	1,393,381
OTHER NONCURRENT LIABILITIES:		
Storm and property insurance (Note 1)	27,829	23,619
Liability to U.S. Department of Energy (Note 8)	18,824	18,824
Other	10,966	10,971
Total other noncurrent liabilities	57,619	53,414
COMMITMENTS AND CONTINGENCIES (Note 8)		
Total	$8,098,072	$7,679,916

The accompanying Schedules and Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CAPITALIZATION

	Shares Outstanding (December 31, 1984)	Redemption Price (December 31, 1984)	1984 (Thousands of Dollars)	1983 (Thousands of Dollars)
COMMON SHAREHOLDER'S EQUITY:				
Common stock, no par value (Notes 2 and 5)			$1,373,069	$1,269,497
Capital stock premium and expense			(5,234)	(5,210)
Retained earnings			943,424	930,019
Total common shareholder's equity			2,311,259	2,194,306
PREFERRED STOCK — Cumulative, $100 Par Value, authorized 20,000,000 shares at December 31, 1984 and 20,037,500 shares at December 31, 1983 (1) (Note 5):				
Preferred stock without sinking fund requirements:				
4-1/2% Series	100,000	$101.00	10,000	10,000
4-1/2% Series A	50,000	101.00	5,000	5,000
4-1/2% Series B	50,000	101.00	5,000	5,000
4-1/2% Series C	62,500	103.00	6,250	6,250
4.32% Series D	50,000	103.50	5,000	5,000
4.35% Series E	50,000	102.00	5,000	5,000
7.28% Series F	600,000	104.75	60,000	60,000
7.40% Series G	400,000	104.38	40,000	40,000
9.25% Series H	500,000	104.50	50,000	50,000
8.70% Series K	750,000	107.00	75,000	75,000
8.84% Series L	500,000	107.63	50,000	50,000
Total			311,250	311,250
Preferred stock with sinking fund requirements (2):				
10.08% Series J (3)	525,000	111.50	52,500	56,250
8.70% Series M (4)	500,000	106.63	50,000	50,000
14.38% Series N (5)	350,000	114.38	35,000	35,000
11.32% Series O (6)	650,000	111.32	65,000	65,000
Less current maturities			(1,800)	-
Total			200,700	206,250

(1) FPL's Charter authorizes the issuance of 10 million shares of preferred stock, no par value. It also authorizes the issuance of 5 million shares of subordinated preferred stock, no par value, to be known as "preference stock." None of these shares is outstanding.

(2) Minimum annual sinking fund requirements are approximately $5.6 million each for 1985, 1986 and 1987, $7.4 million for 1988 and $10.6 million for 1989. The current maturities of preferred stock are recorded as a reduction in Preferred stock with sinking fund requirements and an increase in Current liabilities. The sinking fund requirements for Series J for 1984 and 1985 were met by purchasing and retiring 37,500 shares during 1983 and 1984, respectively. The sinking fund requirement for Series M Preferred Stock is shown as a current maturity. In the event that FPL should be in arrears on its sinking fund obligations, FPL may not pay dividends on common stock.

The accompanying Schedules and Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CAPITALIZATION--(Concluded)

	December 31, 1984	December 31, 1983
	Thousands of Dollars	
LONG-TERM DEBT (7)(8)(9):		
First Mortgage Bonds:		
Maturing through 1989—		
9-1/8% due May 1984	$ -	$ 100,000
3-1/8% due November 1984	-	10,000
3-5/8% due April 1986	15,000	15,000
4-3/8% due December 1986	15,000	15,000
4-5/8% due May 1987	15,000	15,000
4-1/8% due April 1988	20,000	20,000
5% due June 1989	25,000	25,000
Maturing 1990 through 1999—4-1/2% to 8%	400,000	400,000
Maturing 2000 through 2009-7-1/2% to 12-1/8%	811,289	811,289
Maturing 2010 through 2014—11.30% to 17%	1,193,896	1,147,900
Pollution Control and Industrial Development Series maturing 2000 through 2019 - 6.1% to 13%	314,860	107,600
Bank Term Notes	-	20,000
Installment Purchase and Security Contracts—		
5.40% to 6.15% due 2004 through 2007	92,090	92,090
Variable rates maturing 2019	66,200	-
Promissory Notes 6% to 11-1/4% due various dates to January 2021	8,624	9,254
Unamortized premium and discount—net	(15,759)	(9,490)
Total long-term debt	2,961,200	2,778,643
Less current maturities	(662)	(130,626)
Long-term debt excluding current maturities	2,960,538	2,648,017
Total capitalization	$5,783,747	$5,359,823

(3) Entitled to a sinking fund to retire a minimum of 37,500 shares and a maximum of 75,000 shares annually through 1999 at $101.50 per share plus accrued dividends.

(4) Entitled to a sinking fund to retire a minimum of 18,000 shares and a maximum of 45,000 shares annually from 1985 through 1999 at $100 per share plus accrued dividends and a minimum of 46,000 shares and a maximum of 115,000 shares annually from 2000 through 2004 at $100 per share plus accrued dividends.

(5) Entitled to a sinking fund to retire a minimum of 17,500 shares and a maximum of 35,000 shares annually from 1988 through 2007 at $100 per share plus accrued dividends.

(6) Entitled to a sinking fund to retire a minimum of 32,500 shares and a maximum of 65,000 shares annually from 1989 through 2008 at $100 per share plus accrued dividends.

(7) Annual maturities of long-term debt are approximately $1 million in 1985, $31 million in 1986, $16 million in 1987, $20 million in 1988 and $25 million in 1989.

(8) In January 1984 a tender offer was made for FPL's 17% Bonds. The principal amount retired pursuant to the tender offer and other purchases was approximately $81 million. The proceeds to purchase the 17% Bonds were obtained from the sale in January 1984 of $125 million First Mortgage Bonds 12-7/8% Series due January 1, 2014.

(9) In March 1985 FPL plans to redeem all $125 million of its First Mortgage Bonds, 15-1/4% Series due March 1, 2010.

The accompanying Schedules and Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	1984	1983	1982
	Thousands of Dollars		
OPERATING REVENUES (Notes 1 and 6)	$3,939,929	$3,352,535	$2,940,833
OPERATING EXPENSES:			
Operations:			
Fuel, net interchange and purchased power (Note 1)	1,692,059	1,416,574	1,292,478
Other production	104,168	84,120	70,703
Transmission and distribution	96,976	90,613	84,437
Customers	122,173	103,785	97,938
Administrative and general	250,031	227,915	196,782
Maintenance	226,573	215,348	180,135
Depreciation (Notes 1 and 6)	286,177	240,720	209,294
Income taxes (Notes 1 and 8)	274,582	225,794	166,730
Taxes other than income taxes	294,447	245,014	220,573
Total operating expenses	3,347,186	2,849,883	2,519,070
OPERATING INCOME	592,743	502,652	421,763
OTHER INCOME (DEDUCTIONS):			
Allowance for other funds used during construction (Notes 1 and 6)	30,892	53,329	56,928
Income taxes (Note 1)	(1,780)	(12,782)	913
Other—net (Note 2)	7,689	11,978	(1,798)
Other income—net	36,801	52,525	56,043
INCOME BEFORE INTEREST CHARGES	629,544	555,177	477,806
INTEREST CHARGES:			
Interest on first mortgage bonds	288,719	274,349	239,213
Interest on other long-term debt	5,272	9,881	14,859
Other interest	17,545	17,374	28,428
Allowance for borrowed funds used during construction (Notes 1 and 6)	(33,761)	(60,390)	(71,414)
Interest charges—net	277,775	241,214	211,086
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHOD	351,769	313,963	266,720
Cumulative effect of a change in method of accounting for unbilled revenues (Note 1)	-	-	34,350
NET INCOME	351,769	313,963	301,070
PREFERRED STOCK DIVIDEND REQUIREMENTS	46,684	46,708	37,362
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 305,085	$ 267,255	$ 263,708

The accompanying Schedules and Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Years Ended December 31,		
	1984	1983	1982
	Thousands of Dollars		
BALANCE AT BEGINNING OF YEAR	$ 930,019	$ 850,745	$ 745,239
NET INCOME	351,769	313,963	301,070
Total	1,281,788	1,164,708	1,046,309
DEDUCT:			
Cash dividends:			
Preferred Stock:			
4-1/2% Series ($4.50 per share)	450	450	450
4-1/2% Series A ($4.50 per share)	225	225	225
4-1/2% Series B ($4.50 per share)	225	225	225
4-1/2% Series C ($4.50 per share)	281	281	281
4.32% Series D ($4.32 per share)	216	216	216
4.35% Series E ($4.35 per share)	218	218	218
7.28% Series F ($7.28 per share)	4,368	4,368	4,368
7.40% Series G ($7.40 per share)	2,960	2,960	2,960
9.25% Series H ($9.25 per share)	4,625	4,625	4,625
10.08% Series J ($10.08 per share)	5,461	5,854	6,308
8.70% Series K ($8.70 per share)	6,525	6,525	6,525
8.84% Series L ($8.84 per share)	4,420	4,420	4,420
8.70% Series M ($8.70 per share)	4,350	4,350	4,350
14.38% Series N ($14.38 per share)	5,033	5,033	1,804
11.32% Series O ($11.32 per share)	7,358	6,377	-
Common stock	214,307	188,562	158,589
Dividends and transfers to Group	73,463	-	-
Total dividends and transfers	334,485	234,689	195,564
Preferred stock dividends accrued	3,879	-	-
BALANCE AT END OF YEAR	$ 943,424	$ 930,019	$ 850,745

Dividend Restrictions. The Charter and Mortgage and Deed of Trust contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to Group. There are currently no restrictions in effect that limit FPL's ability to pay dividends to Group.

The accompanying Schedules and Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

	1984	1983	1982
	Years Ended December 31, Thousands of Dollars		
SOURCE OF FUNDS:			
Operations:			
Income before cumulative effect of change in accounting method	$ 351,769	$ 313,963	$ 266,720
Depreciation	286,177	240,720	209,294
Amortization of nuclear fuel assemblies	53,357	24,236	11,880
Deferred investment tax credit—net	65,421	4,470	67,510
Deferred income taxes	153,020	276,674	81,373
Gains on sales and transfers of property	(4,304)	(16,258)	-
Allowance for other funds used during construction	(30,892)	(53,329)	(56,928)
Cumulative effect of change in accounting method (Note 1)	-	-	34,350
Total	874,548	790,476	614,199
Sale of first mortgage bonds	122,969	247,575	320,344
Issuance of pollution control bonds	187,243	-	-
Reimbursement by trustee from pollution control financings for construction expenditures	145,233	6,653	915
Issuance of common stock	103,571	220,072	165,797
Sale of preferred stock	-	65,000	35,000
Sale of nuclear fuel	20,524	-	3,262
Deferred fuel revenues	83,548	-	71,672
Net proceeds from sale of interest in nuclear facility	-	136,969	-
Liability to U.S. Department of Energy (Note 8)	-	18,824	-
Other sources	58,508	12,503	7,175
Decrease in working capital	-	105,674	-
Total	$1,596,144	$1,603,746	$1,218,364
APPLICATION OF FUNDS:			
Construction expenditures (1)	$ 595,287	$ 718,355	$ 772,256
Nuclear fuel (1)	67,623	76,196	104,386
Retirement, redemption and current maturities of long-term debt and preferred stock	101,581	151,476	44,342
Dividends	261,022	234,689	195,564
Dividends and transfers to Group	73,463	-	-
Deferred fuel expenses	-	261,640	-
Pollution control construction account held by trustee	93,292	105,108	-
Nuclear decommissioning and spent fuel disposal reserve funds	11,902	28,939	4,986
Other applications	16,159	27,343	7,378
Increase in working capital	375,815	-	89,452
Total	$1,596,144	$1,603,746	$1,218,364
CHANGE IN WORKING CAPITAL EFFECTED BY:			
Increase (Decrease) in current assets:			
Cash and temporary investments	$ 214,134	$ 12	$ (8,117)
Accounts receivable	(3,993)	50,161	10,463
Income tax receivable	(53,400)	53,400	-
Fossil fuel stock	(39,465)	(24,231)	(48,454)
Materials and supplies	17,984	458	13,917
Other changes—net	(19,939)	42,285	(3,895)
Decrease (Increase) in current liabilities:			
Notes payable and current maturities of long-term debt and preferred stock	248,407	(129,920)	168,956
Pollution control bond anticipation note	105,000	(105,000)	-
Accounts payable	(54,122)	28,976	(51,413)
Customers' deposits	(17,638)	(8,556)	(10,300)
Income taxes	(22,561)	6,826	27,043
Other changes—net	1,408	(20,085)	(8,748)
INCREASE (DECREASE) IN WORKING CAPITAL	$ 375,815	$ (105,674)	$ 89,452

(1)Excluding Allowance for other funds used during construction.

The accompanying Schedules and Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

SCHEDULE OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC)

	Years Ended December 31,		
	1984	1983	1982
	Millions of Dollars		
Monthly average construction work in progress (CWIP)	$428.9	$1,122.4	$1,284.0
Less:			
Fixed amount included in rate base (1)	156.7	264.8	221.3
AFUDC capitalized and included in monthly average CWIP (2)	17.5	50.1	46.3
Other	20.1	28.5	37.4
CWIP base for computing AFUDC	234.6	779.0	979.0
Nuclear fuel base for computing AFUDC (1)	95.0	108.9	64.2
Total base for computing AFUDC	329.6	887.9	1,043.2
Capitalization rate (3)	13.44%	11.06%	10.87%
AFUDC charged to CWIP and nuclear fuel	44.3	98.2	113.4
AFUDC charged to suspended rate base items (Note 6)	20.4	15.5	14.9
Total AFUDC	64.7	113.7	128.3
Amounts credited to interest charges (4)	33.8	60.4	71.4
Amounts credited to other income (4)	$ 30.9	$ 53.3	$ 56.9

(1) In July 1984 the Florida Public Service Commission (FPSC) disallowed all CWIP and Nuclear Fuel in Process from inclusion in rate base. As a result, the FPSC waived any rules or regulations making such projects ineligible for AFUDC and allowed FPL to capitalize AFUDC on these projects under construction.

(2) As authorized by the FPSC, AFUDC capitalized in prior years is included in the CWIP base for computing AFUDC.

(3) The capitalization rate is a weighted average of the AFUDC rates applicable to the respective FPSC and Federal Energy Regulatory Commission (FERC) jurisdictional portions of CWIP. The AFUDC rate for the FPSC portion is determined by a formula set by the FPSC, based on the embedded cost of each component of capital including short-term borrowings, except common equity, for which an approved rate is used. Accumulated deferred income taxes are included at no cost. The formula provided by the FERC for computing the AFUDC rate for that portion differs from the FPSC formula in that it assumes short-term borrowings are the first source of funds for construction and therefore they receive greater weighting in the calculation of the embedded cost of capital; also, accumulated deferred income taxes are excluded. The debt components of each rate are not reduced by the applicable income taxes. (See also Note 1.)

(4) As a result of a FERC directive, FPL allocates total AFUDC between borrowed funds and other funds by computing the total borrowed funds component using the FERC formula, with the residual AFUDC being reported as the other funds portion; thus, while the FPSC formula is still utilized to compute substantially all of the total amount of AFUDC, the borrowed funds portion is identical to that which would be reported if the FERC formula were being used for all AFUDC. FPL provides deferred income taxes on the borrowed funds portion of AFUDC determined by the formulas used to compute total AFUDC.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

SCHEDULE OF TAXES

INCOME TAXES

	Years Ended December 31, 1984	1983	1982
	Thousands of Dollars		
FEDERAL:			
Charged to operating expenses:			
Current	$ 31,324	$(49,020)	$ 27,114
Deferred			
Accelerated depreciation	132,536	127,359	69,091
Debt component of AFUDC	12,908	23,283	25,540
Repair allowance	53,590	-	(10,287)
Deferred fuel (revenue) costs	89,090	94,746	(42,044)
Nuclear fuel disposal costs	-	1,177	-
Other	5,106	(4,493)	(3,946)
Deferred in prior years			
Accelerated depreciation	(13,118)	(8,243)	(7,480)
Debt component of AFUDC	(4,697)	(7,061)	(2,351)
Repair allowance	(667)	(487)	(1,673)
Deferred fuel revenue (costs)	(125,600)	19,590	10,723
Nuclear fuel disposal costs	(653)	5,124	-
Other	(8,136)	(2,461)	4,099
Deferred investment tax credit (1)	89,413	14,801	90,834
Amortization of investment tax credit	(16,717)	(13,210)	(11,708)
Total	244,379	201,105	147,912
Charged to other income:			
Current	6,740	6,803	(858)
Deferred—net	(233)	(294)	(1)
Deferred investment tax credit—net	(4,999)	4,999	-
Charged to cumulative effect of change in accounting method	-	-	29,262
Total federal	245,887	212,613	176,315
STATE:			
Charged to operating expenses:			
Current	17,616	(3,780)	11,726
Deferred			
Accelerated depreciation	15,164	14,581	7,903
Debt component of AFUDC	1,477	2,612	2,895
Repair allowance	4,057	-	1,010
Deferred fuel (revenue) costs	10,193	10,841	(4,811)
Nuclear fuel disposal costs	-	135	-
Other	(1,155)	(744)	(647)
Deferred in prior years			
Accelerated depreciation	(1,442)	(874)	(792)
Debt component of AFUDC	(544)	(808)	(270)
Repair allowance	(79)	(56)	(191)
Deferred fuel revenue (costs)	(14,371)	2,241	1,227
Nuclear fuel disposal costs	(75)	586	-
Other	(638)	(45)	768
Total	30,203	24,689	18,818
Charged to other income:			
Current	321	1,309	(54)
Deferred—net	(49)	(35)	-
Charged to cumulative effect of change in accounting method	-	-	3,348
Total state	30,475	25,963	22,112
Total income taxes	$276,362	$238,576	$198,427

(1) Deferred investment tax credits include amounts payable to the Employee Stock Ownership Plan (ESOP). These amounts for the years 1984, 1983 and 1982 were $2.2 million, $2.0 million and $11.6 million, respectively. The amounts for 1984 and 1983 are generally based on payroll, whereas the amount for 1982 was based on investment on qualifying assets.

Deferred investment tax credit for 1984 includes $40.2 million of investment tax credit carryforward from 1983. There was no investment tax credit carryforward at December 31, 1984.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

SCHEDULE OF TAXES — (Concluded)

Total income taxes differ from the amount computed by applying the statutory federal income tax rate to income before income taxes. The reasons for the differences are as follows:

	Years Ended December 31,					
	1984		1983		1982	
	Thousands of Dollars					
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Computed at statutory rate	$288,940	46.0%	$254,168	46.0%	$229,769	46.0%
Increases (Reductions) in income taxes resulting from:						
Allowance for other funds used during construction	(16,148)	(2.6)	(27,842)	(5.0)	(31,798)	(6.4)
State income taxes—net of federal income tax benefits	16,456	2.6	14,020	2.5	11,940	2.4
Amortization of investment tax credit	(16,515)	(2.6)	(13,210)	(2.4)	(11,708)	(2.3)
Other—net	3,629	.6	11,440	2.1	224	Nil
Total income taxes	$276,362	44.0%	$238,576	43.2%	$198,427	39.7%

OTHER TAXES

	Years Ended December 31,		
	1984	1983	1982
	Thousands of Dollars		
Taxes other than federal and state income taxes:			
Federal and state payroll	$ 29,919	$ 25,692	$ 23,070
Real and personal property	60,845	51,351	43,546
State gross receipts	58,062	47,674	44,043
Franchise charges	145,911	122,236	114,476
Miscellaneous	26,506	22,387	18,619
Total other taxes	$321,243	$269,340	$243,754
Charged to:			
Operating expenses—other taxes	$294,447	$245,014	$220,573
Utility plant and other accounts	26,796	24,326	23,181
Total	$321,243	$269,340	$243,754

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 1984, 1983 and 1982

1. Summary of Significant Accounting and Reporting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of Florida Power & Light Company (FPL) and its wholly-owned subsidiary. All significant intercompany balances and transactions have been eliminated.

Regulation

Accounting and reporting policies of FPL are subject to regulation by the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). FPL maintains its records in conformity with the accounting and reporting policies of these commissions and generally accepted accounting principles.

Revenues and Rates

Retail and wholesale utility rate schedules are approved by the FPSC and the FERC, respectively. Retail revenues include amounts resulting from a fuel and purchased power cost recovery clause (fuel adjustment clause) and an energy conservation cost recovery clause which are designed to permit full recovery of costs. The monthly adjustment factors are levelized rates which are projected over each ensuing six-month period. The net under or over recovery of costs during a projection period, plus interest, is used to adjust the rates in effect during succeeding projection periods. FPL achieves current matching of costs and related revenues by deferring the net over or under recovery.

To provide a better matching of costs and revenues, in January 1982 FPL changed its accounting for revenues to recognize the estimated amount of revenues for energy delivered but unbilled. Revenues were previously recognized when billed. The cumulative effect of this accounting change as of December 31, 1981 was recorded in January 1982 and added approximately $34 million, which is net of income taxes of approximately $33 million, to Net income for 1982. Other than the recording of the cumulative effect adjustment, the new accounting method had no material effect on Net income for 1982.

Electric Utility Plant, Depreciation and Amortization

The cost of additions, replacements and renewals of units of utility property is added to Electric utility plant. The cost (estimated, if not known) of units of property retired, less net salvage, is charged to Accumulated depreciation. Maintenance and repairs of property as well as replacements and renewals of items determined to be less than units of property are charged to Operating expenses—maintenance.

Book depreciation of utility property is provided on a straight-line average service-life basis by primary accounts as directed by the FPSC. The weighted annual composite depreciation rate was approximately 3.8%, 3.8% and 3.7% for the years 1984, 1983 and 1982, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS— (Continued)

The FPSC has adopted an oil-backout cost recovery clause which is designed to allow the accelerated recovery of the costs of certain projects that displace oil-fired generation. Depreciation of the projects is accelerated by an amount equal to two-thirds of the net savings of the project, if any, while one-third of the net savings is realized by the customers through the fuel adjustment clause.

The cost of nuclear fuel is amortized to Fuel expense on a unit of production method. Also included in Fuel expense is a provision for the estimated cost of disposal of spent nuclear fuel which suppliers are not under contract to remove (see "Note 8 — Spent Nuclear Fuel"). There is a funded reserve for such costs. Earnings from the fund, net of taxes, are reinvested in the fund. Securities held in the fund are carried at cost.

Substantially all utility plant is subject to the lien of the Mortgage and Deed of Trust, as supplemented (Mortgage), securing FPL's first mortgage bonds.

Allowance for Funds Used During Construction (AFUDC)

AFUDC is a non-cash item which represents the allowed cost of capital used to finance a portion of FPL construction work in progress and nuclear fuel and is capitalized as an additional cost of property. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of Interest and the remainder as Other income. See the Schedule of Allowance for Funds Used During Construction.

Storm and Property Insurance Reserve Fund

The funded storm and property insurance reserve provides coverage toward storm damage costs and possible retroactive premium assessments stemming from a nuclear incident under the various insurance programs covering FPL's nuclear generating plants. Earnings from the fund, net of taxes, are reinvested in the fund. Securities held in the fund are carried at cost.

Nuclear Decommissioning Reserve Fund

Through December 31, 1982 nuclear production plant depreciation rates included negative salvage values of approximately 20% for certain components, reflecting decommissioning costs to the extent allowed by the FPSC. Effective January 1, 1983, pursuant to an order of the FPSC, FPL separated the decommissioning component from the computation of depreciation and established a funded decommissioning reserve to provide coverage toward the cost of decommissioning FPL's nuclear units. Earnings from the fund, net of taxes, are reinvested in the fund. Securities held in the fund are carried at cost.

Income Taxes

Deferred income taxes are provided on all significant book-tax timing differences. Investment tax credits are used to reduce current federal income taxes and are deferred and amortized to income over the approximate lives of the related property. See the Schedule of Taxes.

2. Corporate Restructuring

Pursuant to a corporate restructuring plan approved on December 12, 1984 by the shareholders, effective December 31, 1984, FPL Group, Inc. (Group) became the sole holder of FPL common stock and common shareholders of FPL became instead common shareholders of Group on a share-for-share basis.

As part of the restructuring, FPL transferred the common stock of two of its wholly-owned subsidiaries, Fuel Supply Service, Inc. (FSS) and W. Flagler Investment Corp. (WFIC), to Group. The transfer was recorded as a dividend in 1984. The results of operations and assets of FSS and WFIC prior to the transfer were not material and were included in Other income-net and Other investments, respectively.

The corporate restructuring had no effect on FPL preferred stock and outstanding FPL debt securities. The preferred stock of FPL is held by non-affiliated persons.

3. Subsidiary

FPL's wholly-owned subsidiary is Land Resources Investment Co. (LRIC), which holds real properties used or to be used by FPL in its utility operations for the purpose of increasing financing options beyond those permitted by FPL's Mortgage. The operations of LRIC are not material.

4. Short-Term Debt

Unused available bank credit was $323 million at December 31, 1984. Approximately two-thirds of this total is based on firm commitments, with the remainder based on informal arrangements which are subject to cancellation without notice. Compensating balances maintained in connection with these credit lines arise in the normal course of business and are not material to FPL's financial position and borrowing costs.

5. Changes in Capital Accounts

The changes in Common Stock and Capital stock premium and expense for 1982, 1983 and 1984 are shown below.

	Common Stock Shares	Common Stock Amount (Thousands)	Capital Stock Premium and Expense
Balances, January 1, 1982	45,271	$ 883,628	$(3,782)
Sale (public offering)	3,000	96,945	(91)
Issued to benefit plans	397	13,416	-
Issued under DRP	1,762	55,436	(133)
Other	-	-	(71)
Balances, December 31, 1982	50,430	1,049,425	(4,077)
Sale (public offerings)	3,149	119,847	(237)
Issued to benefit plans	650	24,194	-
Issued under DRP	2,116	76,031	(226)
Other	-	-	(670)
Balances, December 31, 1983	56,345	1,269,497	(5,210)
Sale (public offerings)	167	6,682	(78)
Issued to benefit plans	404	15,678	-
Issued under DRP	2,221	81,212	(195)
Other	-	-	249
Cancellation of outstanding shares*	(59,136)	-	-
Balances, December 31, 1984	1	$1,373,069	$(5,234)

*The cancellation of outstanding shares was effected through an amendment to FPL's articles of incorporation which was approved by the common shareholders of FPL on December 12, 1984.

The changes in each series of FPL preferred stock with sinking fund requirements for 1982, 1983 and 1984 are shown below:

	10.08% Series J		8.70% Series M	
	Shares	Amount	Shares	Amount
	(Thousands)			
Balances, January 1, 1982	638	$63,750	500	$50,000
Purchase (sinking fund)	(38)	(3,750)	-	-
Balances, December 31, 1982	600	60,000	500	50,000
Purchase (sinking fund)	(37)	(3,750)	-	-
Balances, December 31, 1983	563	56,250	500	50,000
Purchase (sinking fund)	(38)	(3,750)	-	-
Balances, December 31, 1984	525	$52,500	500	$50,000

	14.38% Series N		11.32% Series O	
	Shares	Amount	Shares	Amount
	(Thousands)			
Balances, January 1, 1982	-	-	-	-
Sale (public offering)	350	$35,000	-	-
Balances, December 31, 1982	350	35,000	-	-
Sale (public offering)	-	-	650	$65,000
Balances, December 31, 1983	350	35,000	650	65,000
Balances, December 31, 1984	350	$35,000	650	$65,000

At December 31, 1984 FPL had outstanding 3,112,500 shares of preferred stock without sinking fund requirements. There has been no change in this number of outstanding shares during the periods presented.

6. Rate Matters

Florida Public Service Commission

During July 1984 the FPSC issued an order granting FPL a retail rate increase designed to produce additional annual revenues of approximately $81 million of the $335 million requested. The new rates, which became effective July 1984, were based on a 1984 test year, an overall allowed rate of return of 10.56% and an allowed rate of return on common equity of 15.60%, the midpoint of an approved range of 14.60% to 16.60%. In addition, the FPSC granted an increase based on a 1985 test year designed to produce additional annual revenues of approximately $115 million of the $120 million requested. FPL and the Florida Public Counsel (Public Counsel) filed petitions for reconsideration with the FPSC concerning certain items related to the 1984-85 rate case. In December 1984 the FPSC issued an order on the petitions for reconsideration revising its earlier decision and increasing the additional revenues granted to approximately $84 million for 1984 and to approximately $120 million for 1985. The revised rates associated with the petitions for reconsideration and the approved revenue increase for 1985 were effective with meter readings beginning on January 31, 1985. All issues raised by Public Counsel were denied. The FPSC has established a 1985 operating revenue cap of $2.2 billion on retail base rate revenues for FPL. The revenue cap is designed to allow FPL to achieve

a rate of return of no more than 16.60% on jurisdictional common equity based on the data filed in the utility's 1984-85 rate case. Any retail base rate revenues received in 1985 above this cap would be subject to refund. Retail base rate revenues were approximately $1.9 billion for 1984.

Two intervenors have appealed, to the Florida Supreme Court, the FPSC's order which authorized FPL to increase its gross revenues by approximately $120 million effective January 31, 1985. The intervenors are contesting the FPSC's authority and jurisdiction to authorize a rate increase based on a 1985 test year. FPL will continue to collect the increased revenues subject to refund, with interest, pending the outcome of the appeal.

In previous rate orders, the FPSC suspended from rate base certain net plant in service costs for which FPL had previously filed suit seeking reimbursement from third parties. At December 31, 1984 the amount of suspended rate base items aggregated approximately $186 million, which primarily represents certain of the costs of steam generator repairs at Turkey Point Units Nos. 3 and 4. The FPSC has authorized FPL to capitalize a deferred return on the suspended amounts, classified as AFUDC, and to defer depreciation expense related to the suspended rate base items. This accounting treatment will continue for the suspended rate base items until they are considered in a ratemaking proceeding following resolution of the litigation.

In the 1982 and the 1984-85 rate orders, the FPSC has allowed FPL to collect, subject to refund, revenues based on FPL's treatment of the deferred investment tax credit for ratemaking purposes. The Internal Revenue Service (IRS) has not ruled whether a proposed alternative treatment violates requirements of the Internal Revenue Code (Code). Should the IRS rule that the proposed alternative treatment is in compliance with the Code and regulations, FPL would be required to refund, with interest, the revenues collected subject to refund, which approximate $30 million as of December 31, 1984.

Federal Energy Regulatory Commission

In April 1984 FPL filed with the FERC new service agreements with Seminole Electric Cooperative, Inc. (Seminole) and a notice for authorization for a two-phase increase in base rates charged to wholesale customers. The increased revenues collected are subject to refund, with interest, pending a final decision by the FERC or approval by the FERC of an agreement negotiated with Seminole and FPL's other wholesale customers in December 1984. The net effect on wholesale revenues, as well as amounts collected subject to refund as of December 31, 1984, are not material. In September 1984 a group of FPL's wholesale customers petitioned for judicial review of the FERC's orders accepting the 1984 filing to increase base rates charged to wholesale customers. FPL has intervened in the proceedings. The agreement negotiated with wholesale customers in December 1984 provides for the dismissal of this petition.

During 1984 a wholesale rate increase of $24 million on an annual basis was approved by the FERC. The final settlement rates were implemented in March 1984 and FPL has refunded all revenues collected in excess of the settlement rate levels.

7. Employee Retirement Benefits

Substantially all employees are covered by a noncontributory defined benefit pension plan (Plan). Each year's actuarially determined amount of pension cost is expensed and correspondingly contributed to the trust fund established for the Plan.

To ensure that the trust is adequately funded, the underlying assumptions used in the actuarial valuation of the Plan are reviewed regularly. The actuarial cost method used in the Plan's valuation is the entry age normal cost method. The pension expense components and other pertinent data are as shown:

	1984	1983	1982
	(Millions of Dollars)		
Normal cost at January 1	$25.5	$26.0	$22.2
Amortization of unfunded prior service costs at January 1	3.8	16.5	16.2
Interest from first day of plan year through date of contribution	3.1	3.7	3.3
Total expense	$32.4	$46.2	$41.7
Unamortized balance of unfunded prior service costs at January 1	$55.2	$132.8	$131.3

The reduction in pension expense in 1984 was due primarily to a change in actuarial assumptions and a change from 10 to 30 years for the amortization of unfunded prior service costs. In 1984 the assumed rate of return on Plan assets was changed from 5% to 6%. The assumed rate of future salary increases was changed from 5.5% to 6.5%. Had the changes not been implemented, the total pension expense in 1984 would have been $46.5 million and the balance of unfunded prior service costs at January 1, 1984 would have been $110.7 million.

The Plan's accumulated plan benefits and net assets for the two most recent years are presented below:

	January 1, 1984	January 1, 1983
	(Millions of Dollars)	
Actuarial present value of accumulated pension plan benefits:		
Vested	$207.8	$205.4
Nonvested	11.1	18.3
Total	$218.9	$223.7
Net assets available for benefits	$612.6	$490.6

In addition to pension benefits, certain health care and life insurance benefits are provided to retired employees. Substantially all employees may become eligible for those benefits upon reaching retirement age while employed.

Post-retirement health care and life insurance benefits are similar to those of active employees; however, the health care benefits are designed to supplement Medicare, and the life insurance benefits begin reducing to lower amounts upon retirement. The post-retirement health care and life insurance benefits are provided under contracts with insurance companies. The cost, as recognized, of providing the post-retirement health care and life insurance benefits is funded through premiums paid to the insurance companies and is not material.

8. Commitments and Contingencies

Construction Program

FPL has made certain commitments in connection with its continuous construction program. Construction expenditures for the years 1985-87 are currently estimated at $2.3 billion, including $290 million for nuclear fuel. Actual construction expenditures may vary from these estimates.

FPL has entered into an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership, construction and operation of two 550 megawatt (net) coal-fired units. Under the terms of the agreement, FPL will own 20% of the units and JEA will own the remainder. FPL's portion of construction expenditures totaled approximately $92 million through December 31, 1984. FPL's ownership interest, together with a purchase power arrangement with JEA, entitles FPL to receive 50% of the output of the units. As JEA issues debt securities and the proceeds are committed to cover its share of the cost of constructing the units, FPL becomes obligated to make capacity payments to JEA under the purchase power arrangement even if the units are never completed. Based on the amount of proceeds committed to the construction of the units as of December 31, 1984, FPL is obligated to make annual capacity payments to JEA of approximately $25 million beginning as early as 1988.

Rental and Nuclear Fuel Expense

The annual lease expense and the minimum rental commitments under operating leases for real property and equipment leases are not material. Also, the amount of any assets and capitalized lease obligations that would result if certain leases had been capitalized is not material.

FPL has a lease arrangement for the nuclear fuel for St. Lucie Unit No. 1. Lease payments, which are based on energy production and which were charged to Operating expenses, for the years ended December 31, 1984, 1983 and 1982 were $35.9 million, $6.4 million and $51.0 million, respectively. Under the terms of the lease, the lessor buys nuclear fuel materials from FPL and from third parties. Purchases from FPL during 1984, 1983 and 1982 were not material. FPL has full responsibility for management of the fuel. For ratemaking and financial reporting purposes, this lease has been classified as an operating lease. If the lease had been treated as a capital lease at December 31, 1984, additional nuclear fuel of approximately $87 million and a corresponding capitalized lease obligation would have been recorded. Under certain conditions of termination, FPL will be required to purchase, within 270 days, all nuclear fuel (in whatever form) then existing under the lease arrangement at a price that will allow the lessor to recover its net investment cost (approximately $100 million at December 31, 1984).

Under the terms of a contract which expired in 1983 for nuclear fuel services for its two Turkey Point nuclear units, FPL was to make a settlement payment for the unburned fuel remaining in the reactor at the expiration of the contract. In a suit pending against FPL, Westinghouse Electric Corporation (Westinghouse), the supplier, alleges that FPL owes it in excess of $60 million. FPL has made a lump-sum payment of $15 million to Westinghouse which is FPL's estimate of the amount owed. This amount is currently being recovered under the fuel adjustment clause. Should the court determine that FPL is obligated beyond the amount paid, such additional payment should be recoverable under the fuel adjustment clause.

Nuclear Insurance

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. Under such programs FPL is self-insured for losses in excess of $1 billion; however, substantially all insurance proceeds in excess of $500 million must first be used to satisfy decontamination and clean-up costs before they can be used for repair or restoration of the plants.

FPL is also a member of an insurance program which provides insurance coverage for extra expenses incurred in obtaining replacement power during prolonged outages of nuclear units caused by certain specified conditions. These payments, when received, are recorded as a reduction in Fuel expense and are passed through the fuel adjustment clause to the customer.

Under the various property, replacement power and nuclear liability insurance programs covering FPL's nuclear generating plants, as of December 31, 1984, FPL could be assessed a maximum of approximately $161 million in retroactive premiums, in the event of major accidents at nuclear units of covered utilities (including FPL). Additional assessments could be made in subsequent years.

Nuclear Units

Turkey Point Units Nos. 3 and 4

The steam generators at Turkey Point Units Nos. 3 and 4 were repaired and the units returned to service during 1982 and 1983, respectively. FPL filed suit for damages against Westinghouse, the supplier of the steam generators, seeking reimbursement of the repair costs as well as the cost of replacement power. The cost to repair both units was approximately $180 million. As a result of a motion for partial summary judgment filed by Westinghouse, the court in June 1982 denied FPL's claims for breach of implied warranty and replacement power costs but left standing FPL's claims for negligence and breach of express warranty. Westinghouse subsequently filed a second motion for partial summary judgment addressing the negligence and express warranty claims. In September 1984 the court denied Westinghouse's motion as to the express warranty claim, leaving that claim in the case, but granted Westinghouse's motion as to the negligence issue, effectively eliminating this claim from the case. FPL sought an immediate appeal of the negligence ruling, which the appellate court has agreed to hear, and the trial court proceedings have been stayed pending the outcome of the appeal. The matter is pending.

St. Lucie Unit No. 1

St. Lucie Unit No. 1 was returned to service in May 1984 following an extensive repair and maintenance outage. The unit was removed from service in February 1983 for scheduled refueling and overhaul. During the outage, problems associated with the unit's thermal shield and core barrel were discovered. The thermal shield, which is no longer considered a necessary component in reactors of this design, was removed and the core barrel was repaired.

A substantial portion of the repair cost has been recovered through the property insurance coverage carried on the nuclear units and through a settlement with the vendor. Amounts not recovered through insurance and through the settlement are not material.

A portion of replacement power costs has been recovered through insurance. The approximately $183 million of replacement fuel costs not covered by insurance have been recovered under the fuel adjustment clause. The FPSC has scheduled a hearing for February 14, 1985 to determine if all the replacement fuel costs arising from the St. Lucie Unit No. 1 extended outage were reasonably and prudently incurred. The issues to be determined in the hearing include whether FPL was reasonable and prudent in deciding to include the thermal shield in the unit; whether the thermal shield was properly designed, fabricated, assembled and installed; whether signals registered by the unit's loose parts monitor in 1978, 1980 and 1982 should have been interpreted as indicating damage to or deterioration of the thermal shield thereby permitting action to mitigate the eventual repair outage; and whether, after the thermal shield problem was discovered, FPL was reasonable and prudent in the total repair effort and in bringing the unit back into service. FPL believes that its conduct with respect to all of the foregoing issues was reasonable and prudent and that it should prevail on all issues based on the facts and testimony presented to date. However, since the issues to be determined at the hearing are questions of fact, it is possible that the FPSC will conclude that FPL has failed to sustain completely its burden of proof with respect to all issues and,

accordingly, that its future recovery of fuel costs should be reduced. FPL is of the opinion that any order which reduces FPL's future fuel cost recovery would not have a material adverse effect on its future operations. The matter is pending.

Spent Nuclear Fuel

FPL has entered into contracts with the U.S. Department of Energy (DOE) for the transportation and disposal of existing and future spent nuclear fuel including the spent fuel which suppliers were under contract to remove. The costs pertaining to spent fuel burned prior to April 7, 1983 for which FPL has accepted responsibility totaled $18.8 million. This amount is presently scheduled to be paid to the DOE in June 1985. As this amount is collected under the fuel adjustment clause, it is being placed in a spent fuel reserve fund. Costs for fuel burned after April 7, 1983 (other than certain fuel supplied by Westinghouse) are being collected under the fuel adjustment clause and are paid to the DOE as the fuel is burned.

Certain suppliers of the on-site nuclear fuel at FPL's nuclear plants were under contract to provide spent fuel removal for specified portions of the spent fuel but refused to honor their commitments. FPL has reached a final settlement with Combustion Engineering, Inc. (Combustion), the original supplier of the fuel for St. Lucie Unit No. 1, pursuant to which Combustion has assumed responsibility for approximately $14.7 million of the transportation and disposal costs of the fuel burned prior to April 7, 1983 and stored at St. Lucie Unit No. 1.

FPL filed suit against Westinghouse, the supplier of the nuclear fuel for Turkey Point Units Nos. 3 and 4, and the trial court ruled in 1981 that Westinghouse was contractually liable for removal and storage of certain spent fuel from those units. A trial to determine damages was held in October 1983. A final order was issued in December 1984 which ruled that Westinghouse should bear (1) the costs of an initial modification of the spent fuel storage pools at Units Nos. 3 and 4 (approximately $12.3 million, which Westinghouse has already paid to FPL) and (2) the permanent disposal fee for the spent fuel (approximately $83 million). The court also determined that Westinghouse should receive a credit from FPL for performing a second modification of the spent fuel storage pools (approximately $12.7 million). Westinghouse has appealed the trial court's decision on liability as well as damages. FPL believes that the costs for which the trial court has determined that FPL is responsible should be recoverable either under its fuel adjustment clause or through base rates.

FPL currently is storing spent fuel on site and plans to provide adequate spent fuel storage capacity for all its nuclear units through at least the year 2000, pending removal by the DOE.

Purchase Power Contracts

FPL has contracts with Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company (Southern Companies) to receive, subject to certain contingencies, varying amounts of coal-fired power through mid-1995. Under the terms of one of these contracts, FPL is required to make, on a take-or-pay basis, subject to certain contingencies, minimum payments which are estimated to be $303 million in 1985, $304 million in 1986, $428 million in 1987, $426 million in 1988 and $550 million in 1989. Under the terms of another contract, FPL is required to make,

through 1986, on a take-or-pay basis, payments of up to approximately $25 million per year based on amounts of power made available. Purchases from the Southern Companies (including purchases under these contracts) for 1984, 1983 and 1982 totaled approximately $386 million, $265 million and $103 million, respectively.

FPL has a contract with Tampa Electric Company to purchase power from a coal unit beginning in the spring of 1985. Under the terms of this contract, FPL is required to make, subject to certain contingencies, capacity payments which are estimated to be approximately $50 million in 1985, $45 million in 1986 and $21 million in 1987.

Federal Income Taxes

The IRS has examined FPL's income tax returns for the years 1971 through 1978 and has proposed additional income taxes aggregating approximately $34 million plus interest of approximately $44 million. At issue is the taxability of customer deposits. FPL is attempting to reach a settlement with the IRS. In the opinion of legal counsel, it is probable that a settlement is attainable which would substantially reduce the proposed assessment and related interest.

9. Quarterly Data (Unaudited)

1984	December 31	September 30	June 30	March 31
	(Thousands of Dollars)			
Operating revenues	$903,773	$1,216,905	$967,391	$851,860
Operating income	$135,394	$196,328	$129,557	$131,464
Net income	$81,039	$138,612	$67,254	$64,864
1983				
Operating revenues	$826,022	$993,310	$816,283	$716,920
Operating income	$124,899	$180,253	$103,539	$93,961
Net income	$53,482	$127,028	$73,862	$59,591

In the opinion of FPL, all adjustments, which consist solely of normal recurring accruals necessary to present a fair statement of such amounts for such periods, have been made.

FPL is of the opinion that quarterly comparisons may not give a true indication of overall trends and changes in FPL's operations and may be misleading to an understanding of the results of operations because the revenues and expenses of FPL are subject to periodic fluctuations due to such factors as changes in weather conditions, customer usage and number of customers.

Item 9. Disagreements on Accounting and Financial Disclosures.

None.

PART III

Item 10. Directors and Executive Officers of Registrant.

DIRECTORS (1)

M. P. ANTHONY, West Palm Beach, Florida. Age 65. Director since 1977. President, Anthony's, Inc., a chain of ladies apparel retail stores. Director, Fuel Supply Service, Inc. Director, Sun Bank of Palm Beach County.

DAVID BLUMBERG, Miami, Florida. Age 59. Director since 1973. Chairman of the Board and President, Planned Development Corp., a building and development firm. Former Chairman of the Board and director, FMI Financial Corporation. Director, W. Flagler Investment Corp. and Land Resources Investment Co. Director, Southeast Banking Corporation and Southeast Bank N.A., a subsidiary of Southeast Banking Corporation. Trustee, University of Miami. Chairman, Florida High Speed Rail Transportation Commission.

JEAN McARTHUR DAVIS, Miami, Florida. Age 60. Director since 1977. President, McArthur Farms, Inc., engaged in the production of milk, and Chairman of the Board of McArthur Management Company. Director, Fuel Supply Service, Inc. Director, Dean Foods Company and Barnett Banks of Florida, Inc. Trustee, University of Miami, and member of Board of Visitors of Duke University Business School.

JOHN J. HUDIBURG, Miami, Florida. Age 56. Director since 1979. President and Chief Executive Officer of FPL; formerly President and Chief Operating Officer. Director, Fuel Supply Service, Inc. and Land Resources Investment Co. Director, NCNB of Florida and Associated Electric and Gas Insurance Services, Limited.

ROBERT B. KNIGHT, Coral Gables, Florida. Age 66. Director since 1977. Retired. Former Chairman, National Food Services, Inc., a restaurant management company. Director, Land Resources Investment Co.

JOHN M. McCARTY, Fort Pierce, Florida. Age 69. Director since 1973. Attorney at law and citrus grower. Director, W. Flagler Investment Corp. Director, Packers Supply, Inc. and Ace High Farms, Inc.

MARSHALL McDONALD, Miami, Florida. Age 66. Director since 1971. Chairman of the Board of FPL; formerly Chairman of the Board and Chief Executive Officer. President of Group. Director, W. Flagler Investment Corp. Director, Southeast Banking Corporation, Southeast Bank N.A. and Florida East Coast Industries, Inc.

RICHARD W. OHMAN, Boston, Massachusetts. Age 44. Director since 1984. Vice Chairman and Chief Executive Officer, Fort Hill Investors Management Corporation, an investment company. Formerly Senior Vice President and Chief Investment Officer, Home Insurance Company and Senior Vice President, Massachusetts Financial Services. Director, Fuel Supply Service, Inc. Trustee, Gordon College, Wenham, Massachusetts.

EDGAR H. PRICE, JR., Bradenton, Florida. Age 67. Director since 1972. President, The Price Company, Inc., a consulting firm. Director, W. Flagler Investment Corp. Director, General Telephone Company of Florida and Florida Cypress Gardens, Inc. Trustee, The Aurora Foundation.

LEWIS E. WADSWORTH, Bunnell, Florida. Age 69. Director since 1970. Engaged in timber and cattle businesses. Director, Land Resources Investment Co.

GENE A. WHIDDON, Ft. Lauderdale, Florida. Age 56. Director since 1979. President, Causeway Lumber Company, Inc., engaged in the sale of lumber and building materials. Director, W. Flagler Investment Corp. Director, Landmark First National Bank.

Fuel Supply Service, Inc. and W. Flagler Investment Corp. are subsidiaries of Group and affiliates of FPL. Land Resources Investment Co. is a subsidiary of FPL.

(1) All of the directors are directors of Group. Each director will serve until the next annual meeting of shareholders or until the election and qualification of a successor. Ages shown for directors are as of December 31, 1984.

EXECUTIVE OFFICERS

Name	Birth Date	Position	Effective Date of Election to Present Position
Marshall McDonald	March 30, 1918	Chairman of the Board of Directors	January 15, 1979
J. J. Hudiburg	January 16, 1928	President, Chief Executive Officer, Director	April 1, 1983
E. A. Adomat	September 19, 1924	Executive Vice President	May 12, 1974
R. E. Tallon	August 4, 1926	Executive Vice President	February 17, 1981
R. J. Gardner	November 13, 1928	Senior Vice President	July 13, 1981
L. C. Hunter	February 22, 1925	Senior Vice President	February 7, 1978
W. H. Brunetti	October 13, 1942	Group Vice President	April 24, 1984
M. C. Cook	September 28, 1939	Group Vice President	April 24, 1984
J. L. Howard	April 10, 1941	Group Vice President & Treasurer	April 24, 1984
J. W. Williams, Jr.	June 14, 1925	Group Vice President	April 24, 1984
D. K. Baldwin	May 27, 1937	Vice President	June 20, 1977
K. R. Beasley	November 27, 1930	Vice President	April 24, 1984
J. C. Collier, Jr.	November 5, 1934	Vice President	October 14, 1980
H. J. Dager, Jr.	March 8, 1924	Vice President	September 13, 1976
T. E. Danese	February 27, 1937	Vice President	May 13, 1975
J. H. Francis, Jr.	April 27, 1928	Vice President	June 20, 1977
W. M. Klein	November 24, 1926	Vice President	May 23, 1973
R. E. Uhrig	August 6, 1928	Vice President	May 14, 1974
J. C. Walden	April 14, 1925	Vice President	July 11, 1983
C. O. Woody	June 18, 1938	Vice President	April 24, 1984
H. P. Williams, Jr.	November 29, 1929	Comptroller	October 1, 1972
Astrid E. Pfeiffer	November 15, 1934	Secretary	May 1, 1974

The present term of office of the above executive officers extends to the first meeting of FPL's Board of Directors after the next annual election of directors scheduled to be held April 9, 1985.

Each of the above executive officers has been employed by FPL for more than five years in executive or management positions.

Prior to their election to the positions shown above, the following executive officers held the following other positions with FPL since January 1, 1980: Mr. McDonald was Chairman of the Board and Chief Executive Officer prior to April 1, 1983; Mr. Hudiburg was President and Chief Operating Officer; Mr. Tallon was Group Vice President prior to February 17, 1981 and Executive Vice President thereafter; Mr. Gardner was Vice President; Mr. Brunetti was Assistant to the Vice President of Public Affairs prior to October 14, 1980 and Vice President thereafter; Mr. Cook was Vice President; Mr. Howard was Vice President-Treasurer; Mr. J. W. Williams was Vice President; Mr. Beasley was Division Vice President for Western Division; Mr. Collier was Director of Marketing and Energy Conservation prior to April 15, 1980 and Assistant to the Senior Vice President thereafter; Mr. Walden was Project General Manager prior to September 1, 1981, Director of Project Management prior to March 1, 1983 and Director of Power Resources thereafter; and Mr. Woody was Director of Nuclear Energy.

Item 11. Executive Compensation.

The following table sets forth, on an accrual basis, all compensation paid or distributed by FPL to (i) each of the five most highly compensated key policy-making executive officers of FPL, in all capacities in which they served, whose cash and cash-equivalent forms of compensation exceeded $60,000 and to (ii) all executive officers of FPL, as a group, during 1984.

Cash Compensation Table

(A) Name of individual or number of persons in group	(B) Capacities in which served	(C) Cash Compensation
Marshall McDonald	Chairman of the Board	$ 338,624 (1)
J. J. Hudiburg	President and Chief Executive Officer and Director	$ 318,630
E. A. Adomat	Executive Vice President	$ 208,580
R. E. Tallon	Executive Vice President	$ 181,315
L. C. Hunter	Senior Vice President	$ 145,859
23 Executive Officers of FPL, as a group, including those listed above.		$3,239,520

(1) Does not include $75,000 of contingent deferred compensation. Because of conditions of his employment, FPL has a deferred compensation plan for Mr. McDonald under which deferred compensation of $75,000 per year is paid into, and invested under, an independent trust. Subject to certain contingencies, the trust will terminate and funds therein will be distributed to Mr. McDonald or his estate upon the earlier of his retirement or death.

Director Compensation

During 1984, each director (except those who are also salaried officers of FPL) received an annual retainer of $12,000, except Richard Ohman, who was elected in August and received a pro-rata portion of the annual retainer. As of January 1, 1985, the annual retainer was increased to $14,000. Committee chairmen receive, in addition to the foregoing, an annual fee of $2,400. A fee of $700 was paid for each board meeting attended. A director serving on a committee received for each committee meeting attended a fee of $400 if the committee meeting was held on the same day as a board meeting, or was conducted by telephone conference call, and $700 if held on a day other than a board meeting. Fees of $400 for each meeting are paid to directors of Land Resources Investment Co. for attendance at its board meetings, unless the director is also an employee of FPL. FPL has a travel-accident insurance policy and a supplementary medical insurance plan covering officers and directors. Directors are provided with $10,000 life and accidental death insurance at no cost. The premiums attributable to the group of directors participating in the foregoing plans were $5,454 for 1984.

Compensation Pursuant To Plans

Management Incentive Program: As adopted by the Board of Directors, the Program provides annual incentive compensation to certain key employees at the discretion of the Management Incentive Compensation Committee and to officers at the discretion of the Salary & Compensation Committee of the Board of Directors. The incentive awards are based on the success of FPL and of such individuals in meeting goals established in the Program. Two primary factors are considered in the evaluation. A comparison of earnings to book value is made to other major investor-owned utilities, and a cents-per-kilowatt-hour calculation is made representing FPL's ability to maintain or lower the relationship of its electric rates to the rates of other major investor-owned utilities. The aggregate standard amount to be awarded in 1985 in respect to 1984, if performance goals are met, is estimated to be approximately $1.2 million with approximately 200 individuals eligible to participate therein. If performance goals are not met, the awards will be reduced or eliminated. Payments made under the Program are not considered for the purposes of computing employer contributions to any employee benefit programs. Amounts paid during 1984 pursuant to the Program to each executive officer listed in the Cash Compensation Table and to all executive officers as a group are included in the Cash Compensation Table.

Director and Executive Compensation Deferral Plan: FPL has a Director and Executive Compensation Deferral Plan under which directors and principal officers of FPL and its affiliates are eligible to elect irrevocably to defer receipt of all or a portion of their fees or compensation by executing a deferral agreement prior to the calendar year in which such amounts are to be earned. Amounts deferred are credited to a separate account on the books of FPL and will be deemed to be invested in theoretical units of Group Common Stock. Each account is appropriately credited from time to time with additional units equal to the amount of any dividends, stock splits or other changes affecting Group Common Stock which the participant would have received had he or she been a record holder of such stock. An account will be distributed in cash to a participant when he or she ceases to be a director or officer based upon the then fair market value of Group Common Stock. One director elected to defer all fees for 1985 and another director elected to defer only his annual retainer for 1985.

Employee Stock Ownership Plan (ESOP): Under the ESOP, FPL may contribute to a trust for the benefit of employees, shares of Group Common Stock or cash for the purchase of such stock. The contribution is intended to be equivalent in amount to the maximum allowable tax credit permitted by the Internal Revenue Code 1954, as amended (Code). Under current law, the permitted credit for calendar years 1984 through 1987 is 1/2 of 1% of domestic employee compensation paid by Group and subsidiaries for the particular year. Membership in the ESOP is automatic upon becoming an employee. Contributions are allocated to employees' accounts pro rata based on each employee's compensation for the plan year (up to $100,000). Dividends are reinvested to purchase additional Common Stock. During 1984, contributions of $501 were made by FPL under the ESOP for each of the executive officers listed in the Cash Compensation Table. For all executive officers of FPL as a group, $11,142 was contributed.

Thrift Plan: The Thrift Plan of FPL for non-bargaining unit employees provides eligible employees (including officers) a way to contribute and save a percentage of their earnings and have the company match a portion of such contributions. The plan offers a deferred compensation arrangement under which federal income taxation of a participant's contributions may be deferred until such participant's account is distributed or withdrawn. A recent amendment increased company matching contributions of certain employee contributions under the deferred compensation arrangement. Participant contributions are invested in one or more funds, including a Group Common Stock fund, as directed by each participant. Company contributions are made in the form of Group Common Stock (or cash used to purchase Group Common Stock), which the Trustee credits to the participant's company account and which vests in accordance with the terms of the plan. The Code, as amended by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) may cause a reduction in company contributions under the Thrift Plan and the ESOP. Where this occurs, FPL's Benefit Restoration Plan, adopted in 1983 for certain executive officers (including those named in the Cash Compensation Table) approved by the Board of Directors, restores, among other things, company contributions to the level FPL would have otherwise contributed under the plans before the limitation became applicable. During 1984 the following amounts were paid by FPL as matching contributions, or reserved under the Benefit Restoration Plan for benefits lost, under the Thrift Plan for the executive officers listed in the Cash Compensation Table: Marshall McDonald - $12,708; J. J. Hudiburg - $10,186; E. A. Adomat - $5,340; R. E. Tallon - $5,196; L. C. Hunter - $4,245; and for all executive officers of FPL as a group - $92,372.

Medical and Insurance Plans: Officers and directors are eligible for wrap-around medical coverage. Generally, this coverage coordinates with FPL's Comprehensive Major Medical Plan to provide up to 100% coverage of medical expenses for such individuals. Officers and directors are covered at no cost to them by travel accident insurance and may participate in a comprehensive personal liability insurance program. During 1984, amounts paid to or for the executive officers listed in the Cash Compensation Table pursuant to the foregoing plans were: Marshall McDonald - $1,398; J. J. Hudiburg - $1,662; E. A. Adomat - $1,307; R. E. Tallon - $1,377; L. C. Hunter - $1,511; and for all executive officers of FPL as a group - $29,229.

Pension Plan: FPL has a non-contributory defined benefit Pension Plan covering substantially all employees. The compensation covered by the Pension Plan includes basic wages, salaries and compensation deferred under the Thrift Plan. Estimated annual benefits payable on the straight-life annuity basis at age 65 to participants retiring in 1985, before application of the offset for estimated primary Social Security benefits, are illustrated in the following table for specified annual compensation and years of service

under the Pension Plan as currently in effect. The table is intended to relate to the compensation levels of the highest paid officers of FPL and therefore is not representative of compensation levels or retirement benefits of employees in general.

Estimated Annual Pension Benefits

Participating Years of Service in the Plan

Salary*	10	20	30	35	40	45	50
$100,000	31,920	42,115	47,310	47,505	47,700	47,985	48,090
$150,000	49,420	64,615	72,310	72,505	72,700	72,895	73,090
$200,000	66,920	87,115	97,310	97,505	97,700	97,895	98,090
$250,000	84,420	109,615	122,310	122,505	122,700	122,895	123,090
$300,000	101,920	132,115	147,310	147,505	147,700	147,895	148,090
$350,000	119,420	154,615	172,310	172,505	172,700	172,895	173,090
$400,000	136,920	177,115	197,310	197,505	197,700	197,895	198,090

*Annual average salary in 5 consecutive highest paid years out of last 10 years preceding retirement.

With certain exceptions, TEFRA presently restricts to an aggregate of $90,000 the annual pension which may be paid to an employee under the Pension Plan. In the event that the retirement benefits of certain executive officers approved by FPL's Board of Directors (including those named in the Cash Compensation Table) were to be reduced by operation of TEFRA, the Benefit Restoration Plan, adopted primarily to maintain uniform application of the Pension Plan benefit formula, would provide, among other benefits, payment of Pension Plan formula pension benefits, if any, which exceed those payable under TEFRA's maximum benefit limitations.

Participating years of service through December 31, 1984 for the persons named in the Cash Compensation Table are as follows: Marshall McDonald - 13 years; J. J. Hudiburg - 34 years (current covered compensation - $355,300); E. A. Adomat - 35 years; R. E. Tallon -11 years; and L. C. Hunter - 35 years.

Long-Term Incentive Plan of 1985: In 1984, the shareholders of Group approved the adoption of the Group Long-Term Incentive Plan of 1985 (1985 Plan), which provides for granting to officers and key employees of Group and its participating subsidiaries, the following types of incentive awards: incentive stock options, nonqualified stock options, stock appreciation rights (SARs), restricted stock and performance shares. The 1985 Plan authorizes the issuance of an aggregate of 4,000,000 shares of Group Common Stock. The Salary and Compensation Committee of Group's Board of Directors (Committee) has discretion, subject to final approval by the Board, to select the employees to be granted awards and to determine the type, size and terms of such awards, including the determination and any modification of the period in which they may be exercised or realized, and to determine when such awards will be granted. Participants are eligible to receive in the same year any combination of awards authorized. The executive officers of FPL named in the Cash Compensation Table are among the officers eligible to receive awards under the 1985 Plan. With certain exceptions, including termination of employment as a result of death, disability or normal retirement, or except as otherwise may be determined by the employer, rights to these forms of contingent compensation may be forfeited if a recipient's employment terminates within a specific period following the award. Awards under the 1985 Plan are not transferable except by will or by the laws of decent and distribution.

Options, which include nonqualified stock options and incentive stock options, are rights to purchase a specified number of shares of Group Common Stock at a price which is at least 100% of the fair market value of the underlying Common Stock at the time the option is granted, with cash, with other shares of Group Common Stock or a combination thereof. Options are exercisable at such time and in such installments as determined by the Committee, but expire no later than ten years after the date on which they are granted or three years after death, disability or normal retirement. SARs are rights to surrender an option in exchange for cash, Group Common Stock, or a combination thereof equal in value to the excess of the fair market value of the Common Stock over the option price at the time of such surrender. Generally, SARs are exercisable only during a prescribed period prior to expiration of the related option and only with the consent of the Committee. A restricted stock award is an award of shares of Group Common Stock which are subject to certain restrictions during a period, set by the Committee, of not less than three years from the date the award is made. During such restricted period, the employee has the right to vote the shares and to exercise other shareholder rights with respect to the restricted stock, except that Group may retain custody of the stock certificate and may withhold dividends, and the employee may not transfer the shares, until the restrictions lapse. Performance shares are conditional grants which are credited to a performance share account of the participant. Each performance share is deemed to be the equivalent of one share of Group Common Stock and is valued at the fair market value of such Common Stock. At the time the award is made, the Committee establishes performance objectives to be achieved during the award period. Payment is made at the end of an award period based on the achievement of the performance measures for such period, as determined by the Committee. The Committee may establish for each award period a fair market value for purposes of payment of performance shares, but in no event shall it exceed 200% of the fair market value of the performance shares at the time of the grant. No participant may receive more than 30% of the aggregate number of performance shares. Performance shares will be earned only to the extent that Group has achieved a predetermined return on average shareholders' equity during the award period and the respective participants have remained in the employ of Group or its subsidiaries throughout the award period. Performance shares do not entitle participants to ownership, dividend, voting or other

rights as a shareholder unless and until distribution is made in the form of Common Stock.

The 1985 Plan is scheduled to terminate in December 1995. No options, SARs, restricted stock or performance shares have been awarded to date under the 1985 Plan.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Group owns 100% of FPL's voting securities.

The table below sets forth, as of February 1, 1985, the number of shares of equity securities of Group and FPL beneficially owned by the Directors of FPL and all directors and executive officers of FPL as a group.

Name	Class of Stock	Shares beneficially owned
M. P. Anthony	Group Common Stock	1,887 (1)
David Blumberg	Group Common Stock	3,740 (2)
Jean McArthur Davis	Group Common Stock	1,599
J. J. Hudiburg	Group Common Stock	10,776 (3)
Robert B. Knight	Group Common Stock	1,082
John McCarty	Group Common Stock	1,400 (4)
	FPL Preferred Stock	100
Marshall McDonald	Group Common Stock	27,853 (5)
Richard Ohman	Group Common Stock	500
Edgar H. Price, Jr.	Group Common Stock	2,400
Lewis E. Wadsworth	Group Common Stock	10,000
Gene A. Whiddon	Group Common Stock	2,000
All directors and executive officers as a group (23 persons)	Group Common Stock	75,589 (6)
	FPL Preferred Stock	100

(1) Does not include 2,600 shares held by a profit sharing plan of which Mr. Anthony is a beneficiary, but as to which he disclaims any voting or investment powers.

(2) Does not include 200 shares held beneficially by Mr. Blumberg's wife, as to which he disclaims any beneficial ownership.

(3) Includes 5,718 shares held in the FPL Employee Thrift and Retirement Savings Plan (Thrift Plan) and 3,946 shares held in the ESOP as of December 31, 1984.

(4) Does not include 300 shares held beneficially by members of Mr. McCarty's family, as to which he disclaims any beneficial ownership.

(5) Includes 600 shares held beneficially by members of Mr. McDonald's family. Also includes 22,708 shares held in the Thrift Plan and 4,086 shares held in the ESOP as of December 31, 1984.

(6) 0.06% of the class. No director or officer owns or has a beneficial interest in as much as 1/10 of 1% of any class of Group's or FPL's equity securities.

Item 13. Certain Relationships and Related Transactions.

In 1981, FPL renewed its lease with Cutler Ridge Regional Center, a partnership in which David Blumberg has an interest. The rent is $11,645.84 per month for 9 years, increasing with changes in the Consumer Price Index over the June 19, 1981 base. The lease may be cancelled upon six months' notice at the end of the fifth or seventh year. FPL believes these terms are at least as favorable as could have been obtained elsewhere for similar facilities.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)1. Financial Statements

(a)2. Financial Statement Schedules

Schedules for the years ended December 31, 1984, 1983 and 1982

Note:

Information required by Schedule X--supplementary income statement information is shown in the Consolidated financial statements or notes thereto. The following schedules are omitted as not applicable or not required--I, II, III, IV, VII, VIII, XI, XII and XIII.

Financial statements of FPL's subsidiary have been omitted as the subsidiary does not meet the tests of a significant subsidiary.

(a)3. Exhibits Including those Incorporated by Reference

Exhibits Filed Herewith

Exhibit Number	Description
3(b)	Amendment to Restated Articles of Incorporation dated December 31, 1984.
10(c)	Director and Executive Compensation Deferral Plan, as amended.
12	Ratio of Earnings to Fixed Charges.
22	Subsidiaries of the Registrant.
24	Consents of Deloitte Haskins & Sells and Steel Hector & Davis.

Exhibits Incorporated by Reference

Exhibit Number	Description
3(a)	Restated Articles of Incorporation dated May 15, 1984 (filed as Exhibit 4(a), to Form 10-Q for June 1984, File No. 1-3545).
3(c)	By-laws, as amended (filed as Exhibit 20(a) to Form 10-Q for the quarter ended September 30, 1981, File No. 1-3545).
4	Mortgage and Deed of Trust dated as of January 1, 1944, and Fifty-three Supplements thereto between FPL and Bankers Trust Company and The Florida National Bank of Jacksonville (now Florida National Bank), Trustees (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 4(c), File No. 2-85633; Exhibit 4(d), File No. 2-87612; Exhibit 4 to Form 8-K dated January 10, 1984, File No. 1-3545 Exhibit 4(c) to Form 10-Q for the quarter ended June 30, 1984, File No. 1-3545 and Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545).

Exhibit Number	Description
10(a)	Group Long-Term Incentive Plan of 1985 (filed as Exhibit 10(a) to Group's Form 8-B, dated December 31, 1984, File No. 1-8841).
10(b)	Deferred Compensation Agreements (filed as Exhibit 10(c) to FPL's 1981 Annual Report on Form 10-K, File No. 1-3545).
10(d)	Benefit Restoration Plan (filed as Exhibit 10 to FPL's 1983 Annual Report on Form 10-K, File No. 1-3545.)

(b) Reports on Form 8-K

On October 4, 1984 a Current Report on Form 8-K dated September 27, 1984 was filed relating to Item 5. Other Events.

SCHEDULE V

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance Beginning of Year	Additions at Cost (Note A)	Retirements (Note B)	Other Changes—Add (Deduct)	Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1984					
Electric utility plant, at original cost:					
Electric plant—					
Production plant:					
Steam	$1,596,127	$ 12,328	$ (1,043)	$ (326)	$1,607,086
Nuclear	2,344,461	126,583	(1,148)	(34)	2,469,862
Other	286,810	900	(48)	3	287,665
Total production plant	4,227,398	139,811	(2,239)	(357)	4,364,613
Transmission plant	915,377	287,294	(4,956)	402	1,198,117
Distribution plant	2,113,785	233,696	(18,829)	581	2,329,233
General plant	247,027	30,721	(6,146)	(453)	271,149
Intangible plant	2,383	2	-	-	2,385
Total electric plant in service	7,505,970	691,524	(32,170)	173	8,165,497
Held for future use	38,691	(1,187)	-	(531)	36,973
Total electric plant	7,544,661	690,337	(32,170)	(358)	8,202,470
Construction work in progress	438,516	(78,003)	-	(4,576)	355,937
Nuclear fuel	275,245	78,800	(25,757)	(5,633)	322,655
Total electric utility plant	$8,258,422	$ 691,134	$(57,927)	$ (10,567)	$8,881,062
For the Year Ended December 31, 1983					
Electric utility plant, at original cost:					
Electric plant—					
Production plant:					
Steam	$1,588,956	$ 9,928	$(17,043)	$ 14,286	$1,596,127
Nuclear	947,116	1,404,988	(7,791)	148	2,344,461
Other	285,530	945	(19)	354	286,810
Total production plant	2,821,602	1,415,861	(24,853)	14,788	4,227,398
Transmission plant	866,710	49,960	(3,117)	1,824	915,377
Distribution plant	1,938,920	195,925	(19,391)	(1,669)	2,113,785
General plant	225,295	28,882	(6,972)	(178)	247,027
Intangible plant	2,148	250	(15)	-	2,383
Total electric plant in service	5,854,675	1,690,878	(54,348)	14,765	7,505,970
Held for future use	52,355	(710)	-	(12,954)	38,691
Total electric plant	5,907,030	1,690,168	(54,348)	1,811	7,544,661
Construction work in progress	1,493,561	(914,639)	-	(140,406)	438,516
Nuclear fuel	202,265	89,424	(2,634)	(13,810)	275,245
Total electric utility plant	$7,602,856	$ 864,953	$(56,982)	$(152,405)	$8,258,422

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT (Concluded)

Column A Classification	Column B Balance Beginning of Year	Column C Additions at Cost (Note A)	Column D Retirements (Note B)	Column E Other Changes-- Add (Deduct)	Column F Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1982					
Electric utility plant, at original cost:					
Electric plant—					
Production plant:					
Steam	$1,529,193	$ 38,584	$ (1,660)	$ 22,839	$1,588,956
Nuclear	819,143	134,364	(6,225)	(166)	947,116
Other	276,990	8,587	(50)	3	285,530
Total production plant	2,625,326	181,535	(7,935)	22,676	2,821,602
Transmission plant	796,502	73,743	(1,512)	(2,023)	866,710
Distribution plant	1,764,716	192,989	(18,482)	(303)	1,938,920
General plant	187,734	47,855	(11,405)	1,111	225,295
Intangible plant	934	1,278	(64)	-	2,148
Total electric plant in service	5,375,212	497,400	(39,398)	21,461	5,854,675
Held for future use	88,698	(1,784)	-	(34,559)	52,355
Total electric plant	5,463,910	495,616	(39,398)	(13,098)	5,907,030
Construction work in progress	1,166,339	341,628	-	(14,406)	1,493,561
Nuclear fuel	141,206	113,274	(46,571)	(5,644)	202,265
Total electric utility plant	$6,771,455	$950,518	$(85,969)	$(33,148)	$7,602,856

NOTES:

(A) Substantially all additions are originally charged to CWIP and transferred to electric utility plant accounts upon completion. Additions at cost give effect to such transfers.

(B) The installed cost of individual units of plant retired is not always available. Plant accounts are credited for such retirements on the basis of estimates when the original cost is not available. Nuclear fuel materials sold are reflected as retirements.

SCHEDULE VI

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION
OF PROPERTY, PLANT AND EQUIPMENT

Column A	Column B	Column C		Column D	Column E	Column F
		Additions Charged to Costs and Expenses				
Description	Balance Beginning of Year	Depreciation	Clearing and Other Accounts (Note B)	Retirements	Other Changes—Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1984						
Accumulated provision for depreciation of electric utility plant (Note A):						
Production plant:						
Steam	$ 406,977	$ 54,516	$ 632	$ (865)	$ (2)	$ 461,258
Nuclear	228,748	94,374	5,096	(2,994)	(2,163)	323,061
Other	127,974	15,396	-	(49)	-	143,321
Total production plant	763,699	164,286	5,728	(3,908)	(2,165)	927,640
Transmission plant	232,220	27,278	-	(1,784)	-	257,714
Distribution plant	612,105	87,321	-	(21,772)	-	677,654
General plant	63,974	5,094	7,584	(5,033)	(11)	71,608
Intangible plant	317	344	-	33	-	694
Total electric plant	1,672,315	284,323	13,312	(32,464)	(2,176)	1,935,310
Accumulated provision for amortization of nuclear fuel assemblies	24,676	-	53,357	(5,183)	514	73,364
Total	$1,696,991	$284,323	$ 66,669	$ (37,647)	$ (1,662)	$2,008,674
For the Year Ended December 31, 1983						
Accumulated provision for depreciation of electric utility plant (Note A):						
Production plant:						
Steam	$ 369,369	$ 54,168	$ 629	$ (17,189)	$ -	$ 406,977
Nuclear	179,946	58,465	4,418	(14,308)	227	228,748
Other	112,670	15,324	-	(20)	-	127,974
Total production plant	661,985	127,957	5,047	(31,517)	227	763,699
Transmission plant	208,916	25,263	-	(1,959)	-	232,220
Distribution plant	552,014	79,796	-	(19,705)	-	612,105
General plant	59,040	4,631	6,683	(6,380)	-	63,974
Intangible plant	235	190	-	(108)	-	317
Total electric plant	1,482,190	237,837	11,730	(59,669)	227	1,672,315
Accumulated provision for amortization of nuclear fuel assemblies	16,027	-	11,260	(2,634)	23	24,676
Total	$1,498,217	$237,837	$ 22,990	$ (62,303)	$ 250	$1,696,991

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION
OF PROPERTY, PLANT AND EQUIPMENT

Column A	Column B	Column C Additions Charged to Costs and Expenses		Column D	Column E	Column F
Description	Balance Beginning of Year	Depre-ciation	Clearing and Other Accounts (Note B)	Retire-ments	Other Changes—Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1982						
Accumulated provision for depreciation of electric utility plant (Note A):						
Production plant:						
Steam	$ 317,144	$ 51,031	$ 2,559	$ (1,365)	$ -	$ 369,369
Nuclear	165,225	31,418	1,855	(18,552)	-	179,946
Other	97,760	14,990	-	(80)	-	112,670
Total production plant	580,129	97,439	4,414	(19,997)	-	661,985
Transmission plant	170,678	32,587	-	5,651	-	208,916
Distribution plant	497,800	72,863	-	(18,649)	-	552,014
General plant	59,934	4,396	5,655	(10,934)	(11)	59,040
Intangible plant	250	189	-	(204)	-	235
Total electric plant	1,308,791	207,474	10,069	(44,133)	(11)	1,482,190
Accumulated provision for amortization of nuclear fuel assemblies	47,347	-	11,989	(43,309)	-	16,027
Total	$1,356,138	$207,474	$ 22,058	$ (87,442)	$ (11)	$1,498,217

NOTES:

(A) This reserve is maintained for all depreciable property. The amount in the Retirements column is after applying credits for proceeds of sale or other salvage.

(B) Depreciation of transportation equipment is charged to various accounts based on the use of such equipment. Amortization of nuclear fuel assemblies and nuclear fuel disposal cost is charged to Operating expenses, Operations—Fuel, net interchange and purchased power. Depreciation of items suspended from rate base is charged to Other deferred debits.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

SHORT-TERM BORROWINGS (1)

Column A Category of Aggregate Short-Term Borrowings	Column B Balance at End of Period	Column C Weighted Average Interest Rate	Column D Maximum Amount Outstanding During the Period	Column E Average Amount Outstanding During the Period (2)	Column F Weighted Average Interest Rate During the Period (3)
	Thousands of Dollars				
For the Year Ended December 31, 1984:					
Commercial Paper	-	-	$200,787	$67,684	10.5%
Pollution Control Bond Anticipation Note	-	-	$105,000	$73,525	7%
For the Year Ended December 31, 1983:					
Commercial Paper	$120,243	9.7%	$120,243	$68,521	9.2%
Pollution Control Bond Anticipation Note	$105,000	6.4%	$105,000	$ 1,151	6.4%
For the Year Ended December 31, 1982:					
Commercial Paper	$90,357	8.7%	$123,110	$53,471	11.9%
Banks	-	-	$105,000	$68,410	13.8%

(1) Bank borrowings and Commercial Paper were both written to specific maturity dates at rates negotiated between FPL and the lender.

(2) The average amount outstanding during the period is based upon the principal amounts weighted by the number of days outstanding.

(3) Computation of weighted average interest rate is based upon the principal amounts weighted by the number of days outstanding.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FLORIDA POWER & LIGHT COMPANY

Date March 8, 1985 By (s) J. J. Hudiburg
J. J. Hudiburg (President)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
(s) J. J. Hudiburg J. J. Hudiburg (President)	Principal Executive Officer and Director	March 8, 1985
(s) J. L. Howard J. L. Howard (Group Vice President & Treasurer)	Principal Financial Officer	March 8, 1985
(s) H. P. Williams, Jr. H. P. Williams, Jr. (Comptroller)	Principal Accounting Officer	March 8, 1985
(s) Marshall McDonald Marshall McDonald (Chairman of the Board)	Directors	March 8, 1985
(s) M. P. Anthony M. P. Anthony	Directors	March 8, 1985
(s) David Blumberg David Blumberg	Directors	March 8, 1985
(s) Jean McArthur Davis Jean McArthur Davis	Directors	March 8, 1985
(s) Robert B. Knight Robert B. Knight	Directors	March 8, 1985
(s) John M. McCarty John M. McCarty	Directors	March 8, 1985
(s) Richard W. Ohman Richard W. Ohman	Directors	March 8, 1985
(s) Ed H. Price, Jr. Ed H. Price, Jr.	Directors	March 8, 1985
(s) Lewis E. Wadsworth Lewis E. Wadsworth	Directors	March 8, 1985
(s) Gene A. Whiddon Gene A. Whiddon	Directors	March 8, 1985

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended December 31,				
	1984	1983	1982	1981	1980
	Thousands of Dollars				
Earnings, as defined:					
Income before cumulative effect of change in accounting method	$351,769	$313,963	$266,720	$224,137	$198,318
Income taxes	276,363	238,576	165,817	169,066	142,681
Fixed charges, as below	319,376	304,080	294,399	256,456	198,119
Total earnings, as defined	$947,508	$856,619	$726,936	$649,659	$539,118
Fixed Charges, as defined:					
Interest on first mortgage bonds	$288,719	$274,349	$239,213	$189,867	$147,239
Interest on other long-term debt	5,272	9,881	14,859	36,357	27,578
Other interest charges	17,545	17,374	28,428	20,440	14,912
Rental interest factor	180	55	66	71	73
Fixed charges included in nuclear fuel cost	7,660	2,421	11,833	9,721	8,317
Total fixed charges, as defined	$319,376	$304,080	$294,399	$256,456	$198,119
Ratio of earnings to fixed charges	2.97	2.82	2.47	2.53	2.72

EXHIBIT 22

SUBSIDIARIES OF REGISTRANT

FPL has one wholly-owned subsidiary which is not a significant subsidiary as defined in Regulation S-X.

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We hereby consent to the incorporation by reference in Registration Statement No. 2-88216 on Form S-3 of our opinion dated February 11, 1985 appearing in this Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 1984.

DELOITTE HASKINS & SELLS

Miami, Florida
March 8, 1985

CONSENT OF GENERAL COUNSEL

FLORIDA POWER & LIGHT COMPANY:

We hereby consent to the incorporation by reference in Registration Statement No. 2-88216 on Form S-3 of opinions specifically attributed to General Counsel appearing in this Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 1984.

STEEL HECTOR & DAVIS

Miami, Florida
March 8, 1985

FPL Group, Inc.
Consolidated Financial Statements
September 1985
(Unaudited)

Exhibit 2

HIGHLIGHTS—Details on pages 4 and 5

Operating Results	• Earnings per share were $3.29 for the 12 months ended September 30, 1985.
Corporate	• FPL Group, Inc. forms two new subsidiaries.
Regulation and Rates	• Florida Supreme Court affirms FPSC's order on FPL's 1985 rate increase.
Construction	• FPL's 1985 construction expenditures estimate revised downward.
Financing	• FPL backs issuance of $12.1 million of Pollution Control Revenue Bonds.

FPL GROUP

FPL Group, Inc.
c/o P.O. Box 029100
Miami, Florida 33102
J. L. Howard
Treasurer
(305) 552-4075

The information furnished herein is not in connection with the sale or offer for sale of, or solicitation of an offer to buy, any securities.

October 23, 1985

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	September 30, 1985	September 30, 1984	Increase (Decrease)	% Change
	Thousands of Dollars			
Quarter Ended				
OPERATING REVENUES	$1,263,003	$1,217,014	$ 45,989	4
OPERATING EXPENSES:				
Fuel, interchange and purchased power	531,813	549,327	(17,514)	(3)
Other operations	170,482	149,623	20,859	14
Maintenance	59,654	48,556	11,097	23
Depreciation	76,735	71,991	4,743	7
Income taxes	125,085	116,306	8,778	8
Taxes other than income taxes	90,422	84,880	5,541	7
Total operating expenses	1,054,194	1,020,686	33,507	3
OPERATING INCOME	208,808	196,327	12,481	6
Allowance for other funds used during construction	8,455	9,621	(1,165)	(12)
Other income and deductions	431	249	182	73
INCOME BEFORE INTEREST AND OTHER CHARGES	217,696	206,198	11,497	6
Interest charges	77,174	77,079	95	—
Allowance for borrowed funds used during construction	(8,646)	(9,492)	845	9
Preferred stock dividend requirements of Florida Power & Light Company	11,597	11,634	(37)	—
NET INCOME	$ 137,571	$ 126,976	$ 10,594	8
Average number of common shares outstanding (000)	119,852	116,079	3,773	3
Earnings per share of Common Stock	$1.15	$1.09	$0.06	6
Dividends per share of Common Stock	$0.49	$0.47	$0.02	4
Year-To-Date				
OPERATING REVENUES	$3,316,420	$3,036,862	$279,558	9
OPERATING EXPENSES:				
Fuel, interchange and purchased power	1,376,473	1,324,348	52,125	4
Other operations	468,549	432,896	35,653	8
Maintenance	175,529	168,720	6,809	4
Depreciation	227,098	212,184	14,913	7
Income taxes	294,207	217,282	76,925	35
Taxes other than income taxes	240,131	224,053	16,078	7
Total operating expenses	2,781,990	2,579,484	202,505	8
OPERATING INCOME	534,430	457,377	77,053	17
Allowance for other funds used during construction	25,227	24,497	730	3
Other income and deductions	2,612	807	1,805	—
INCOME BEFORE INTEREST AND OTHER CHARGES	562,270	482,682	79,588	16
Interest charges	231,101	235,335	(4,233)	(2)
Allowance for borrowed funds used during construction	(27,007)	(23,383)	(3,624)	(15)
Preferred stock dividend requirements of Florida Power & Light Company	34,817	35,047	(229)	(1)
NET INCOME	$ 323,358	$ 235,682	$ 87,675	37
Average number of common shares outstanding (000)	119,200	114,661	4,538	4
Earnings per share of Common Stock	$2.71	$2.06	$0.65	32
Dividends per share of Common Stock	$1.45	$1.39	$0.06	4
12 Months Ended				
OPERATING REVENUES	$4,220,492	$3,863,395	$357,097	9
OPERATING EXPENSES:				
Fuel, interchange and purchased power	1,744,184	1,633,626	110,557	7
Other operations	610,730	573,269	37,460	7
Maintenance	233,273	239,379	(6,105)	(3)
Depreciation	301,110	280,041	21,069	8
Income taxes	351,331	267,350	83,981	31
Taxes other than income taxes	310,676	287,381	23,295	8
Total operating expenses	3,551,307	3,281,048	270,258	8
OPERATING INCOME	669,184	582,346	86,838	15
Allowance for other funds used during construction	31,622	30,373	1,248	4
Other income and deductions	5,968	(3,605)	9,574	—
INCOME BEFORE INTEREST AND OTHER CHARGES	706,776	609,114	97,661	16
Interest charges	307,302	314,176	(6,874)	(2)
Allowance for borrowed funds used during construction	(37,385)	(29,274)	(8,110)	(28)
Preferred stock dividend requirements of Florida Power & Light Company	46,454	46,778	(323)	(1)
NET INCOME	$ 390,404	$ 277,433	$112,970	41
Average number of common shares outstanding (000)	118,767	113,739	5,027	4
Earnings per share of Common Stock	$3.29	$2.44	$0.85	35
Dividends per share of Common Stock	$1.92	$1.84	$0.08	4

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

	12 Months Ended September 30, 1985	1984
	Thousands of Dollars	
SOURCE OF FUNDS:		
Net income	$ 390,404	$ 277,433
Depreciation	301,110	280,041
Amortization of nuclear fuel assemblies	75,859	66,502
Deferred investment tax credit—net	2,946	30,244
Deferred income taxes	131,778	169,911
Gain from sale of interest in nuclear facility	(1,947)	(2,491)
Allowance for other funds used during construction	(31,622)	(30,373)
Total from current operations	868,529	791,267
Sale of first mortgage bonds	—	122,968
Issuance of pollution control bonds	87,000	124,391
Reimbursement by trustee from pollution control financings for construction expenditures	168,024	1,416
Issuance of Common Stock	70,811	150,718
Sale of nuclear fuel	—	20,524
Deferred fuel revenues	90,960	2,646
Other sources	25,549	13,663
Total	$1,310,874	$1,227,596
APPLICATION OF FUNDS:		
Construction expenditures	$ 535,089	$ 588,324
Nuclear fuel	115,868	47,808
Retirement and current maturity of long-term debt and preferred stock	161,895	97,315
Dividends on Common Stock	227,889	209,255
Deferred fuel expenses	—	—
Pollution control construction account held by trustee	12,722	139,528
Nuclear decommissioning reserve fund	13,050	11,498
Deferred spent fuel disposal costs—prior burned	69,584	—
Other applications	35,722	41,270
Increase in working capital	139,051	92,594
Total	$1,310,874	$1,227,596

$Hundreds dropped; detail does not necessarily add to total.

This report reflects the restructuring and the two-for-one stock split and is not complete without reference to the Notes to Consolidated Financial Statements appearing in Group's 1984 Annual Report.

FINANCIAL DATA

	1985	1984
TIMES LONG-TERM DEBT INTEREST EARNED—Before Tax**	3.70	3.10
FIXED CHARGES COVERAGE (SEC Basis)	2.73	2.22
COMMON SHARES OUTSTANDING—End of Period (000)	120,371	117,224
BOOK VALUE PER SHARE—End of Period	$21.45	$20.04

OPERATING DATA OF FLORIDA POWER & LIGHT COMPANY

	Quarter Ended September 30, 1985	1984	% Change	12 Months Ended September 30, 1985	1984	% Change
Energy Sales—KWH (Millions)†						
Residential	7,712	7,166	8	24,598	23,788	3
Commercial	5,464	5,109	7	19,193	18,289	5
Industrial	977	928	5	3,820	3,666	4
Other	645	927	(30)	2,446	3,805	(36)
Total	14,798	14,130	5	50,057	49,548	1
Customers (000)	2,613*	2,515*	4	2,593#	2,497#	4
Energy sales per Residential Customer—KWH†	3,331	3,211	4	10,654	10,681	—
Energy sales per Total Customers—KWH†	5,683	5,636	1	19,305	19,842	(3)
Revenue per KWH—Residential†	9.04¢	9.13¢	(1)	8.89¢	8.37¢	6
Revenue per KWH—Total Sales†	8.36¢	8.48¢	(1)	8.22¢	7.73¢	6
Fuel Cost—Mills per KWH						
Steam—oil	39.29	46.61	(16)	43.15	43.66	(1)
Steam—gas	34.50	34.19	1	34.54	34.59	—
Nuclear	7.28	6.90	6	7.09	6.37	11
Gas turbine	84.11	82.76	2	74.20	73.64	1
Combined cycle	32.15	32.18	—	31.90	32.54	(2)
All fuels (weighted)	23.55	26.67	(12)	22.11	28.10	(21)
Net interchange and purchased power‡	28.21	32.77	(14)	30.34	30.43	—
All resources (weighted)‡	24.99	27.72	(10)	24.54	28.56	(14)
Net Energy for System Load—%						
Oil	19	28		14	31	
Natural gas	19	20		20	21	
Nuclear	31	35		36	28	
Net interchange and purchased power	31	17		30	20	

**Earnings include total AFUDC
*End of period
#Average
†Does not include Unbilled Revenues or Interchange Power Sales
‡Includes coal-fired power purchases, excluding unit power capacity charges

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Operating Results

In the following discussion of the factors which had significant effects on the results of operations for FPL Group, Inc. (Group) and its subsidiaries, all comparisons are with corresponding periods of the prior year and give effect to the corporate restructuring establishing Group as the holding company for Florida Power & Light Company (FPL) effective December 31, 1984 and the two-for-one stock split effective on the same date.

Earnings per share for the quarter, year to date and twelve months ended September 30, 1985 were $1.15, $2.71 and $3.29, respectively. The improvement in earnings per share for these respective periods primarily reflects the effect of FPL's retail rate increases implemented in July 1984 and January 1985. For the twelve months ended September 30, 1985 higher electric revenues increased operating revenues by approximately $286 million, primarily attributable to $217 million of retail base revenue increases and $195 million of oil-backout revenue increases which were partially offset by $76 million of retail fuel revenue decreases. Of the total increase in electric revenues, approximately $65 million was due to higher energy sales. Other increases to operating revenues, totalling approximately $71 million, primarily reflect interchange power sales being recorded as operating revenues instead of as a reduction to interchange expenses.

Fuel, interchange and purchased power increased $111 million for the twelve months ended September 30, 1985, due to the factors listed below. Interchange and purchased power increased $384 million for the twelve months ended September 30, 1985 primarily due to increased purchases of coal-fired power. Recoveries of previously deferred fuel costs during this same period resulted in an increase in fuel expenses of $88 million. Nuclear fuel expenses increased $42 million for the twelve months ended September 30, 1985 primarily as a result of increased consumption and price. These increases were partially offset by decreases in oil and natural gas expenses of $397 million and $6 million, respectively, primarily due to lower consumption and prices for both oil and gas.

Increases in other operations expenses for the twelve months ended September 30, 1985 include increases of $14 million in customer expenses, $10 million in non-fuel production expenses, $7 million in distribution expenses and $6 million in general and administrative expenses. The decrease in maintenance expenses for the twelve months ended September 30, 1985 is primarily due to a greater number of units being down for scheduled maintenance and repairs during the prior twelve-month period. The increase in depreciation expense during the same priod reflects higher Utility Plant in Service balances primarily resulting from the completion of the 500 kilovolt transmission line project.

The increase in other income and deductions for the twelve months ended September 30, 1985 of approximately $10 million reflects increased income resulting from increased temporary investments.

Corporate

In July 1985 Group formed a new subsidiary, FPL Energy Services Inc (ESI), to provide efficient energy systems for large commercial, institutional and industrial companies throughout Florida. The new business offers two types of services for large power users: development of cogeneration facilities (including design, financing and operation) and the design and installation of energy management and conservation systems for existing commercial and industrial facilities. ESI estimates that the majority of commercial and industrial enterprises in Florida could realize savings through retrofit energy management systems.

On September 25, 1985 Fuel Supply Service, Inc., a subsidiary of Group, changed its name to FPL QualTec, Inc. (QualTec) in order to better reflect a change in the nature of its operations from fuel related activities to consulting service activities. This subsidiary was established in 1973 to acquire oil and uranium resources and perform research and development on advanced fuel utilization technologies. In 1982 a Technical Services Division was established to provide consulting services and market proprietary software and training programs.

FPL Group Capital Inc (Group Capital), a new Group subsidiary, was incorporated in August 1985. On September 30, 1985 Group transferred to Group Capital the common stock of QualTec, Telesat Cablevision, Inc. and ESI. Group Capital will act as a funding conduit for these non-regulated businesses.

Regulation and Rates

On August 30, 1985 the Supreme Court of Florida unanimously affirmed the Florida Public Service Commission's (FPSC) order of July 24, 1984 as amended by a subsequent order dated December 28, 1984 which, in addition to granting FPL a 1984 rate increase of approximately $84 million, granted FPL a 1985 rate increase of approximately $120 million based on a 1985 projected test year. The Supreme Court denied the appeals by two intervenors who challenged the authority and jurisdiction of the FPSC to authorize a subsequent year adjustment in rates based on a 1985 test year.

In late August 1985 FPL received authorization from the FPSC to reduce its levelized fuel cost recovery factor by $2.96 for the six-month period beginning October 1, 1985. The fuel cost recovery factor has been decreased from $28.95 to $25.99 for a typical 1,000 kilowatt-hour (kwh) residential bill. The reduction primarily reflects FPL's reduced oil consumption and lower prices for oil and natural gas. The reduction in oil use is principally the result of increased purchases of coal-fired power. A small portion of the reduction in the fuel charge resulted from the transfer of some fuel-related expenses from the fuel and purchased power cost recovery clause to base rates. As a result, base rates have been increased by 16 cents per 1,000 kwh effective October 1, 1985. A 1,000 kwh residential bill will be $82.82 for the six-month period beginning October 1985, a 3% reduction compared to $85.29 for the 1,000 kwh bill during the previous six-month period.

In early October 1985 the FPSC voted on the remaining issue concerning the St. Lucie Unit No. 1 extended outage. The FPSC decided that FPL did not act imprudently in its decision not to pursue collecting insurance payments from Nuclear Electric Insurance Limited (NEIL) for the period of the outage extending beyond April 1, 1984 since coverage for that period was not available under the NEIL policy. As a result of this decision, FPL is not required to refund any of

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 1985	September 30, 1984
	Thousands of Dollars	
ASSETS		
ELECTRIC UTILITY PLANT:		
At original cost	$8,500,332	$7,962,268
Less accumulated depreciation	2,145,671	1,865,010
Net	6,354,660	6,097,258
Construction work in progress	408,854	434,427
Unamortized nuclear fuel	276,933	231,566
Electric utility plant	7,040,447	6,763,252
OTHER PROPERTY AND INVESTMENTS:		
Storm and property insurance reserve fund	31,758	27,133
Pollution control construction accounts held by trustee	114,161	139,528
Nuclear decommissioning reserve fund	41,168	28,117
Other	25,640	33,690
Total other property and investments	212,728	228,470
CURRENT ASSETS:		
Cash and temporary investments	267,059	133,269
Customer accounts receivable	416,711	366,005
Materials and supplies	153,659	138,797
Fossil fuel stock	75,192	110,790
Other	93,787	83,984
Total current assets	1,006,409	832,847
DEFERRED DEBITS:		
Deferred fuel expenses	12,345	103,305
Other	222,871	103,215
Total deferred debits	235,216	206,521
TOTAL	$8,494,802	$8,031,091
LIABILITIES		
CAPITALIZATION:		
Common Stock	$ 1,203	$ 1,172
Additional paid-in capital	1,415,041	1,345,076
Retained earnings	1,165,209	1,002,638
Total common equity	2,581,454	2,348,887
Preferred stock of Florida Power & Light Company:		
Without sinking fund requirements	311,250	311,250
With sinking fund requirements	195,150	200,700
Long-term debt	2,893,720	2,816,589
Total capitalization	5,981,574	5,677,427
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock	21,107	12,461
Notes payable	44	—
Pollution control bond anticipation note	—	87,000
Accounts payable—trade	100,518	97,126
Customers' deposits	155,975	135,342
Taxes accrued	209,302	158,725
Interest accrued	89,818	80,787
Pension cost accrued	27,184	34,869
Other	152,842	115,969
Total current liabilities	756,794	722,283
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,223,032	1,091,254
Unamortized investment credit	451,984	449,037
Other	38,262	35,365
Total deferred credits	1,713,278	1,575,656
OTHER NON-CURRENT LIABILITIES:		
Storm and property insurance	31,758	27,133
Liability to U.S. Department of Energy	—	18,824
Other	11,396	9,766
Total other non-current liabilities	43,154	55,724
COMMITMENTS AND CONTINGENCIES		
TOTAL	$8,494,802	$8,031,091

the replacement fuel costs associated with the NEIL insurance issue.

Commissioner Joseph P. Cresse has announced his resignation from the FPSC effective December 31, 1985, one year before his term expires. Commissioner Cresse has served on the FPSC since 1979. The FPSC's nominating council must, within 60 days of the effective date of this resignation, recommend to Florida's Governor Bob Graham the names of not fewer than three persons, one of whom will be appointed to serve the remainder of Cresse's term. FPSC Chairman John R. Marks, III and Commissioner Michael McK. Wilson, whose current terms expire in early January 1986, have both been reappointed by the governor to new four-year terms on the FPSC.

In May 1985 the Federal Energy Regulatory Commission (FERC) ruled on FPL's application, filed on March 20, 1985, requesting a rate increase of approximately $8 million in its transmission service rates, effective May 19, 1985. The rate increase was suspended until October 19, 1985, when it was implemented, subject to refund with interest, pending a final decision by the FERC or approval by the FERC of any final agreement negotiated with transmission service customers.

Nuclear Units

Through September 30, 1985 FPL's four nuclear units have been operating well, at a combined capacity factor of 82%. St. Lucie Unit No. 1 was taken off-line on October 20, 1985 for its scheduled refueling and maintenance. During the outage, the unit's core barrel and steam generators are being inspected. Turkey Point Unit No. 4 is scheduled for a maintenance and refueling outage during early 1986.

Construction Program

FPL's current estimate of construction expenditures for 1985 has decreased from $746 million to $716 million due primarily to changes in the estimated timing of payments associated with certain projects. Through September 1985 FPL incurred construction expenditures of approximately $457 million. The estimate for the 1985-87 construction program remains at approximately $2.3 billion.

As of September 30, 1985 expenditures of approximately $138 million, including Allowance for Funds Used During Construction (AFUDC), had been incurred to cover FPL's 20% share of Units Nos. 1 and 2 of the St. Johns River Power Park being jointly constructed in Jacksonville, Florida by FPL and the Jacksonville Electric Authority. Approximately $255 million, including AFUDC, is included in the 1985-87 construction program to cover FPL's share of the construction costs. The construction of the two 550 megawatt (net) coal-fired units is progressing on schedule with projected in-service dates of 1987 and 1988. The total cost of the project is presently estimated to be approximately $1.6 billion, excluding AFUDC.

Financing

In October 1985 FPL backed the issuance of $12,065,000 of Dade County Industrial Development Authority Pollution Control Revenue Bonds. The $12,065,000 bonds consist of $4,025,000 which mature on October 1, 1990, and bear interest at 7.75% per annum, and $8,040,000 which mature on October 1, 2020, and bear interest at 9.75% per annum. The proceeds from the sale of these bonds will be used by FPL to finance a portion of the cost of certain pollution control facilities which have been and are being acquired, constructed and installed at its Turkey Point Plant.

In addition to this financing, earlier this year FPL backed the issuance of approximately $74 million of pollution control revenue bonds the proceeds of which are being used to finance certain pollution facilities at both FPL's Turkey Point and St. Lucie Plants. FPL does not anticipate any additional financing for the remainder of this year.

During the first three quarters of 1985, Group sold approximately $50 million of Common Stock through the Dividend Reinvestment and Common Share Purchase Plan (DRP) and FPL's employee benefit plans. By the end of the year, Group expects to have sold an additional $10 million of Common Stock through the DRP and FPL's employee benefit plans, for a total of approximately $60 million for the year.

EXHIBIT 3

FLORIDA POWER & LIGHT COMPANY

Internal Cash Flow Excluding Retained Earnings

	Actual 12 Months Ended September 30, 1985 $ Millions	Projected 12 Months Ended September 30, 1986 $ Millions
Depreciation and Amortization	$377.0	$379.2
Deferred Income Taxes and Investment Tax Credits	$134.7	$166.5
Internal Cash Flow Excluding Retained Earnings Applied Toward Requirements	$511.7	$545.7
Average Quarterly Cash Flow Excluding Retained Earnings (1)	$127.9	$136.4
Percentage Ownership All Operating Nuclear Units:	Turkey Point No. 3	100%
	Turkey Point No. 4	100%
	St. Lucie No. 1	100%
	St. Lucie No. 2	85.10449% (2)
Maximum Total Contingent Liability	$40 Million	$40 Million

Certified by: R. R. Sears
Treasurer

(1) Cash flow per quarter is shown as an average. Under actual conditions, the amount available is greater in the third and fourth quarters.

(2) The Company sold 6.08951% of St. Lucie Unit No. 2 to the Orlando Utilities Commission in January 1981 and 8.806% to the Florida Municipal Power Agency in May 1983.