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SUBJECT: Forwards annual financial info,per 10CFR140.21.

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FPL

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DECEMBER 2 2 1989

L-89-466
10 CFR 50.71(b)
10 CFR 140.21

U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D. C. 20555

Gentlemen:

Re: Turkey Point Units 3 and 4
Docket Nos. 50-250 and 50-251
St. Lucie Units 1 and 2
Docket Nos. 50-335 and 50-389
Price Anderson Guarantees/Annual Financial Report

In accordance with 10 CFR 140.21, Florida Power & Light Company (FPL) submits the attached financial information.

FPL 1988 Form 10-K, the most recent annual financial report, is enclosed as Exhibit 1. The most recent quarterly financial report, Form 10-Q (September 1989), appears as Exhibit 2. Exhibit 3 gives the Company's internal cash flow excluding retained earnings for the twelve months ended September 30, 1989 and for the projected twelve months ending September 30, 1990. 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.

Exhibit 1 is also submitted to satisfy the annual financial reporting requirement of 10 CFR 50.71(b).

Should there be any questions on this information, please contact us.

Very truly yours,

J. K. Hays
for R. J. Acosta
Acting Vice President - Nuclear Energy

RJA/TCG/gp

Attachment

cc: Mr. Stewart D. Ebneter, Regional Administrator, Region II, USNRC (w/o att.)
Senior Resident Inspector, USNRC, Turkey Point Plant (w/o att.)
Senior Resident Inspector, USNRC, St. Lucie Plant (w/o att.)

M004
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, 1988 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)

Registrant's telephone number, including area code:
(305) 552-3552

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Preferred Stock, $100 Par Value
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 13, 1989 was zero.

As of March 13, 1989 there were issued and outstanding 1,000 shares of the registrant's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

None

9001080209

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, as amended
Dade County	Metropolitan Dade County
DOE	U. S. Department of Energy
Enercon	ENERCON Services, Inc.
EPA	U. S. Environmental Protection Agency
ESOP	Employee Stock Ownership Plan
ESI	ESI Energy, Inc.
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPL	Florida Power & Light Company
FPL Group	FPL Group, Inc.
FPSC	Florida Public Service Commission
Florida Power	Florida Power Corporation
Fuel adjustment clause	Fuel and Purchased Power Cost Recovery Clause
IBEW	International Brotherhood of Electrical Workers
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
mmcf	Million cubic feet
Mortgage	FPL's Mortgage and Deed of Trust dated as of January 1, 1944, as supplemented and amended
mw	Megawatt
NLRB	National Labor Relations Board
Note ______	Note______ to Consolidated Financial Statements
NRC	U. S. Nuclear Regulatory Commission
Oil-backout clause	Oil-Backout Cost Recovery Clause
Public Counsel	Florida's Public Counsel
PUHCA	Public Utility Holding Company Act of 1935
PURPA	Public Utility Regulatory Policy Act of 1978
ROE	Return on equity
SEC	U. S. Securities and Exchange Commission
SFCA	South Florida Cogeneration Associates
Sherman Act	Sherman Antitrust Act
SJRPP	St. Johns River Power Park
Southern Companies	Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Savannah Electric & Power Company (a party to the July 1988 contract only)
Tax Reform Act	Tax Reform Act of 1986
TEC	TEC Cogeneration, Inc.
Union Carbide	Union Carbide Corporation
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.

All of the shares of common stock of FPL are owned by FPL Group, a holding company which became FPL's corporate parent pursuant to a corporate restructuring effected on December 31, 1984. As a result of the restructuring, the common shareholders of FPL became instead the common shareholders of FPL Group. The corporate restructuring had no effect on FPL preferred stock and outstanding FPL debt securities. Substantially all of the preferred stock of FPL is held by non-affiliated persons.

FPL Group is an intrastate public utility holding company as defined in the PUHCA, but is exempt from substantially all of the provisions thereof. The PUHCA subjects nonexempt holding companies to extensive regulation and, as a general matter, prohibits investment in non-utility businesses (diversification). In recent years, however, numerous exempt public utility holding companies, including FPL Group, have diversified their operations by acquiring or developing non-utility businesses. The SEC has the power to revoke or modify FPL Group's exemption if it finds the exemption "detrimental to the public interest or the interest of investors or consumers."

In February 1989 the SEC released for comment proposed rules regarding diversification by exempt intrastate public utility holding companies. The proposed rules establish two safe harbors which specify the circumstances in which the SEC would not find diversification "detrimental to the public interest or the interest of investors or consumers." FPL Group does not fall within either one of the safe harbors as currently proposed. If the rules were adopted in present form, FPL Group would be required to apply for a formal exemptive order from the SEC or come within one of the safe harbors by either seeking passage of Florida legislation regulating diversification, or reducing its interest in non-utility businesses to less than 10% of consolidated assets. Alternatively FPL Group could restructure to avoid jurisdiction of the PUHCA. The proposed rules are intended to take effect three years after their adoption in final form. It is anticipated that FPL Group, along with other public utility holding companies, will seek the withdrawal or modification of the proposed rules.

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. FPL's service area, location of generating plants and principal transmission lines are shown on the map located elsewhere herein. The service area contains approximately 27,650 square miles with a population of approximately 5.8 million and its economy is broadly based on summer and winter tourism, manufacturing, construction and agriculture. In 1988 FPL served an average of approximately 3.0 million customers.

FPL holds franchises to provide electric service in various municipalities and seven counties in the State of Florida. These franchises have varying provisions and expiration dates. In general FPL considers its franchises to be adequate for the conduct of its business.

During 1988, 54% of FPL's operating revenues were derived from residential customers, 37% from commercial customers and 9% from other sources.

Regulation and Rates. FPL is subject to extensive regulation. Certain of FPL's regulators have the capability to significantly affect FPL's financial condition through the regulatory process, and compliance with regulation can materially increase FPL's expenditures. The ultimate impact on FPL of some existing legislation and regulation cannot be quantified or determined adequately since the proper interpretation of such existing legislation and regulatory decisions is frequently not

sufficiently determinable until clarified by regulations, technical corrections, decisions by courts or administrative bodies, or direct discussion between FPL and its regulators. In addition the impact of proposed legislation, proposed regulations or proposed actions by regulatory and administrative bodies is generally not accurately terminable before the terms and provisions of such proposed actions are final. See "Environmental Matters."

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.

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. However the Florida statute which grants the FPSC authority to regulate expires on October 1, 1989, thereby necessitating action by the Florida State legislature to re-establish such authority. This could result in significant alteration of existing legislation.

In January 1987 the FPSC opened a generic docket to study how authorized ROE for all utilities under the FPSC's jurisdiction could be periodically adjusted; the effect of changing the ROE for interim proceedings, AFUDC and surveillance of earnings; and whether such action would be beneficial to ratepayers. The matter is pending.

In June 1987 Public Counsel filed a petition to amend the FPSC's rule related to the effect of corporate income tax rate changes on revenues (Tax Savings Rule). Public Counsel requested that the definition of the term midpoint be changed to be the midpoint of the most recently authorized ROE approved for the utility by the FPSC, whether in a rate case or some other proceeding, and to use the utility's actual capital structure and debt rate during the year for which the tax savings or deficiency is being calculated. Although the FPSC has not ruled on this petition, the 1987 and 1988 refunds were calculated using FPL's actual capital structure, debt rate in 1987 and 1988, respectively, and the most recently authorized regulatory ROE of 13.60%. FPL intends to follow the same calculation procedure for any 1989 revenue refund, pending any ruling by the FPSC.

For a discussion of FPL's Fuel adjustment clause, Oil-backout clause and energy conservation cost recovery clause, see "Note 1—Revenues and Rates and Note 5." For a discussion of pending rate matters, see "Note 5."

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, interchange and transmission services, wholesale sales to certain rural electric cooperatives and municipalities, wholesale purchases from investor-owned electric utilities and interstate wheeling, but not with respect to the issuance of securities.

Nuclear Regulatory Commission. FPL is subject to the jurisdiction of the NRC with respect to the operation of its four nuclear generating units. See "Item 2. Properties—Nuclear Units."

The NRC actively monitors plant operations and, in the event of a violation of NRC rules, regulations or procedures, has the authority, depending upon the severity of the situation, to impose fines or to shut down a unit, or both, until compliance is achieved. In addition the FPSC has jurisdiction to review the facts and circumstances surrounding an outage and to determine the recoverability of replacement power costs from ratepayers and continued inclusion of plant assets in rate base.

In 1986 and 1987 the NRC issued a total of seven Notices of Violation concerning operating and other plant procedures at FPL's Turkey Point nuclear units. These violations resulted in a total assessment of $850,000 in civil penalties. In February 1988 the NRC issued a Notice of Violation assessing a $150,000 civil penalty with respect to violations of security regulations at Turkey Point which had occurred in 1987. In February 1989 the NRC issued a Notice of Violation and assessed a $100,000 civil penalty for a security violation which occurred at Turkey Point in September 1988. The violation involved failure to control access to a plant security area. The base penalty of $50,000 was doubled by the NRC due to continued poor performance in the area of security. Furthermore, the NRC has stated that if additional significant security violations occur, it intends to consider action in addition to civil penalties. FPL has taken interim action to improve security operations and has underway a several-year project to replace and upgrade the security system.

In light of the history of problems at Turkey Point, in late 1987 the NRC augmented its regulatory surveillance of the Turkey Point nuclear units, and FPL submitted to the NRC programs to improve performance at Turkey Point. In October 1987 the NRC issued an Order confirming two programs initiated by FPL.

One of these programs involved an independent management appraisal of FPL's organizational structure, management controls, personnel performances, operating practices and other matters, both at the Turkey Point facility and at FPL's corporate offices. In accordance with this program, in April 1988 FPL filed with the NRC a report prepared by Enercon documenting the findings and recommendations of its appraisal. The NRC reviewed the Enercon study and developed additional recommendations. These evaluations identified no issues immediately affecting safe plant operations, but pinpointed the need for significant enhancement of nuclear management to provide better oversight of operations, to infuse additional experience in key positions and to clarify corporate and site management roles and objectives.

In August 1988 FPL filed with the NRC a detailed plan outlining actions it intended to take to enhance performance at the Turkey Point nuclear units. The action plan focused on personnel and organizational improvements including changes which have been made in eight key management positions. In addition FPL stated its intention to reduce maintenance backlogs, increase preventive maintenance, separate its nuclear and fossil engineering staff, increase emphasis on training, strengthen supervision of contract security and substantially reduce overtime. All activities described in FPL's action plan have been completed or are currently underway. In acknowledging receipt of FPL's action plan, the NRC stated that this completed the portion of the 1987 Order pertaining to an independent management appraisal.

Although some of the actions described in FPL's action plan will lead to decreased availability of the Turkey Point nuclear units over the next several years due to increases in planned outage time, they are expected to improve the long-term reliability of the plant and reduce unplanned outages. The increase in planned outage time is not expected to adversely affect FPL's ability to serve the power needs of its customers. The cost of implementing FPL's action plan is not expected to be material.

The second program confirmed by the October 1987 Order involved a continuous on-shift management oversight program. In January 1989 the NRC notified FPL that this program could be terminated. With completion of this portion of the Order the NRC considers that all requirements of the Order have been completed.

In late 1988 a terminated FPL employee filed a petition with the NRC requesting that action be taken to preclude the restart of the Turkey Point units from outages then in progress. In early 1989 supplements to the petition were filed requesting immediate suspension and revocation of the operating licenses of Turkey Point Units Nos. 3 and 4, and issuance of a Notice of Violation and civil

penalty. The NRC noted that a preliminary review of the reported concerns did not indicate any necessity to keep the units shut down. The NRC stated that the petition did not indicate any new information which was not already being addressed by FPL and the NRC staff or of which the NRC was not already aware. Unit No. 3 returned to service in February 1989. In response to an NRC request FPL submitted information regarding the petitions in March 1989. An additional petition subsequently filed by the petitioner reiterates certain requests.

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. Potential changes to environmental requirements and permits might at times prevent full capacity operation of FPL's generating units, might delay construction of facilities and might cause FPL to make capital investments or incur increased operating costs. Protection of endangered or threatened species in FPL's service territory may also affect FPL from time to time.

FPL endeavors to comply with all applicable regulatory requirements; however, because of the large number of facilities operated by FPL, and the increasing number of regulatory requirements imposed, it has from time to time found itself not in compliance with respect to certain matters. The applicable regulatory agencies have the authority to seek to impose fines on FPL or to shut down a generating unit, or both, until compliance is achieved, depending upon the severity of the situation. FPL has in the past, and intends in the future, to pursue relief from any requirements with which it cannot comply, or which it considers to be unreasonable or invalid.

FPL's capital expenditures include amounts expended as a result of environmental considerations. The construction program for 1988 included approximately $20 million to meet environmental requirements. For 1989, 1990 and 1991 construction expenditures required to meet environmental standards are not expected to be material. See "Item 2. Properties—Construction Program."

Toxic Substances and Hazardous Waste. Pursuant to authority granted by the Federal Superfund Statute, the EPA has named FPL as a party potentially responsible for the contamination of properties owned by the Peak Oil Company and the Missouri Electric Works, Inc. In each instance FPL is one of several hundred potentially responsible parties. Although FPL expects to pay a portion of the cleanup costs of each property, it does not expect its share of the costs to be material.

Air. From time to time two of FPL's fossil-fired generating units are unable to meet the visible emissions limitations of certain local authorities. It is anticipated that this issue will be resolved through ongoing discussions with the local authorities. In the event that this issue cannot be resolved, FPL may have to make changes in operating practices, unit design, fuel usage or a combination of those items for these units. Certain of these changes, if implemented, could result in material costs to FPL. However, FPL is unable to predict the likelihood of implementing such material changes.

Land. In January 1989 the Florida Environmental Regulation Commission adopted an electric and magnetic fields rule applicable to all new transmission lines, distribution lines and substations. Electric and magnetic field standards apply to new transmission lines and new substations associated with those transmission lines. It is anticipated that the rule will become effective in March 1989. It is not anticipated that the rule will cause FPL to make significant changes in the way it constructs and operates transmission and distribution lines and substations or incur new significant costs as a result of the rule.

The Florida Power Plant Siting Act and the Florida Transmission Line Siting Act require comprehensive review of planned generating capacity and transmission lines, respectively. These acts involve mandatory hearings and proceedings which ultimately lead to specific permit conditions concerning construction and operation. Because of the complexity of the siting process and related opportunities for extensive participation by third parties, FPL cannot predict with certainty the extent to which any particular new power plant or transmission line project might be delayed as a

result of these processes. In addition the siting process could result in increased costs to FPL if proposed plant sites or transmission line routes had to be altered.

Fuel and Purchased Power. Fuels for FPL's generating plants are residual and distillate oil, natural gas, coal and nuclear fuel. The diverse fuel options, along with purchased power, enable FPL to shift between sources of generation to achieve the most economical fuel mix. Fuel-related costs vary depending on fuel prices, the availability for operation of various generating units and the proportion of generation by various fuels, purchased power and interchange.

A substantial portion of FPL's oil requirements in 1989 will be obtained from existing contracts with various fuel suppliers which will expire in December 1989 and 1990. FPL anticipates that any additional oil required to meet generation needs can be obtained through additional contracts or on the open market.

During 1988 FPL received an average of 39 mmcf of firm natural gas per day under a contract with Amoco. This contract expired in early March 1989. Currently FPL obtains most of its gas supply under an interruptible service contract with FGT, the sole interstate pipeline operator in Florida. This contract has been extended to mid-2003 and provides for pricing the interruptible natural gas supply to remain competitive with residual fuel oil.

In 1987 FPL entered into a 15-year take-or-pay contract with FGT for firm transportation of 430 mmcf of gas per day from May through September and 280 mmcf of gas per day from October through April. At the same time FPL entered into a complementary 15-year take-or-pay contract with Citrus Trading Corp., an affiliate of FGT, for the firm supply of these quantities of gas. The combined price of supply and transportation is to vary to remain competitive with the equivalent cost of residual oil. Implementation of the contracts is contingent upon the approval by the FERC of the FGT contract and expansion by FGT of its pipeline facilities.

As an interim measure until the 15-year agreements become effective, FPL, FGT and Citrus Trading Corp. entered into complementary agreements in 1988 for the firm transportation and supply of 200 mmcf of gas per day. These contracts are contingent on approval by the FERC. Certain third parties have intervened with the FERC and the matter is pending.

As a result of delays by the FERC in approving the FPL-FGT contracts, FGT has made filings with the FERC which are intended to convert the FGT pipeline from a traditional merchant pipeline to an "open-access" pipeline. While this will require amendment of the pending contracts to reflect FGT's changed status, FPL anticipates that the amended contracts will retain the substance of the agreements described above and anticipates obtaining sufficient natural gas supply and transportation to meet its fuel needs.

FPL has an agreement with JEA for the joint ownership and operation of two coal-fired units and a coal terminal at SJRPP located in northeast Florida. In 1986 JEA entered into three long-term contracts with various coal suppliers which provided approximately 80% in 1988 and are expected to provide approximately 70% in 1989 of the expected coal requirements for the two coal-fired units at SJRPP. See "Item 2. Properties—Construction Program." FPL and JEA, acting jointly, have the option of varying the amount of coal provided under these contracts within certain limits. The remaining coal requirements, if any, of these units would be obtained under additional contracts or on the open market.

FPL has a long-term uranium enrichment contract with the DOE for about 70% of the requirements for its four nuclear units to the year 1994. From time to time FPL may enter into other contracts to cover the balance of its needs for enrichment services. It also has various contracts covering the bulk of its uranium, nuclear fuel conversion services and nuclear fuel fabrication needs through 1992.

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. Although the DOE estimates that its storage facilities will be completed by the year 2003, there is considerable doubt within the utility industry that this schedule will be met. Currently FPL is storing spent fuel on site and plans to provide adequate storage capacity for all of its nuclear units up to and beyond the year 2003, pending removal of the spent fuel by the DOE. In 1988 license amendments issued by the NRC to allow for expansion of spent fuel capacity on site for Turkey Point Units Nos. 3 and 4 became final. The NRC also has issued license amendments to allow expansion of spent fuel capacity on site for St. Lucie Units Nos. 1 and 2. Expansion of the spent fuel capacity at all four units has been completed. Pursuant to intervention by a third party, hearings were held in January 1989 regarding the license amendment for St. Lucie Unit No. 1. Although the matter is pending, the license amendment remains in effect subject to the outcome of the proceedings.

FPL has a contract with the Southern Companies under which FPL has made, and in the future will be able to make, subject to the occurrence of certain contingencies, purchases of up to approximately 2,000 mw of coal-fired unit power in each of the years 1983 through 1992, with declining amounts thereafter through mid-1995. In July 1988 FPL executed another contract with the Southern Companies under which FPL will be able to purchase up to an additional 900 mw of coal-fired power beginning as early as 1993 and for each year thereafter through mid-2010. Under these contracts FPL is, under certain circumstances, required to purchase minimum amounts of energy which could be more expensive than equivalent energy from alternative sources at the time. For information on the provisions of these contracts, see "Note 6—Purchased Power Contracts."

FPL has a contract with JEA under which it purchases 374 mw of energy from the two coal-fired units at the SJRPP plant in northeast Florida, in addition to its 20% joint ownership interest. See "Item 2. Properties—Construction Program" and "Note 6—Purchased Power Contracts."

FPL has various firm contracts to purchase power from cogeneration facilities totaling approximately 500 mw which are scheduled to begin on various dates from 1989 through 1993. The contracts have expiration dates ranging from 2009 through 2024.

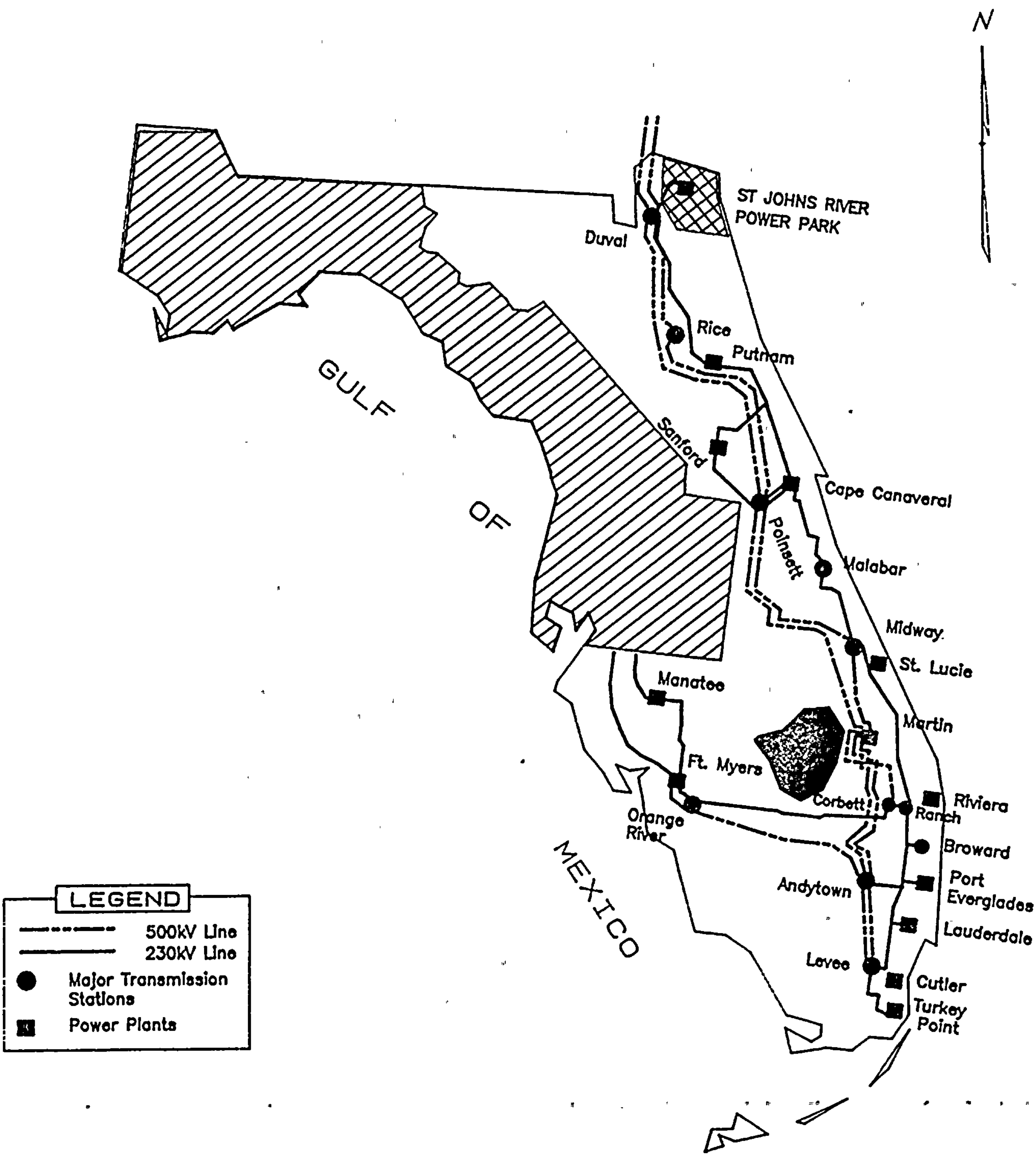
Competition. FPL is subject to competition from a number of sources. Competition exists particularly with respect to industrial and commercial retail customers, a small number of whom have concluded that they can generate their own electricity with cogeneration facilities for less than it would cost to purchase it from FPL. It is anticipated that competition will increase due to alternative sources of energy, potential changes in regulation and other factors. To date, loss of customers to alternative sources of energy has not had a materially adverse impact on FPL's load, revenues or net income.

PURPA fostered the entry of non-utility companies into the electric generation business and largely exempted these entities from regulation. PURPA allows non-utility companies to construct "qualifying facilities" (including cogeneration and small power production facilities) for the production of electricity and to require utilities, such as FPL, to purchase such power at prices reflecting the utility's avoided cost as set by state regulatory bodies. Both qualifying facilities and other forms of cogeneration may enable FPL to avoid or defer the construction of additional generating capacity. In 1988 FPL purchased 219,853 mw hours, or 0.3% of its net energy available for load, from qualifying facilities.

FPL is presently a defendant in two antitrust suits. In each suit the complaint includes an alleged inability to utilize FPL's transmission facilities to wheel power to facilities and displace the existing retail electric service from FPL. For further information on these suits, see "Item 3. Legal Proceedings—Other Legal Proceedings."

FPL is taking steps to improve its capability to operate in a more competitive environment, including seeking greater flexibility in the rates it charges to industrial and commercial customers.

Employee Relations. FPL had approximately 15,000 employees at December 31, 1988. FPL is currently negotiating with members of the IBEW for a new collective bargaining agreement. The NLRB has been asked by the IBEW to order that certain non-bargaining job classifications be included as part of the new collective bargaining agreement. These non-bargaining job classifications represent approximately 4% of FPL employees. The IBEW represents approximately 36% of FPL employees.



GENERATING PLANTS AND
TRANSMISSION SYSTEM
OF
FLORIDA POWER & LIGHT CO.

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. The electric generating, transmission, distribution and general facilities represent approximately 51%, 14%, 31% and 4%, respectively, of FPL's gross investment in electric plant and equipment in service.

Generating Facilities. As of December 31, 1988 FPL had the following generating facilities:

Facility	Location	No. of Units	Fuel	Net Warm Weather Capability (mw)	Percentage of FPL's 1988 Output by Plant
STEAM TURBINES (continuous capability)					
Cape Canaveral	Cocoa	2	Oil/Gas	734	6.8
Cutler	Miami	2	Oil/Gas	197	.1
Fort Myers	Fort Myers	2	Oil	504	4.9
Lauderdale	Dania	2	Oil/Gas	274	.8
Manatee	Parrish	2	Oil	1,566	9.6
Martin	Indiantown	2	Oil/Gas	1,566	8.1
Port Everglades	Port Everglades	4	Oil/Gas	1,142	10.5
Riviera	Riviera Beach	2	Oil/Gas	544	4.3
St. Johns River Power Park	Jacksonville	2	Coal	250*	2.9
St. Lucie	Hutchinson Island	2	Nuclear	1,553**	25.7
Sanford	Lake Monroe	3	Oil/Gas	861	1.4
Turkey Point	Florida City	2	Oil/Gas	734	6.5
		2	Nuclear	1,332	13.9
COMBINED CYCLE (continuous capability)					
Putnam	Palatka	2	Oil/Gas	448	4.4
GAS TURBINES (peak capability)					
Fort Myers	Fort Myers	12	Oil	618	NIL
Lauderdale	Dania	24	Oil/Gas	852	.1
Port Everglades	Port Everglades	12	Oil/Gas	426	NIL
DIESEL UNITS (peak capability)					
Port Everglades	Port Everglades	5	Oil	14	NIL
Turkey Point	Florida City	5	Oil	14	NIL
			TOTAL	13,629***	100.0

[Notes are on next page]

* Represents FPL's 20% ownership of SJRPP Units Nos. 1 and 2, located in Jacksonville, Florida. The two 624 mw units are jointly owned by FPL and JEA.

** This rating excludes Orlando Utilities Commission's and Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2.

*** Excludes Riviera Unit No. 2 (69 mw) which was placed on long-term reserve shutdown status in 1985.

In addition to the installed capability shown above, other resources were available in 1988, consisting of 2,048 mw of coal-fired unit power through a purchased power contract with the Southern Companies and 374 mw of purchased power from SJRPP Units Nos. 1 and 2 through a purchased power agreement with JEA. For information on purchased power contracts and the SJRPP project see "Construction Program," "Item 1. Business—Fuel and Purchased Power" and "Note 6—Purchased Power Contracts."

On February 25, 1989 FPL reached its highest 60-minute net peak demand to date of approximately 12,897 mw during a period of cold weather. The highest summer peak to date of 12,394 mw was reached on August 7, 1987. FPL's plans for meeting future capacity needs include a combination of the construction of new generating plants, repowering of existing plants, purchased power and cogeneration, as well as load management and conservation. Based on its current load projections and construction plans, FPL's total capability, including unit power purchases, is projected to be adequate to meet peak load for the next several years. See also "Construction Program."

Nuclear Units. FPL has two nuclear units at its Turkey Point Plant and two nuclear units at its St. Lucie Plant. The ownership and operation of nuclear generating units exposes FPL to special financial risks due to the extensive regulation which provides for safe design, construction, operation and eventual decommissioning of nuclear units. See also "Item 1. Regulation and Rates—Nuclear Regulatory Commission."

During inspections of the steam generators at St. Lucie Unit No. 1 in 1981 and subsequent years, indications of degradation were detected in a small percentage of the pressurized water circulation tubes and certain of these tubes were plugged. During a scheduled maintenance and refueling outage in 1988, a small number of additional pressurized water circulation tubes in the unit's steam generators showing indications of degradation were plugged. Laboratory examination of tubing removed from the steam generators indicated that the tube degradation was attributable to corrosion which resulted from certain materials used in the construction of the plant and general operating conditions. To date slightly more than 6% of the tubes in the unit's steam generators have been plugged. Analyses by FPL indicate that under the unit's NRC license, FPL can operate the unit with up to approximately 15% of the tubes plugged and that the unit's thermal output would not be reduced at such level. FPL is implementing remedial measures to reduce the need for tube plugging and will continue to evaluate the results of such measures and the need for additional remedial actions. The next steam generator inspection will take place during the unit's next refueling outage, in early 1990.

During outages at St. Lucie Unit No. 2 in 1985 and subsequent years, a small number of the pressurized water circulation tubes in the unit's steam generators were plugged. During a scheduled refueling and maintenance outage in early 1989, a small number of additional pressurized water circulation tubes in the unit's steam generators were plugged. To date slightly more than 2% of the tubes in the unit's steam generators have been plugged. The most recent analyses by FPL indicate that under the NRC license, FPL can operate the unit with up to approximately 10% of the tubes plugged and that the unit's thermal output would not be reduced at such level. The plugging of the tubes has been required primarily as a result of tube degradation caused by certain tube support strips wearing against the tubes. Based on analyses conducted by the designer/manufacturer, it is expected

that the support-strip problem is self-limiting and that no more than an additional 3% of the tubes will require plugging as a result of such problem.

In May 1988 all nuclear utilities, including FPL, were notified by the NRC that substandard parts had been supplied to the nuclear industry. FPL completed its investigation for substandard parts in each of its nuclear units. Although some parts were found in each of its nuclear units which were below the certified standards, none of these parts was found in safety systems and none was below the acceptable levels for their applications. If FPL were to undertake replacement of all defective parts, the costs would not be expected to be material. The NRC is currently evaluating industry data concerning this situation to determine whether further action is appropriate.

In 1988 FPL incurred capital expenditures of approximately $38 million on its four nuclear units to implement technical changes due to regulatory requirements occurring since the units were designed (retrofit). Based on existing NRC regulations FPL anticipates that it will incur approximately $131 million of additional retrofit capital expenditures over the three-year period 1989-91. These projected expenditures are included in FPL's construction program.

Although the NRC issued license amendments to Turkey Point Units Nos. 3 and 4 in 1987 which help coordinate and schedule all necessary work at Turkey Point, 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 from time to time to implement such requirements. Any expenditures which may be required in order to comply with such evolving regulations cannot presently be determined and therefore are not included in FPL's 1989-91 construction program. For information regarding FPL's total projected construction expenditures, see "Construction Program."

Transmission and Distribution. Electric transmission and distribution lines owned and in service as of December 31, 1988 are as follows:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cable Miles
500 kv	985*	-
230 kv	2,047	31
138 kv	1,330	45
115 kv	625	-
69 kv	230	17
Less than 69 kv	35,964	13,619
Total Miles	41,181	13,712

*Includes approximately 80 miles owned jointly with JEA.

FPL owns and operates 399 substations with a total capacity of 90,966,400 kva.

Character of Ownership. Substantially all of FPL's properties are subject to the lien of its Mortgage which secures debt securities issued by FPL. Certain pollution control equipment is also subject to security interests under Installment Purchase and Security Contracts. Except for certain property owned by a 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. 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.

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 $668 million during 1988. FPL estimates that such expenditures under its 1989-91 construction program will approximate $2.7 billion. It is estimated that FPL's construction expenditures for 1989 will approximate $740 million in the following categories: $241 million for generating facilities and nuclear fuel, $379 million for transmission and distribution and $120 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. See "Item 1. Business—Environmental Matters" and "Note 6—Construction Program."

SJRPP Units Nos. 1 and 2 were placed in commercial operation in late March 1987 and late May 1988, respectively. Major construction on the project was completed when the coal terminal was placed into commercial operation in January 1989. At year-end 1988 expenditures of $324 million, including AFUDC, had been incurred since the beginning of the project to cover FPL's 20% share of the construction costs. FPL's share of the projected aggregate cost for Units Nos. 1 and 2 is $78 million below the original budget. Approximately $18 million (including AFUDC) is included in the 1989-91 construction program to cover the remainder of FPL's 20% share of the project.

Item 3. Legal Proceedings.

Turkey Point Steam Generator Suit. The steam generators at Turkey Point Units Nos. 3 and 4 were replaced and the units returned to service during 1982 and 1983, respectively. In May 1978 FPL filed suit in the U. S. District Court for the Southern District of Florida for damages against Westinghouse, the steam generator supplier. The court entered summary judgment in favor of Westinghouse on FPL's claims for breach of implied warranties, replacement power costs and negligence, and the negligence claim ruling has been affirmed on appeal. FPL's remaining claims for breach of express warranties seek recovery of the costs of replacing the steam generators. A Westinghouse motion for summary judgment on these claims is pending. Total replacement costs for both units, including removal costs, are approximately $165 million. In November 1986 the FPSC authorized FPL to place the steam generator replacement costs, including AFUDC accrued through December 31, 1986, in rate base effective January 1, 1987. See "Note 5."

Other Legal Proceedings. In October 1988 Union Carbide filed suit against FPL and Florida Power in the U. S. District Court for the Middle District of Florida. In August 1988 Union Carbide requested that Florida Power sell power to a Union Carbide facility which is within FPL's service territory, and that FPL transport the power to the plant. FPL replied that it could not accede to the request because it was inconsistent with Florida law and public policy. The suit alleges that through a territorial agreement, FPL and Florida Power have conspired to eliminate competition for the sale of electric power to retail customers, thereby unreasonably restraining trade and commerce in violation of federal antitrust laws as contained in Section 1 of the Sherman Act. The suit seeks to prevent the utilities from continuing such alleged violation of antitrust laws, and to require Florida Power to sell power, and FPL to wheel power, to the Union Carbide plant. The suit also seeks an award of three times Union Carbide's alleged damages in an unspecified amount based on alleged higher prices paid for electricity and product sales lost by Union Carbide.

In February 1989 the FPSC granted FPL's request for a declaratory statement that FPL's denial of Union Carbide's request was proper and that acceding to such a request would involve FPL and Florida Power in the provision of electric service in a manner inconsistent with the laws and public policy of the State of Florida.

FPL and Florida Power have filed a motion with the court for summary judgment which is pending.

In November 1988 TEC, its affiliate Thermo Electron Corporation, RRD Corp. and its affiliate Rolls Royce Inc. filed suit in the U. S. District Court for the Southern District of Florida against FPL, its holding company FPL Group, its affiliate ESI and four FPL executives. TEC and RRD Corp. are partners in SFCA, a joint venture which since 1986 has operated a cogeneration facility for Dade County within FPL's service territory in Miami, Florida. The suit asserts that the defendants have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators within FPL's service territory, and from SFCA's Dade County facility in particular. It alleges that the defendants' actions constitute monopolization and attempts to monopolize in violation of Section 2 of the Sherman Act; conspiracy in restraint of trade in violation of Section 1 of the Sherman Act; unlawful discrimination in prices, services or facilities in violation of Section 2 of the Clayton Act; and intentional interference with SFCA's contractual relationship with Dade County in violation of Florida law. The suit seeks an award in an unspecified amount under the Sherman and Clayton Acts of three times plaintiffs' damages sustained as a result of defendants' alleged conduct, compensatory and punitive damages under Florida law and injunctive relief.

With respect to the Union Carbide and TEC suits, FPL believes its actions are lawful and intends to vigorously defend both suits.

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

None

PART II

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

All of FPL's common stock is owned by FPL Group. For information regarding dividends paid to FPL Group, see "Item 7. Management's Discussion—Liquidity and Capital Resources" and "Note 3."

Item 6. Selected Financial Data.

	Years Ended December 31,				
	1988	1987	1986	1985	1984
SELECTED FINANCIAL DATA (In Thousands):					
Operating revenues	$4,627,278	$4,349,722	$4,087,203	$4,337,518	$3,939,929
Net income available to FPL Group	$390,102	$377,898	$383,456	$367,932	$305,085
Total assets	$8,983,136	$8,943,386	$8,566,067	$8,193,532	$8,098,072
Long-term debt, excluding current maturities	$2,756,537	$2,785,952	$2,833,258	$2,890,659	$2,960,538
Preferred stock with sinking fund requirements, excluding current maturities	$180,050	$194,350	$187,490	$195,150	$200,700
SELECTED OPERATING STATISTICS:					
Energy Generated and Interchanged (Thousands of kwh):					
Generated—net station output	48,885,213	40,397,609	46,043,044	37,524,573	42,241,488
Interchanges—in and purchased power	24,597,199	30,734,082	22,905,124	30,631,147	20,065,607
Total input	73,482,412	71,131,691	68,948,168	68,155,720	62,307,095
Interchanges—out	8,766,527	9,516,075	10,682,176	12,157,934	9,158,282
Lost—unaccounted for, used, etc.	4,823,849	5,024,089	3,990,458	4,563,363	3,797,576
Energy sold	59,892,036	56,591,527	54,275,534	51,434,423	49,351,237
Energy Sales (Thousands of kwh)(1)					
Residential	30,083,049	28,330,175	27,188,089	25,573,371	23,636,346
Commercial	23,911,681	22,371,689	21,077,615	19,734,050	18,396,769
Industrial	4,131,648	3,962,222	3,999,496	3,885,465	3,706,941
Other sales to public authorities	1,036,461	983,172	970,070	937,640	871,878
Total retail	59,162,839	55,647,258	53,235,270	50,130,526	46,611,934
Other electric utilities	729,197	944,269	1,040,264	1,303,897	2,739,303
Total energy sales	59,892,036	56,591,527	54,275,534	51,434,423	49,351,237
Number of Customers (Average for Period):					
Residential	2,618,097	2,519,694	2,419,770	2,329,678	2,246,834
Commercial	314,364	299,634	283,543	268,783	256,304
Industrial	17,924	17,826	17,373	16,431	14,892
Other sales to public authorities	3,282	3,046	2,858	2,652	2,470
Total retail	2,953,667	2,840,200	2,723,544	2,617,544	2,520,500
Other electric utilities	14	14	19	25	37
Total customers	2,953,681	2,840,214	2,723,563	2,617,569	2,520,537
Residential Services:					
Average annual energy sales per customer (kwh)	11,490	11,243	11,236	10,977	10,520
Average annual revenue from energy sales per customer	$956.41	$913.19	$911.17	$979.95	$904.96
Revenue from energy sales per kwh (cents)	8.32	8.12	8.11	8.93	8.60
Approximate 60-minute net peak demand—mw (2)	12,382	12,394	12,139	12,533	10,270

(1) Excludes interchange power sales which are reported as a reduction of Energy Generated and Interchanged, under Interchanges—out.
(2) The highest 60-minute net peak demand to date of 12,897 mw was reached on February 25, 1989.

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

Results of Operations

The increase in net income in 1988 is primarily the result of higher energy sales and lower income tax expense which was partially offset by higher operating and maintenance expenses. In 1988 FPL established a $38 million provision for the refund of revenues to customers in accordance with the FPSC's rule related to the effect of corporate income tax rate changes on revenues (Tax Savings Rule). This provision reduced FPL's net income for 1988 by approximately $24 million.

The decline in 1987 net income was primarily the result of lower AFUDC and higher depreciation expense, partially offset by higher energy sales and lower income tax expense. In 1987 FPL also established a Tax Savings Rule provision of approximately $52 million, which reduced net income by $29 million.

Operating Revenues

Operating revenues for the past three years are as follows:

	Years Ended December 31, 1988	1987	1986	1988 vs 1987 Increase (Decrease)	1987 vs 1986 Increase (Decrease)
	Millions of Dollars				
Retail base	$2,575	$2,446	$2,314	$129	$132
Provision for revenue refund	(38)	(52)	-	14	(52)
Other	370	334	331	36	3
Total before fuel and oil-backout revenues	2,907	2,728	2,645	179	83
Fuel	1,313	1,205	1,100	108	105
Oil-backout	407	417	342	(10)	75
Total	$4,627	$4,350	$4,087	$277	$263

The increases in retail base revenues are primarily the result of higher energy sales. Energy sales increased 5.8% in 1988 as a result of a 4.0% increase in the average number of customers and a 1.8% increase in energy usage per customer. Energy sales increased 4.3% for 1987 as a result of a 4.3% increase in the average number of customers; there was no appreciable change in energy usage per customer.

The provisions for revenue refund represent revenues required to be refunded in accordance with the Tax Savings Rule. In January 1989 the FPSC issued a final order on the 1987 provision, approving a revenue refund of approximately $53 million which was refunded to customers in May 1988. In January 1989 the FPSC approved this refund without adjustment, except for the interest calculation. Total interest expense of approximately $3 million has been recorded on the 1987 refund. The 1988 provision for refund is based on certain preliminary estimates and assumptions which are expected to be finalized in 1989 and is subject to FPSC approval. The manner in which both the 1988 refund and additional interest on the 1987 refund will be made has not yet been established. See "Note 5."

The 1988 increase in fuel revenues is primarily the result of higher energy sales. The 1987 increase in fuel and oil-backout revenues both reflect higher cost recovery clause factors and higher energy sales. The cost recovery clause factors are adjusted every six months to reflect anticipated changes in fuel expense or costs and savings resulting from projects which displace oil-fired generation. See "Note 1—Revenues and Rates" and "Note 5."

Operating Expenses

Fuel, Purchased Power and Interchange

As oil and natural gas prices fluctuated during the past few years, FPL benefited from its ability to shift between different sources of generation to achieve the most economical fuel mix. Fuel-related costs for the past three years are as follows:

	Years Ended December 31, 1988	1987	1986	1988 vs 1987 Increase (Decrease)	1987 vs 1986 Increase (Decrease)
	Millions of Dollars				
Fuel expense	$ 868	$ 850	$ 760	$ 18	$ 90
Purchased power	642	745	548	(103)	197
Interchange	67	94	118	(27)	(24)
Deferred fuel costs ..	115	(115)	-	230	(115)
Total	$1,692	$1,574	$1,426	$ 118	$ 148

Fuel expense in 1988 reflects a substantial portion of an $81.4 million permanent disposal fee for certain spent nuclear fuel. This charge resulted from the settlement of litigation and had no effect on operating income. Fuel expense in 1988 also reflects lower oil and natural gas prices, which enabled FPL to increase oil consumption. In 1987 higher oil and natural gas prices led to an increase in fuel expense over 1986, despite lower oil consumption.

During 1988 FPL increased oil consumption and reduced purchased power from the Southern Companies and interchange. The reverse occurred in 1987 as FPL shifted to more economical purchased power when oil prices rose. Purchased power also reflects increased purchases from and capacity charges on SJRPP Units Nos. 1 and 2, which were placed in commercial operation in March 1987 and May 1988, respectively. Energy purchases from the SJRPP units are more economical than either oil or purchases from the Southern Companies. See "Note 6—Purchased Power Contracts." Also reflected in the change in fuel, purchased power and interchange expense were sales growth and the availability of the nuclear units. During 1987 production from the nuclear units declined approximately 23% from 1986 activity as a result of maintenance and refueling outages, requiring the use of higher priced generation. However in 1988 production from the nuclear units increased approximately 35% from the 1987 level of output.

The Fuel adjustment clause factors are projected every six months. An over (under) recovery may subsequently occur if, among other factors, actual fuel-related costs were lower (higher) than had been projected. See "Note 1—Revenues and Rates." The deferred fuel costs for 1988 represent the recovery of costs deferred in 1987.

Other Operating Expenses

In 1988 other operations and maintenance expenses increased approximately $121 million or 12%. The increase reflects higher expenses on the Turkey Point nuclear units, the steam generating

units and at distribution facilities. Expenses of the steam generating units include costs at the reactivated Cutler units and at the SJRPP units which were placed in commercial operation. During 1988 FPL made a commitment to extend outages of certain units in order to reduce the maintenance backlog, as well as improve the long-term reliability of all of the generating units. In 1987 other operations expense increased over 1986 due to higher costs at the nuclear units while maintenance expense reflects increased costs at distribution facilities and the nuclear units.

In 1988 approximately 500 non-bargaining unit employees (approximately 78% of those eligible) accepted an early retirement program, effective January 1, 1989. A similar program, which expires March 31, 1989, is being offered to approximately 400 bargaining unit employees.

Depreciation expense in 1988 and 1987 reflects the recording of approximately $72 million and $46 million, respectively, of accelerated depreciation. This represents two-thirds of the net savings associated with a portion of the 500 kv transmission lines which extend from Miami to the Florida-Georgia border, as provided for in the Oil-backout clause. Higher utility plant in service balances also contributed to the increase in depreciation expense in 1988 and in 1987. Revised depreciation rates, which became effective January 1, 1987, increased depreciation expense in 1987 by approximately $35 million. In 1988 FPL filed two petitions with the FPSC seeking to increase, effective January 1, 1989, nuclear decommissioning expense, which is recorded as depreciation expense, by approximately $22 million per year. An increase in base rates was not requested at this time but FPL reserved the right to request an increase at a future date. See "Notes 1 and 5."

The decrease in income tax expense in 1988 and 1987 reflects the reduction in the federal corporate income tax rate in accordance with the Tax Reform Act and lower pre-tax book income. The increase in 1988 in taxes other than income taxes is primarily the result of higher taxes which are based on revenues and higher property taxes.

Other Income (Deductions)

The change in income taxes and other—net is primarily the result of the establishment of qualified nuclear decommissioning funds. See "Note 1—Nuclear Decommissioning Reserve Funds."

Interest Charges

The decrease in 1988 and 1987 of first mortgage bond interest reflects the refunding of higher cost first mortgage bonds. The weighted average interest rate on FPL's first mortgage bonds was 9.35% for 1988 compared to 9.45% for 1987 and 10.03% for 1986. These rates were calculated including the amortization of the excess of reacquisition cost over book value of reacquired bonds, which is included in other interest charges.

Allowance for Funds Used During Construction

The decrease in AFUDC in 1988 is mainly the result of the placement of the SJRPP units in commercial operation and the effect of a lower AFUDC rate. In 1987 the decrease is primarily the result of the inclusion in rate base of certain plant in service costs, effective January 1, 1987 and the placement of SJRPP Unit No. 1 in commercial operation. The FPSC has adopted new rules, effective January 1, 1989, regarding construction projects eligible for AFUDC. These rules disallow the application of AFUDC to projects costing less than $25 thousand or with a construction period of less than one year. It is not presently known to what extent AFUDC will be affected.

Liquidity and Capital Resources

For information concerning FPL's capitalization, see the "Consolidated Statements of Capitalization" and for information on rate and regulatory matters with the FPSC, see "Note 5."

The primary capital requirements consist of expenditures under FPL's construction program. FPL's total construction expenditures for the years 1986-88 were approximately $2.0 billion, including net nuclear fuel additions and the allowance for borrowed funds used during construction. FPL's planned construction expenditures for the period 1989-91 are estimated to be $2.7 billion. During this period, it is anticipated that FPL's construction expenditures will be financed with cash flow from operating activities, the issuance of long-term debt and preferred stock, capital contributions from FPL Group and, from time to time, short-term borrowings.

The Charter and Mortgage contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to FPL Group. However, given FPL's current financial condition and level of earnings these restrictions do not currently limit FPL's ability to pay dividends to FPL Group. FPL presently pays as dividends to FPL Group its net income available to FPL Group on a one-month lag basis. FPL also periodically receives capital contributions from FPL Group.

Cash flows from operating activities for the years 1986-88 were approximately $3.0 billion. The primary external sources of cash for the same period were approximately $1.4 billion, consisting of $987 million principal amount of FPL first mortgage bonds (including bonds issued to refinance higher interest rate bonds), $85 million of FPL preferred stock and $337 million in capital contributions from FPL Group. FPL anticipates that it will be able to meet its cash needs for the foreseeable future.

External Financings

First Mortgage Bonds

In recent years FPL has made a determined effort to reduce interest expense by refunding high-coupon first mortgage bonds with lower interest rate first mortgage bonds. During the period 1986-88 FPL redeemed approximately $931 million principal amount of first mortgage bonds with a weighted average interest rate of 14.5% and issued approximately $987 million principal amount of first mortgage bonds with a weighted average interest rate of 9.7%. In addition FPL redeemed in January 1989 all $125 million principal amount of its First Mortgage Bonds, 12-7/8% Series due January 1, 2014.

There are no significant current limitations under FPL's Charter on the amount of secured debt that can be issued. Under its Mortgage, FPL could issue approximately $3.3 billion of additional first mortgage bonds based on unfunded property additions at December 31, 1988.

Preferred Stock

FPL's Charter prohibits the issuance of shares of FPL's $100 par value preferred stock and 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 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, 1988 was 2.13.

Available Bank Credit

FPL's available bank lines of credit aggregated approximately $395 million at December 31, 1988. 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 Charter limits the amount 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, 1988 FPL could issue approximately $1.2 billion of additional unsecured debt.

Income Taxes

Generally the Tax Reform Act has had and will continue to have, an adverse impact on FPL's cash flow, primarily as the result of a reduction of cash flow provided by deferred income taxes and the repeal of the investment tax credit. Since FPL is fully normalized for all book-tax timing differences, most provisions of the Tax Reform Act did not have a significant impact on earnings nor will future years be significantly affected. Any increase in FPL's earnings as a result of the lower tax rate may be reduced by the FPSC's Tax Savings Rule, which, under certain situations, requires a refund of revenues to customers for the effect of corporate income tax rate changes. See "Note 5."

In December 1988 the FASB issued Statement of Financial Accounting Standards (SFAS) No. 100, which amends and extends the required implementation date for SFAS 96, "Accounting for Income Taxes" to no later than January 1, 1990. It is expected that FPL will be required to adjust its accumulated deferred tax balances to reflect the lower tax rate and potential limitations due to projecting tax computations for future years. It is anticipated that FPL will not reflect in income the reduction in its deferred tax balances in the period of adoption of SFAS 96, due to regulatory requirements to pass this benefit through to ratepayers. In addition a presently undeterminable portion of this reduction in deferred taxes is required by the Internal Revenue Code to be restored to income over the life of the related property. The remaining portion will be restored to income over a period to be established by the FPSC. SFAS 96 also requires the recognition of a deferred tax liability for the equity component of AFUDC. It is not expected that the provisions of SFAS 96 will have a significant impact on earnings or cash flow.

Inflation

Inflation produces a cumulative effect on FPL's electric utility plant assets such that the cost to replace those assets, upon retirement, will exceed their historical cost. FPL believes that it will be able to recover the higher cost of the replacement facilities and earn a return on such investment. Any increase in the replacement cost of electric utility plant is partially offset by the fact that repayments of FPL's debt are made in dollars of lesser value than the dollars originally borrowed. In addition the regulatory process imposes a time lag during which increased operating expenses are not recovered except to the extent they have been anticipated through the use of forecasting in a prior rate decision or are recoverable through cost recovery clauses.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We have audited the consolidated financial statements of Florida Power & Light Company and subsidiaries, listed in the accompanying index as Item 14(a)1 of this Annual Report (Form 10-K) to the Securities and Exchange Commission for the year ended December 31, 1988. Our audits also comprehended the consolidated supplemental schedules of Florida Power & Light Company and subsidiaries, listed in the accompanying index as Item 14(a)2. These financial statements and supplemental schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Florida Power & Light Company and subsidiaries at December 31, 1988 and 1987 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1988 in conformity with generally accepted accounting principles. Also, in our opinion, such consolidated 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 24, 1989

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS
Thousands of Dollars

	December 31, 1988	December 31, 1987
ELECTRIC UTILITY PLANT (Notes 1, 7 and 8):		
At original cost	$10,360,163	$9,800,593
Less accumulated depreciation (includes decommissioning reserve of $174,263 at December 31, 1988 and $147,464 at December 31, 1987)	3,320,257	2,912,013
Net	7,039,906	6,888,580
Construction work in progress	297,925	329,841
Nuclear fuel (net of accumulated amortization of $222,258 at December 31, 1988 and $194,345 at December 31, 1987)	309,885	354,664
Electric utility plant—net	7,647,716	7,573,085
INVESTMENTS:		
Nuclear decommissioning reserve funds (Note 1)	103,722	77,137
Storm and property insurance reserve fund (Note 1)	48,916	43,147
Pollution control construction account held by trustee	13,391	31,442
Other	20,451	13,255
Total investments	186,480	164,981
CURRENT ASSETS:		
Cash and temporary investments (Note 1)	59,643	8,966
Accounts receivable:		
Customers (net of allowance for uncollectible accounts of $13,366 at December 31, 1988 and $7,466 at December 31, 1987) (Note 1)	409,697	351,695
Employees and miscellaneous	61,053	29,974
Materials and supplies—at average cost	185,164	167,996
Fossil fuel stock—at average cost	50,798	68,785
Prepaid expenses	29,706	30,052
Other	12,188	27,141
Total current assets	808,249	684,609
DEFERRED DEBITS:		
Excess of reacquisition cost over book value of bonds retired (Note 1)	142,909	120,839
Deferred litigation items (Note 5)	115,041	192,527
Deferred fuel expenses (Note 1)	-	115,510
Other (Note 4)	82,741	91,835
Total deferred debits	340,691	520,711
Total	$ 8,983,136	$8,943,386

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
CAPITALIZATION AND LIABILITIES
Thousands of Dollars

	December 31, 1988	December 31, 1987
CAPITALIZATION: (See Consolidated Statements of Capitalization)		
Common shareholder's equity (Note 1)	$2,646,821	$2,588,507
Preferred stock without sinking fund requirements	346,250	346,250
Preferred stock with sinking fund requirements	180,050	194,350
Long-term debt (Note 1)	2,756,537	2,785,952
Total capitalization	5,929,658	5,915,059
OTHER NONCURRENT LIABILITIES:		
Capital lease obligations (Note 7)	76,698	78,300
Revenues to be refunded (Note 5)	37,692	51,700
Storm and property insurance reserve (Note 1)	48,916	43,147
Other	15,922	17,403
Total other noncurrent liabilities	179,228	190,550
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock	160,087	28,490
Notes payable—commercial paper	-	83,000
Accounts payable—trade	135,147	124,900
Customers' deposits	189,098	184,388
Income taxes (Note 1)	45,432	78,353
Other taxes	51,397	49,675
Interest accrued	88,210	84,103
Tax collections payable	46,316	44,383
Purchased power and interchange (Note 6)	36,925	37,090
Other	83,483	89,127
Total current liabilities	836,095	803,509
DEFERRED CREDITS:		
Accumulated deferred income taxes (Note 1)	1,388,872	1,438,254
Unamortized investment tax credit (Note 1)	453,447	471,383
Deferred revenues (Note 1)	99,026	3,208
Other (Note 4)	96,810	121,423
Total deferred credits	2,038,155	2,034,268
COMMITMENTS AND CONTINGENCIES (Notes 1, 4, 5, 6 and 7)		
Total	$8,983,136	$8,943,386

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CAPITALIZATION

	Shares Outstanding (December 31, 1988)	Redemption Price (December 31, 1988)	1988 (Thousands of Dollars)	1987 (Thousands of Dollars)
COMMON SHAREHOLDER'S EQUITY (1):				
Common stock, no par value, 1,000 shares authorized, issued and outstanding (Note 1)			$1,373,069	$1,373,069
Additional contributed capital (Note 3)			330,096	260,052
Retained earnings (Note 3)			943,656	955,386
Total common shareholder's equity			2,646,821	2,588,507
PREFERRED STOCK—Cumulative, $100 Par Value, authorized 19,454,000 shares at December 31, 1988 and 1987 (2) (3):				
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	102.93	60,000	60,000
7.40% Series G	400,000	102.53	40,000	40,000
9.25% Series H	500,000	104.50	50,000	50,000
8.70% Series K	750,000	104.00	75,000	75,000
8.84% Series L	500,000	105.42	50,000	50,000
8.50% Series P	350,000	108.50	35,000	35,000
Total	3,462,500		346,250	346,250
Preferred stock with sinking fund requirements (4):				
10.08% Series J (5)	337,500	108.00	33,750	41,250
8.70% Series M (6)	401,000	104.97	40,100	41,900
14.38% Series N (7)	-	-	-	3,500
11.32% Series O (8)	650,000	107.55	65,000	65,000
6.84% Series Q (9)	500,000	106.84	50,000	50,000
			188,850	201,650
Less current maturities			(8,800)	(7,300)
Total	1,888,500		180,050	194,350

(1) The Restated Articles of Incorporation of FPL, as amended (Charter) and Mortgage and Deed of Trust contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to FPL Group, Inc. There are no restrictions in effect that currently limit FPL's ability to pay dividends to FPL Group, Inc.

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CAPITALIZATION (Continued)

	December 31, 1988	December 31, 1987
	Thousands of Dollars	
LONG-TERM DEBT (10):		
First Mortgage Bonds (11):		
Maturing through 1993— 4-1/2% to 5%	$ 50,000	$ 70,000
Maturing 1994 through 2003—4-5/8% to 8%	675,000	605,000
Maturing 2004 through 2013—8-1/2% to 11.30%	536,289	606,289
Maturing 2014 through 2018—9% to 12-7/8%	1,100,000	975,000
Pollution Control and Industrial Development Series:		
Maturing through 1993—7-3/4% and 7-7/8%	8,325	8,325
Maturing 2000 through 2020—6.10% to 11-3/8%	458,935	458,935
Installment Purchase and Security Contracts— 5.40% to 6.15% due 2004 through 2007	92,090	92,090
Promissory Notes—7-1/2% to 9-1/8% due various dates to December 1995	8,063	10,620
Unamortized premium and discount—net	(20,878)	(19,117)
Total long-term debt	2,907,824	2,807,142
Less current maturities	(151,287)	(21,190)
Long-term debt excluding current maturities	2,756,537	2,785,952
Total capitalization	$5,929,658	$5,915,059

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

(3) For the years 1988, 1987 and 1986 preferred stock issuances consisted of 500,000 shares of the 6.84% Series Q in 1987 and 350,000 shares of the 8.50% Series P in 1986.

(4) Minimum annual sinking fund requirements on preferred stock are approximately $9 million for each of the years 1989 through 1992 and $10 million for 1993. In the event that FPL should be in arrears on its sinking fund obligations, FPL may not pay dividends on common stock.

[Notes are continued on next page]

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

(5) 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. In accordance with the sinking fund provisions of this series, 75,000 shares, 75,000 shares and 37,500 shares were retired in 1988, 1987 and 1986, respectively. For 1989 FPL has called 75,000 shares for redemption on April 1, 1989.

(6) Entitled to a sinking fund to retire a minimum of 18,000 shares and a maximum of 45,000 shares annually through 1999 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. In accordance with the sinking fund provisions of this series, 18,000 shares, 45,000 shares and 18,000 shares were retired in 1988, 1987 and 1986, respectively.

(7) In accordance with the sinking fund provisions of this series, 35,000 shares were retired in 1988. In 1987 and 1986 FPL purchased and retired 8,400 shares and 21,100 shares at an average purchase price of $112.55 per share and $115.66 per share, respectively. Also, under the redemption provisions of this series, 285,500 shares were redeemed and retired in 1987 at a redemption price of $109.59 per share plus accrued dividends.

(8) 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. For 1989 FPL has called 65,000 shares for redemption on April 1, 1989.

(9) Entitled to a sinking fund to retire a minimum of 15,000 shares and a maximum of 30,000 shares annually from 1993 through 2026 at $100 per share plus accrued dividends.

(10) Annual maturities and sinking fund requirements of long-term debt are approximately $26 million in 1989, $10 million in 1990, $1 million in 1991, $26 million in 1992 and $2 million in 1993.

(11) In February 1988 FPL sold $125 million principal amount of First Mortgage Bonds, 9-5/8% Series due February 1, 2018; in July 1988 it sold $125 million principal amount of First Mortgage Bonds, 10-1/4% Series due July 1, 2018; and in November 1988 it sold $125 million principal amount of First Mortgage Bonds, 9.80% Series due November 1, 2018. In March 1988 FPL redeemed all $125 million principal amount of its First Mortgage Bonds, 12-3/8% Series due March 1, 2013; in September 1988 it redeemed all $125 million principal amount of its First Mortgage Bonds, 12-7/8% Series due September 1, 2013; and in January 1989 it redeemed all $125 million principal amount of its First Mortgage Bonds, 12-7/8% Series due January 1, 2014.

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	1988	1987	1986
	Thousands of Dollars		
OPERATING REVENUES (Notes 1 and 5)	$4,627,278	$4,349,722	$4,087,203
OPERATING EXPENSES (Note 1):			
Operations:			
Fuel, purchased power and interchange	1,692,305	1,573,724	1,425,937
Other	790,061	704,374	674,816
Maintenance	372,758	337,581	308,431
Depreciation and amortization	490,724	434,106	334,797
Income taxes	204,017	270,567	341,612
Taxes other than income taxes	381,038	352,648	336,086
Total operating expenses	3,930,903	3,673,000	3,421,679
OPERATING INCOME	696,375	676,722	665,524
OTHER INCOME (DEDUCTIONS):			
Allowance for other funds used during construction (Notes 1 and 5)	6,351	14,955	34,784
Income taxes (Note 1)	29	4,527	5,411
Other—net	8,232	2,521	(1,979)
Other income—net	14,612	22,003	38,216
INCOME BEFORE INTEREST CHARGES	710,987	698,725	703,740
INTEREST CHARGES:			
Interest on first mortgage bonds	252,047	255,136	282,984
Other interest	33,081	33,229	30,960
Allowance for borrowed funds used during construction (Notes 1 and 5)	(9,761)	(15,833)	(41,327)
Interest charges—net	275,367	272,532	272,617
NET INCOME	435,620	426,193	431,123
PREFERRED STOCK DIVIDEND REQUIREMENTS	45,518	48,295	47,667
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 390,102	$ 377,898	$ 383,456

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Temporary Investments

	Years Ended December 31,		
	1988	1987	1986
	Thousands of Dollars		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 435,620	$ 426,193	$ 431,123
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	490,724	434,106	334,797
Amortization of nuclear fuel assemblies	74,845	51,229	63,980
Net increase (decrease) in deferred income tax liabilities	(49,382)	107,012	110,319
Increase (decrease) in deferred investment tax credits	(17,936)	(268)	7,540
Allowance for other funds used during construction	(6,351)	(14,955)	(34,784)
Write-off of disposal fee for spent nuclear fuel	76,670	-	-
Provision for (refund of) 1987 revenues related to the Tax Savings Rule (Note 5)	(51,700)	51,700	-
Provision for 1988 revenues related to the Tax Savings Rule (Note 5)	37,692	-	-
Deferrals under revenue clauses (1)	211,328	(190,780)	53,899
(Increase) decrease in accounts receivable	(85,852)	(4,200)	(1,028)
(Increase) decrease in materials and supplies	(17,168)	(2,090)	(9,362)
(Increase) decrease in fossil fuel stock	17,987	(11,969)	12,425
(Increase) decrease in other current assets	14,953	(19,256)	4,664
Increase (decrease) in accounts payable—trade	10,247	5,030	(16,967)
Increase (decrease) in income taxes	(32,921)	(65,231)	136,007
Increase (decrease) in purchased power and interchange	(165)	7,845	(22,611)
Increase (decrease) in other current items	(3,605)	5,655	28,331
Other adjustments	(8,748)	47,023	(48,100)
Net cash—operating activities	1,096,238	827,044	1,050,233
CASH FLOWS FROM INVESTING ACTIVITIES:			
Construction expenditures (2)	(614,902)	(579,747)	(570,862)
Nuclear fuel expenditures (2)	(39,217)	(102,632)	(69,287)
Sale of nuclear fuel	18,974	23,325	37,341
(Increase) in nuclear decommissioning reserve funds	(26,585)	(17,093)	(15,180)
Other investing activities	(3,637)	(3,860)	7,516
Net cash—investing activities	(665,367)	(680,007)	(610,472)

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
Increase (Decrease) in Cash and Temporary Investments

	Years Ended December 31,		
	1988	1987	1986
	Thousands of Dollars		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Retirement of long-term debt and preferred stock	$(310,387)	$(346,174)	$(518,424)
Issuance of preferred stock	-	50,000	35,000
Sale of first mortgage bonds and issuance of other long-term debt	370,625	226,720	378,547
Dividends on preferred stock	(45,636)	(48,458)	(47,489)
Dividends to FPL Group, Inc.	(401,524)	(380,693)	(362,838)
Reimbursement by trustee for construction expenditures	19,728	26,055	55,250
Increase (decrease) in notes payable	(83,000)	83,000	-
Capital contributions from FPL Group, Inc.	70,000	165,000	102,000
Net cash—financing activities	(380,194)	(224,550)	(357,954)
Net increase (decrease) in cash and temporary investments	50,677	(77,513)	81,807
Cash and temporary investments at the beginning of the year	8,966	86,479	4,672
Cash and temporary investments at the end of the year (3)	$ 59,643	$ 8,966	$ 86,479
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest (net of amount capitalized)	$249,950	$260,853	$258,356
Federal income taxes	$308,000	$196,936	$56,900
State income taxes	$23,200	$27,406	$26,478
Supplemental schedule of non-cash investing activities:			
Additions to capital lease obligations	$1,602	$78,300	-

(1) Represents effect on cash flows from operating activities of the net amounts deferred or recovered under the fuel and purchased power, the oil-backout and the energy conservation cost recovery clauses.
(2) Excluding allowance for other funds used during construction.
(3) FPL classifies, as temporary investments, highly liquid short-term investments which are readily convertible to known amounts of cash.

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE OF TAXES

INCOME TAXES

	Years Ended December 31,		
	1988	1987	1986
	Thousands of Dollars		
FEDERAL:			
Charged to operating expenses:			
Current	$229,977	$133,557	$187,940
Deferred—net:			
Accelerated depreciation	13,619	107,392	117,296
Debt component of AFUDC	(5,591)	(2,310)	8,911
Repair allowance	18,219	(8,925)	11,601
Cost recovery clauses	(74,215)	76,510	(23,388)
Unbilled revenues	(7,317)	(21,715)	(7,333)
Revenues to be refunded	20,156	(20,156)	-
Spent nuclear fuel settlement	(24,822)	-	-
Nuclear decommissioning reserve	17,322	(751)	(8,408)
Other	(1,837)	(31,307)	3,308
Deferred investment tax credit	6,492	23,429	32,484
Amortization of investment tax credit	(24,428)	(23,513)	(22,484)
Total	167,575	232,211	299,927
Charged to other income:			
Current	(4,167)	880	(770)
Deferred—net	3,702	(5,281)	(4,435)
Total federal	167,110	227,810	294,722
STATE:			
Charged to operating expenses:			
Current	45,358	23,977	28,359
Deferred—net:			
Accelerated depreciation	4,783	16,214	15,107
Debt component of AFUDC	(538)	(122)	1,182
Repair allowance	3,015	(1,127)	1,498
Cost recovery clauses	(11,623)	10,493	(3,055)
Unbilled revenues	(1,163)	(2,988)	(927)
Revenues to be refunded	2,936	(2,936)	-
Spent nuclear fuel settlement	(4,249)	-	-
Nuclear decommissioning reserve	47	(109)	(1,064)
Other	(2,124)	(5,046)	585
Total	36,442	38,356	41,685
Charged to other income:			
Current	136	697	353
Deferred—net	300	(823)	(559)
Total state	36,878	38,230	41,479
Total income taxes	$203,988	$266,040	$336,201

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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,					
	1988		1987		1986	
	Thousands of Dollars					
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Computed at statutory rate	$217,466	34.0%	$276,893	40.0%	$352,969	46.0%
Increases (Reductions) in income taxes resulting from:						
Allowance for other funds used during construction ..	(3,031)	(.5)	(7,580)	(1.1)	(20;779)	(2.7)
State income taxes—net of federal income tax benefit .	24,339	3.8	22,938	3.3	22,399	2.9
Amortization of investment tax credit	(24,428)	(3.8)	(23,513)	(3.4)	(22,484)	(2.9)
Other—net	(10,358)	(1.6)	(2,698)	(0.4)	4,096	.5
Total income taxes	$203,988	31.9%	$266,040	38.4%	$336,201	43.8%

OTHER TAXES

	Years Ended December 31,		
	1988	1987	1986
	Thousands of Dollars		
Taxes other than federal and state income taxes:			
Federal and state payroll	$ 43,074	$ 38,818	$ 35,877
Real and personal property	95,703	87,080	92,003
State gross receipts	66,649	61,911	59,206
Franchise charges	176,194	163,687	164,432
Miscellaneous	58,768	63,309	20,929
Total other taxes	$440,388	$414,805	$372,447
Charged to:			
Operating expenses—other taxes	$381,038	$352,648	$336,086
Utility plant and other accounts	59,350	62,157	36,361
Total	$440,388	$414,805	$372,447

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 1988, 1987 and 1986

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 subsidiaries, Land Resources Investment Co. and FPL Enersys, Inc. (Enersys), as well as FPL Enersys Services, Inc., a wholly-owned subsidiary of Enersys. All significant intercompany balances and transactions have been eliminated in consolidation. FPL is a wholly-owned subsidiary of FPL Group, Inc. (FPL Group).

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 under cost recovery clauses by deferring the net over or under recovery, and under base rates by recognizing the estimated amount of revenues for energy delivered but not billed.

The FPSC has adopted an oil-backout cost recovery clause (Oil-backout clause) which is designed to allow the recovery of non-fuel related costs and the accelerated recovery of the costs of certain projects that displace oil-fired generation. Depreciation of the costs of the projects is accelerated by an amount equal to two-thirds of the net savings of the projects, if any, while one-third of the net savings is realized by the customers through the Fuel adjustment clause. The Oil-backout clause factors are calculated in conjunction with the Fuel adjustment clause factors, and any over or under recovery is treated in a similar manner. Starting in 1987 certain provisions of the Oil-backout clause became operative and resulted in the recording of accelerated depreciation in 1988 and 1987 of approximately $72 million and $46 million, respectively.

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, except for generating facilities and certain general plant accounts, is provided primarily on a straight-line average service-life basis by primary accounts as approved by the FPSC. Book depreciation of generating facilities is provided on a straight-line remaining service-life basis, as approved by the FPSC. Certain general plant accounts are recovered through amortization of vintage groups as approved by the FPSC. Depreciation expense also includes a provision of $19 million for each of the years 1988, 1987 and 1986 for decommissioning costs of nuclear plants. These amounts were recovered through base rates. See "Note 5." The weighted annual composite depreciation rate was approximately 3.9%, 3.9% and 3.6% for the years 1988, 1987 and 1986, respectively. These rates exclude nuclear decommissioning expense, accelerated depreciation under the Oil-backout clause and adjustments to depreciation expense related to the ratemaking treatment of federal job development investment tax credits. In 1987 FPL's depreciation rates were revised to reflect the expected remaining useful life of the properties.

The cost of nuclear fuel is amortized to fuel expense on a unit of production method. Fuel expense also includes a charge for spent nuclear fuel disposal costs, which is paid quarterly to the U.S. Department of Energy. These payments are recovered through the Fuel adjustment clause.

Substantially all electric utility plant is subject to the lien of the Mortgage and Deed of Trust, as supplemented, 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's construction work in progress and nuclear fuel in process and is capitalized as an additional cost of property. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of interest charges and the remainder is recorded as other income. The capitalization rate used in computing AFUDC was 8.50% in 1988, 10.04% in 1987 and 10.30% in 1986.

Storm and Property Insurance Reserve Fund

The storm and property insurance reserve fund provides coverage toward storm damage costs and possible retrospective 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. Deposits to the fund are made monthly. Securities held in the fund consist primarily of tax-exempt obligations and are carried at cost, which approximates market.

Nuclear Decommissioning Reserve Funds

The decommissioning reserve funds are restricted for the payment of the cost of decommissioning FPL's nuclear units. In 1988 FPL elected to treat contributions to nuclear decommissioning reserve funds applicable to tax years 1984 through 1987 as qualified decommissioning contributions in accordance with the Internal Revenue Code. Qualified decommissioning contributions are on a pre-tax basis and, accordingly, FPL Group, on behalf of FPL, amended its income tax returns for these years which will provide a refund to the funds of approximately $28 million. Securities held in the funds consist primarily of tax-exempt obligations and are carried at cost, which approximates market. Amounts equal to decommissioning expense, which are included in depreciation expense, are deposited in either qualified funds on a pre-tax basis or the non-qualified fund on a net of tax basis. Fund earnings, net of taxes, are reinvested in the funds. During 1988 all deposits were made to the non-qualified nuclear decommissioning reserve fund.

Decommissioning of the Turkey Point nuclear units is scheduled to commence in the year 2005 while St. Lucie Units Nos. 1 and 2 are scheduled to commence in 2014 and 2021, respectively. FPL's portion of the future cost of decommissioning these units, expressed in 1988 dollars, is currently estimated to be $735 million. See "Note 5."

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. FPL is included in the consolidated federal income tax return filed by FPL Group. FPL determines its income tax provision on the "separate return method." See the Schedule of Taxes.

Statement of Financial Accounting Standards (SFAS) No. 96, "Accounting for Income Taxes" as amended by SFAS 100, requires FPL to adopt this Statement no later than January 1, 1990. Since FPL's regulators require that the benefits of a reduction in deferred taxes be passed through to the ratepayers, this Statement is not expected to have a significant impact on FPL's earnings.

Long-Term Debt

Discount, premium and expense on long-term debt are amortized over the lives of the respective issues. The excess of the reacquisition cost over book value of long-term debt retired is deferred and amortized to expense ratably over the remaining life of the original issue.

Temporary Investments

FPL classifies as temporary investments highly liquid short-term investments which are readily convertible to known amounts of cash.

Reclassification

In 1988 FPL adopted the provisions of SFAS No. 95, "Statement of Cash Flows." For comparative purposes the previously reported Statements of Changes in Financial Position for the years ended December 31, 1987 and 1986 have been replaced by Statements of Cash Flows.

2. Short-Term Borrowings

Available bank lines of credit were approximately $395 million at December 31, 1988. Approximately eighty percent 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 certain of these credit lines arise in the normal course of business and are not material to the consolidated financial position and borrowing costs.

3. Additional Contributed Capital and Retained Earnings

The changes in additional contributed capital and retained earnings are shown below:

	Additional Contributed Capital	Retained Earnings
	Thousands of Dollars	
Balances, January 1, 1986	$ (5,247)	$ 940,619
Contributions from FPL Group	102,000	-
Net income available to FPL Group	-	383,456
Dividends to FPL Group	-	(362,838)
Costs incurred on the public offering of Series P preferred stock	(442)	-
Other changes	(438)	-
Balances, December 31, 1986	95,873	961,237
Contributions from FPL Group	165,000	-
Net income available to FPL Group	-	377,898
Dividends to FPL Group	-	(380,693)
Costs incurred on the public offering of Series Q preferred stock	(459)	-
Other changes	(362)	(3,056)
Balances, December 31, 1987	260,052	955,386
Contributions from FPL Group	70,000	-
Net income available to FPL Group	-	390,102
Dividends to FPL Group	-	(401,524)
Other changes	44	(308)
Balances, December 31, 1988	$330,096	$ 943,656

In 1988, 1987 and 1986 FPL paid, as dividends to FPL Group, its net income available to FPL Group on a one-month lag basis.

4. Employee Retirement Benefits

Substantially all employees of FPL are covered by a noncontributory defined benefit pension plan (Plan). Plan benefits are generally based on years of service and employees' compensation during the last years of employment.

FPL's policy is to fund the pension cost calculated under the entry age normal level percentage of pay actuarial cost method, provided that this amount satisfies the Employee Retirement Income Security Act minimum funding standards and is not greater than the maximum tax deductible amount for the year. No contributions were required under this policy for 1988, 1987 or 1986.

During 1988 FPL offered a Special Voluntary Retirement Program (SVRP), to be paid from the pension trust fund, to all non-bargaining unit employees who had attained the age of 55 and had 10 or more years of accredited service. The offer expired on December 31, 1988 and, among

other things, added 5 additional years to an employee's age and to years of accredited service for the determination of Plan benefits to be received by eligible employees. Approximately 500 employees elected to retire under this program or approximately 78% of those eligible. The cost of the SVRP, as determined under the provisions of SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" is $50.2 million. A similar program is being offered to bargaining unit employees. The election period ends March 31, 1989. There are approximately 400 bargaining unit employees eligible to participate in the program.

In 1988 pension assets and liabilities relating to employees of FPL Group and its non-utility affiliates previously included in the Plan, were transferred to a separate FPL Group pension plan (Transfer). The Transfer resulted in a $3.5 million reduction in prepaid pension cost as determined under the provisions of SFAS No. 87, "Employers' Accounting for Pensions" and SFAS No. 88.

The components of pension cost for 1988, 1987 and 1986, as determined under the provisions of SFAS No. 87, are as follows:

	Years Ended December 31,					
	1988		1987		1986	
	Millions of Dollars					
Benefits earned during the year		$ 27.2		$ 33.6		$ 21.0
Interest cost on projected benefit obligation		39.5		37.6		32.5
Actual return on Plan assets	$(162.1)		$(27.3)		$(158.0)	
Less amount deferred	95.8		(43.0)		99.5	
Expected return on Plan assets		(66.3)		(70.3)		(58.5)
Amortization of unrecognized net asset at January 1, 1986		(23.1)		(23.4)		(23.4)
SFAS No. 87 negative pension cost		(22.7)		(22.5)		(28.4)
Effect of SVRP		50.2		-		-
Reduction in prepaid pension cost due to Transfer		3.5		-		-
Regulatory adjustment		(31.0)		22.5		28.4
Pension cost recognized in the Consolidated Statements of Income		$ -		$ -		$ -

A regulatory adjustment, as shown above, is made to reflect in the results of operations the pension cost calculated under the actuarial cost method currently used for ratemaking purposes. At December 31, 1988 the cumulative amount of these regulatory adjustments included in other deferred credits was $19.9 million.

A reconciliation of the funded status of the Plan under SFAS No. 87 to the amounts recognized in the Consolidated Balance Sheets is presented below:

	December 31, 1988	December 31, 1987
	Millions of Dollars	
Fair market value of plan assets, invested primarily in equity and fixed-income securities	$1,155.4	$1,023.3
Actuarial present value of benefits for services rendered to date:		
Accumulated benefits based on salaries to date, including vested benefits of $426.8 million and $343.8 million for 1988 and 1987, respectively	447.4	359.8
Additional benefits based on estimated future salary levels	206.8	203.6
Projected benefit obligation	654.2	563.4
Plan assets in excess of projected benefit obligation	501.2	459.9
Unrecognized net asset at January 1, 1986 being amortized over 19 years—net of accumulated amortization	(369.7)	(397.0)
Unrecognized net gain	(111.6)	(12.0)
Prepaid pension cost included in other deferred debits	$ 19.9	$ 50.9

The weighted-average discount rate and the assumed rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation as of December 31, 1988 and 1987 were 7.25% and 6.50%, respectively. The expected long-term rate of return on plan assets used in determining the SFAS No. 87 pension cost for 1988, 1987 and 1986 was 7.0%.

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. The benefits provided 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. Health care and life insurance benefits are administered through insurance companies whose premiums are based on the benefits paid during the year and the maintenance of a required reserve. FPL recognizes the cost of providing these benefits by expensing the annual insurance premiums. The cost, as recognized, of providing the post-retirement health care and life insurance benefits is not material.

5. Rate Matters

In 1986 the FPSC permitted FPL to include in rate base certain plant in service costs which the FPSC had excluded from rate base in previous rate orders, pending developments in certain legal proceedings. In addition the FPSC determined that accrued AFUDC and deferred depreciation expense (collectively, Accumulated Deferred Costs), associated with these costs, are to be recovered over five years commencing with the effective date of new base rates to be established in the next

general ratemaking proceeding for FPL. At December 31, 1988 the Accumulated Deferred Costs represent substantially all of the deferred debits—deferred litigation items.

Under the FPSC's rule related to the effect on revenues of corporate income tax rate changes (Tax Savings Rule), FPL agreed to use a return on equity (ROE) of 13.60% for the years 1987, 1988 and 1989. The Tax Savings Rule requires FPL to refund, in the subsequent year, retail revenues associated with earnings in excess of those required to produce the 13.60% ROE, to the extent the retail earnings were generated by a reduction in the income tax rate. In 1988 and 1987 FPL recorded provisions of $37.7 million and $51.7 million, respectively, for the revenue refund. These provisions for refund were based on certain preliminary estimates and assumptions and reduced net income for the years ended December 31, 1988 and 1987 by approximately $24 million and $29 million, respectively. In April 1988 the FPSC issued an order, subject to review and adjustment, approving a refund of $53.3 million for 1987, plus interest. FPL applied a one-time credit to customers' bills to effect this refund. In January 1989 the FPSC issued an order confirming the $53.3 million but ordered FPL to refund additional interest and to continue accruing interest until a refund is made in conjunction with the 1988 Tax Savings Refund. Interest expense of approximately $1.5 million and $2.9 million has been recorded on the 1988 and 1987 refunds, respectively. The 1988 provision and the manner of refunding this provision and the additional interest on the 1987 refund, are subject to approval by the FPSC later in 1989.

FPL has agreed to use a 13.60% ROE for calculation of the 1989 AFUDC rate and for 1989 earnings surveillance purposes. If the FPSC issues at any time during 1989, an order to show cause why rates should not be reduced, then retail revenues in excess of those which would provide a 13.60% retail ROE, after providing for any Tax Savings Rule refund, would be collected subject to refund. Also FPL has agreed not to file for any general rate increases that would become effective prior to January 1, 1990.

In 1988 FPL filed two petitions with the FPSC as a result of decommissioning studies performed on FPL's nuclear units. These petitions requested permission to increase, effective January 1, 1989, nuclear decommissioning expense by approximately $22 million per year. FPL did not seek an increase in base rates at this time but reserved the right to request an increase at a future date. It is expected the FPSC will rule on this matter in the summer of 1989.

In January 1989 an intervenor filed a petition requesting that the FPSC direct FPL to refund to customers certain revenues recovered through the Oil-backout clause that were associated with accelerated depreciation on a portion of two 500 kilovolt (kv) transmission lines which extend from Miami to the Florida-Georgia border. The petition seeks the refund of accelerated depreciation revenues associated with savings due to the deferral of additional capacity. Approximately $118 million of such revenues have been collected through December 31, 1988. The petition also seeks an FPSC order terminating FPL's oil-backout charge and requiring costs associated with the 500 kv transmission lines to be recovered through base rates. In addition to the accelerated depreciation of the 500 kv transmission lines FPL also recovers through the Oil-backout clause capacity charges paid to certain of the generating companies of The Southern Company system (Southern Companies). See "Note 6—Purchased Power Contracts."

6. Commitments and Contingencies

Construction Program

FPL has made certain commitments in connection with its continuous construction program. FPL's construction expenditures, including AFUDC, for the years 1989-91 are currently estimated at $2.7 billion, including $190 million for nuclear fuel. Actual construction expenditures may vary from these estimates.

Insurance Coverage

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. The coverage limits under these programs currently total approximately $1.7 billion, above which FPL is self-insured. The terms of these programs provide that 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. The Nuclear Regulatory Commission (NRC) adopted in 1987 regulations under which nuclear plant license-holders must maintain not less than $1.06 billion of property insurance and must also use the proceeds of that insurance to place a plant in safe and stable condition and to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration. These regulations require that any of the $1.06 billion of property insurance proceeds that have not been expended to place the plant in a safe and stable condition and that may be needed to carry out the NRC-approved decontamination plan be payable to an independent trustee established for the sole purpose of paying the cost of decontamination and radioactive debris removal. The provisions of the regulations concerning the decontamination priority and the establishment of a trustee were to have become effective on October 4, 1988. However, the NRC is developing a proposed rule to extend that deadline by eighteen months and has granted all nuclear utilities, including FPL, a temporary exemption from these provisions until the proposed rule is adopted or April 1, 1989, whichever occurs first.

FPL also is a member of a replacement power insurance program which provides coverage for its nuclear generating plants in the event that one or more of the plants is out of service for an extended period of time. This insurance does not cover replacement power costs until a plant has been out of service for twenty-one weeks. Thereafter, the insurance will make weekly payments of 90% of the estimate of the plant's replacement power costs stated in the policy declarations (Base Payments), for up to fifty-two weeks and will make payments for up to an additional fifty-two weeks at half of the Base Payments.

Under both the property and replacement power insurance programs, FPL could be assessed retrospective premiums for losses in current or prior policy years. FPL could be assessed a maximum of approximately $100 million under policies in effect on December 31, 1988, in the event of major accidents at nuclear plants of the utilities participating in these programs (including FPL).

FPL is subject to federal regulations under the Price-Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. As the first layer of financial protection, FPL purchases $200 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan, FPL is subject to an assessment of $252 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $40 million.

FPL's contingent liability for retrospective premium assessments is partially offset by the storm and property insurance reserve fund. This fund provides coverage toward storm damage costs and possible retrospective premium assessments stemming from a nuclear incident under the various insurance programs covering FPL's nuclear generating plants. At December 31, 1988 the balance of the fund was approximately $49 million.

Purchased-Power Contracts

FPL has two contracts with the Southern Companies to receive, subject to certain contingencies, 2,000 megawatts of coal-fired power through 1992 with declining amounts thereafter through mid-2010. Under the terms of these contracts FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $350 million in 1989, $375 million in 1990, $385 million in 1991, $395 million in 1992 and $295 million in 1993 with declining amounts from 1994 through 2010. Capacity charges for 1988, 1987 and 1986 totaled approximately $290 million, $307 million and $275 million, respectively; energy charges for those respective periods amounted to $245 million, $354 million and $214 million. Capacity and energy charges are recovered through the Oil-backout clause and the Fuel adjustment clause, respectively.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership, construction and operation of two coal-fired units and a coal terminal at St. Johns River Power Park (SJRPP). FPL owns 20% of the project and a purchased power arrangement with JEA entitles FPL to receive an additional 30% of the output of the SJRPP units. SJRPP Units Nos. 1 and 2 began commercial operation in late March 1987 and late May 1988, respectively. Under the terms of the agreement with JEA, FPL is obligated to make to JEA, on a take-or-pay basis, capacity payments for these units which are estimated to be $60 million in 1989 and $80 million for each of the years 1990 through 2016. Capacity charges for 1988 and 1987 totaled approximately $65 million and $28 million, respectively; energy charges for those respective periods amounted to $37 million and $18 million. There were no purchases in 1986. Capacity charges are recoverable through base rates and energy charges are recovered through the Fuel adjustment clause.

Antitrust Litigation

In 1988 two suits were filed against FPL. One suit alleges, among other matters, that through a territorial agreement, FPL and another Florida utility have conspired to eliminate competition, thereby unreasonably restraining trade and commerce in violation of the Sherman Antitrust Act (Sherman Act). The other suit alleges that FPL and certain of its affiliates have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators and that the defendants' actions constitute monopolization and conspiracy in restraint of trade in violation of the Sherman Act and unlawful discrimination in prices, services or facilities in violation of the Clayton Act. Each of the suits seeks treble damages of unspecified amounts. One suit also seeks compensatory and punitive damages under Florida law. FPL believes that its actions are lawful and intends to vigorously defend these suits.

In February 1989 the FPSC voted to grant FPL's request for declaratory statements that FPL's actions with regard to the territorial agreement were consistent with the laws and public policy of the State of Florida.

7. Leases

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, 1988, 1987 and 1986 were $44 million, $39 million and $50 million, respectively. Under the terms of the lease, the lessor buys nuclear fuel materials from FPL and from third parties. Purchases from FPL during 1988, 1987 and 1986 were $19 million, $23 million and $37 million, respectively. FPL has full responsibility for management of the fuel. Under certain circumstances of lease termination, FPL is required to purchase, within 270 days, all nuclear fuel in whatever form at a purchase price designed to allow the lessor to recover its net investment cost in the fuel. For ratemaking purposes this lease has been classified as an operating lease. For financial reporting purposes this lease is recorded as a capital lease based on the amount due in the event of lease termination. Recording this lease as a capital lease had no income statement impact to FPL.

The annual lease expense and the minimum rental commitments under operating leases for real property and equipment leases are not material. Excluding the nuclear fuel lease, the amount of assets and capitalized lease obligations of other capital leases is not material.

8. Jointly-Owned Facilities

FPL's percentage of ownership and investment in jointly-owned facilities at December 31, 1988 were as follows:

	Percent owned by FPL	Plant in Service	Accumulated Depreciation	Construction Work in Progress
		Thousands of Dollars		
St. Lucie Unit No. 2	85.1%	$1,204,583	$214,138	-
SJRPP Units and Coal Terminal	20.0%	311,387	19,417	$12,236
Total		$1,515,970	$233,555	$12,236

FPL is responsible for its share of the operating costs, which are included in the appropriate expense captions in the Consolidated Statements of Income, as well as providing its own financing. The construction work in progress balance primarily represents the coal terminal, which was completed in January 1989.

9. Transactions with Related Parties

FPL provides certain services to FPL Group, the cost of which is charged to FPL Group on a "full cost" method of allocation. Such costs were not material in any year. FPL Group provides certain services to all its subsidiaries, including FPL. The full cost of such services is charged directly to FPL and to the other subsidiaries of FPL Group. In addition certain common costs of FPL Group and its subsidiaries are allocated to all subsidiaries, including FPL, based primarily on each subsidiary's equity. Such costs were not material in any year. The balances outstanding at December 31, 1988 and 1987 for such services were not significant. See "Note 1—Income Taxes" and "Note 4—Employee Retirement Benefits."

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Concluded)

10. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information for 1988 and 1987 is as follows:

	December 31	September 30	June 30	March 31
	Thousands of Dollars			
1988				
Operating revenues	$1,077,892	$1,357,267	$1,146,179	$1,045,940
Operating income	$113,935	$253,150	$167,418	$161,872
Net income	$46,172	$188,160	$101,535	$99,753
1987				
Operating revenues	$1,078,605	$1,283,347	$1,037,461	$950,309
Operating income	$139,682	$222,030	$161,334	$153,676
Net income	$75,583	$156,852	$98,277	$95,481

In the opinion of FPL, all adjustments, which consist 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 the operations of FPL, 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 outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

DIRECTORS (1)

M. P. ANTHONY, West Palm Beach, Florida. Age 69. Director since 1977. Retired. Formerly President, Anthony's, Inc., a chain of ladies apparel retail stores.

DAVID BLUMBERG, Miami, Florida. Age 63. Director since 1973. Chairman and Chief Executive Officer, Planned Development Company Ltd., a building and development firm. Director, Southeast Banking Corporation and its subsidiary, Southeast Bank N.A.

JAMES L. BROADHEAD, North Palm Beach, Florida. Age 53. Director since 1989. President and Chief Executive Officer, FPL Group (since January 1, 1989). Formerly President, Telephone Operating Group (1986-88), President, Communications Services Group (1985), and Vice President, Planning and Development, all of GTE Corporation, a telecommunications company. Director, FPL Group, Colonial Penn Group, Inc., FPL Group Capital, Barnett Banks, Inc. and The Pittston Company.

J. HYATT BROWN, Ormond Beach, Florida. Age 51. Director since 1986. President, Chief Executive Officer and Chairman of the Executive Committee, Brown & Brown, Inc., an independent insurance agency. Director, Sun Bank of Volusia County, Sun Banks, Inc., Suntrust Banks, Inc., Rock-Tenn Company, Southern Bell Telephone & Telegraph Company and International Speedway Corporation.

MARSHALL M. CRISER, Gainesville, Florida. Age 60. Director since 1988. President, University of Florida. Director, Bell South Corp., Barnett Banks, Inc., Flagler System, Inc., Perini Corp. and Shands Hospital.

JEAN McARTHUR DAVIS, Miami, Florida. Age 64. Director since 1977. Chairman of the Board, McArthur Management Company, a company engaged in milk production, beef and citrus. Director, Dean Foods Company, Barnett Banks of Florida, Inc. and Baptist Hospital.

WILLARD D. DOVER, Fort Lauderdale, Florida. Age 58. Director since 1989. Member of Fleming, O'Bryan & Fleming, P.A., a Fort Lauderdale law firm.

JOHN J. HUDIBURG, Miami, Florida. Age 60. Director since 1979. Chairman of the Board and Chief Executive Officer, FPL. Formerly President and Chief Operating Officer, FPL. Director, Colonial Penn Group, Inc., AEGIS Insurance Service, Inc., Directors & Officers Liability Insurance, Ltd. and NCNB National Bank of Florida.

ROBERT B. KNIGHT, Coral Gables, Florida. Age 70. Director since 1977. Retired. Formerly Chairman of the Board, National Food Services, Inc., a restaurant management company.

MARSHALL McDONALD, Juno Beach, Florida. Age 70. Director since 1971. Chairman of the Board of FPL Group, Inc. (since January 1, 1989). Formerly President and Chief Executive Officer, FPL Group (from September 1984 to December 31, 1988). Formerly Chairman of the Board of Directors and Chief Executive Officer, FPL. Trustee, Emerald Funds.

RICHARD W. OHMAN, Philadelphia, Pennsylvania. Age 48. Director since 1984. Chairman of the Board and Chief Executive Officer (since October 4, 1988), Colonial Penn Group, Inc., an insurance holding company. Formerly President and Chief Executive Officer, Colonial Penn Group, Inc.; Formerly Senior Vice President, MetLife-State Street Investment Services, Inc., a subsidiary of State Street Management Co., an investment company; Senior Vice President, State Street Research and Management Co., an investment company; Vice Chairman and Chief Executive Officer, Fort Hill Investors Management Corporation, an investment company; and Senior Vice President and Chief Investment Officer, Home Insurance Company, an insurance company.

EDGAR H. PRICE, JR., Bradenton, Florida. Age 71. Director since 1972. President, The Price Company, Inc., a consulting firm. Formerly Executive Vice President, Tropicana Products, Inc., a citrus grower company.

ROBERT E. TALLON, Miami, Florida. Age 62. Director since April 1986. President and Chief Operating Officer of FPL since April 1986. Formerly Executive Vice President of FPL. Director, Bank of Palm Beach & Trust Co., First Union National Bank of Florida and Association of Edison Illuminating Companies.

Colonial Penn Group, Inc. is a subsidiary of FPL Group Capital Inc. FPL Group Capital Inc is a subsidiary of FPL Group.

(1) All of the directors except for Mr. Criser and Mr. Tallon are directors of FPL Group. Each director will serve until the next annual meeting of shareholders, which is scheduled to be held on May 9, 1989, or until the election and qualification of a successor. Ages shown for directors are as of January 1, 1989.

EXECUTIVE OFFICERS

Name	Age as of January 1, 1989	Position(s)	Effective Date of Election to Present Position
J. J. Hudiburg	60	Chairman of the Board of Directors and Chief Executive Officer	April 22, 1986
R. E. Tallon	62	President and Chief Operating Officer	April 22, 1986
W. H. Brunetti	46	Executive Vice President	November 16, 1987
C. O. Woody	50	Executive Vice President	November 16, 1987
J. C. Collier, Jr.	54	Senior Vice President	September 15, 1986
W. F. Conway	57	Senior Vice President	January 11, 1988
J. S. Woodall	52	Senior Vice President	January 17, 1989
J. W. Williams, Jr.	63	Senior Vice President	April 27, 1988
D. K. Baldwin	51	Group Vice President	January 12, 1987
J. T. Petillo	44	Group Vice President	November 14, 1988
L. H. Adams	61	Vice President	January 17, 1989
S. Levin	53	Vice President	January 17, 1989
T. E. Danese	51	Vice President	May 13, 1975
J. W. Dickey	44	Vice President	December 16, 1985
J. M. Bestard	45	Vice President	April 27, 1988
A. Olivera	39	Vice President	April 27, 1988
O. F. Pearson	46	Vice President & Assistant Secretary	September 15, 1986
R. W. Wilkins	40	Vice President	January 11, 1988
K. M. Davis	42	Comptroller	January 17, 1989
E. L. Hoffman	39	Treasurer	January 12, 1987
A. E. Pfeiffer	54	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 May 9, 1989.

Except for Mr. Conway, Mr. Wilkins, Mr. Davis and Mr. Levin 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, Mr. Conway was President and Chief Executive Officer of the Vermont Yankee Nuclear Power Corporation prior to March 1, 1986 and Group Vice President - Industry and Government Relations with the Institute of Nuclear Power Operations thereafter; Mr. Wilkins was employed by a subsidiary of Emerson Electric Company, the Copeland Corporation, a manufacturer of air conditioning and refrigeration compressors, as Assistant Treasurer prior to January 1984, Director of Marketing prior to April 1985, Vice President of Marketing prior to September 1987 and Senior Vice President of Finance thereafter; Mr. Davis was a partner with the public accounting firm of Deloitte Haskins & Sells since June 1981; and Mr. Levin was a partner with the advertising agency of Beber Silverstein & Partners since January 1984.

Prior to their election to the positions shown above, the following executive officers held the following other positions with FPL and FPL Group since January 1, 1984: Mr. Hudiburg was President and Chief Executive Officer; Mr. Tallon was Executive Vice President; Mr. Collier was Vice President; Mr. Baldwin was Vice President prior to August 18, 1986 and Group Vice President and Treasurer thereafter; Mr. Brunetti was Vice President prior to April 24, 1984 and Group Vice President thereafter; Mr. Williams was Group Vice President; Mr. Woody was Director of Nuclear

Energy prior to April 24, 1984, Vice President prior to December 16, 1985 and Group Vice President thereafter; Mr. Dickey was Manager of Power Services prior to March 1, 1985 and Executive Assistant thereafter; Mr. Pearson was Director of Licensing and Assistant Secretary prior to April 9, 1985 and Executive Assistant and Assistant Secretary thereafter; Mr. Petillo was Director of Marketing and Energy Conservation prior to May 1984, Vice President, Western Division of FPL prior to September 1986, Vice President prior to August 1987 and Vice President of FPL Group thereafter; Mr. Woodall was Director of Management Services and Budget prior to February 1, 1985 and Director of Management Control thereafter; Mr. Hoffman was Manager of Financial Analysis and Forecasts prior to December 1, 1985, Manager of Regulatory Accounting and Research prior to June 1, 1986 and Director of Finance and Assistant Treasurer thereafter.

Item 11. Executive Compensation.

The following table sets forth, on an accrual basis, all compensation paid or distributed during 1988 by FPL to (i) each of the five most highly compensated executive officers of FPL, in all capacities in which they served, and to (ii) all executive officers of FPL, in the aggregate.

Cash Compensation Table

Name of individuals or number of persons in group	Capacities in which served	Cash Compensation (1)(2)
J. J. Hudiburg	Chairman of the Board of Directors and Chief Executive Officer	$ 638,314
R. E. Tallon	President and Chief Operating Officer and Director	$ 456,976
W. H. Brunetti	Executive Vice President	$ 260,865
C. O. Woody	Executive Vice President	$ 227,278
J. W. Williams, Jr.	Senior Vice President	$ 209,352
All Executive Officers of FPL, in the aggregate, including those listed above (26 persons).		$4,813,612 (3)(4)(5)

(1) Cash Compensation has not been reduced by the amounts charged to FPL Group and its non-utility subsidiaries. See "Note 1—Basis of Consolidation."

(2) Includes amounts paid only for the period served as executive officers.

(3) FPL maintains an Annual Incentive Plan for FPL officers. Under the plan participants may be awarded annual cash or deferred bonuses based upon both individual and corporate performance during each year measured against pre-established performance goals. The plan is administered and controlled by the Salary and Compensation Committee of both FPL and FPL Group. FPL Group maintains a similar plan in which Messrs. Hudiburg and Tallon participate. Bonus awards paid during 1988 for services rendered in 1987 are reflected in the Cash Compensation Table. The following amounts were awarded in 1989 for services rendered in 1988 to the officers named in the Cash Compensation Table: J. J. Hudiburg - $200,907, R. E. Tallon - $ 162,543, W. H.

Brunetti - $61,303, C. O. Woody - $48,029, J. W. Williams, Jr. - $32,771, and all executive officers of FPL as a group - $879,472.

(4) Directors and principal officers of FPL and its affiliates may defer receipt of all or a portion of their fees or compensation. Amounts deferred bear interest at the prime rate and are included in the Cash Compensation Table.

(5) Excludes aggregate moving expenses of $59,786.

Director Compensation

Directors of FPL who are salaried employees of FPL or any of its affiliates do not receive any additional compensation for serving as a director or committee member. Non-employee directors of FPL and any of its affiliates receive one annual retainer of $15,500 and committee chairmen receive an additional annual retainer of $2,400. A fee of $800 is paid to non-employee directors for one meeting of a board of directors or a committee meeting attended on any given day. A fee of $500 is paid for each additional board or committee meeting attended on that day or any meeting conducted by teleconference call.

FPL Group has established a Retirement Benefits Plan under which a director who retires from the Board of FPL or FPL Group at or after age 65 and is designated by FPL Group's Board as Director Emeritus, will receive an annual retirement benefit equal to 100% of the annual retainer being paid to active directors. The benefit will be paid for life, but only if the director continues to make himself or herself available for consultation with management and the Board.

Directors and officers are also covered by a travel-accident insurance policy, a supplementary medical insurance plan and a dental plan and directors are provided with $10,000 of life and accidental death insurance at no cost. The premiums attributable to the group of directors participating in the foregoing plans were $6,977 for 1988.

Compensation Pursuant To Plans

Employee Thrift and Retirement Savings Plan (Thrift Plan): FPL maintains a Thrift Plan for the benefit of its officers and other full-time non-bargaining unit employees who have completed six months of service. Eligible employees may contribute a percentage of their earnings to the Thrift Plan and have their employer match a portion of such contributions. Participant contributions are invested in one or more funds, including a FPL Group Common Stock fund, a fixed income fund and an equity fund, as directed by each participant. Employer contributions may be made in the form of FPL Group Common Stock (or cash used to purchase FPL Group Common Stock), which the Trustee credits to the participant's company account and which vests in annual increments of 20%. During 1988, for the period during which each was an executive officer, the following amounts were paid as matching contributions for the following executive officers listed in the Cash Compensation Table: J. J. Hudiburg - $12,430, R. E. Tallon - $11,633, W. H. Brunetti - $8,599, C. O. Woody - $7,719, J. W. Williams, Jr. - $6,273, and for all executive officers of FPL as a group - $150,245.

Long-Term Incentive Plan of 1985 (1985 Plan): The 1985 Plan provides for the grant to officers and key employees of FPL Group and its participating subsidiaries, including FPL, of the following types of incentive awards: incentive stock options, nonqualified stock options, stock appreciation rights (SARs), restricted stock and performance shares. The aggregate number of shares for which awards may be granted is 4,000,000. The Compensation Committee has discretion to select the employees to be granted awards and to determine the type, size and terms of such awards, and to modify the terms of such awards. With certain exceptions, including a change in control of FPL Group, 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 descent and distribution.

Incentive stock options and nonqualified stock options are granted at exercise prices at least equal to 100% of the fair market value of the underlying FPL Group Common Stock at the time of grant; may be exercised with cash or with other shares of FPL Group Common Stock; are exercisable at such time and in such installments as determined by the Compensation Committee; and expire no later than ten years after the date on which they are granted, three years after normal retirement (as defined) or 15 months after death. SARs are rights to surrender an option in exchange for cash or FPL Group Common Stock 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.

A restricted stock award is an award of shares of FPL Group Common Stock that are subject to certain restrictions during a period of three or more years from the date of grant as determined by the Compensation Committee. 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 FPL Group Common Stock and is valued at the fair market value of such Common Stock. Payment is made at the end of an award period based on the achievement of performance measures for such period, as determined by the Compensation Committee. Payment is based upon the fair market value of the number of shares of Common Stock equal to the number of performance shares earned, but in no event shall such payment exceed 200% of the fair market value of the performance shares applicable to the date of grant. No participant may receive more than 30% of the maximum number of performance shares which may be granted under the 1985 Plan. Payment for performance shares may be forfeited or reduced pro-rata if a participant does not remain in the employ of FPL 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.

Upon a change in control of FPL Group: (a) all options are immediately exercisable in full for the remainder of their terms; (b) subject to a six-month holding period for options and SARs by officers, all SARs are exercisable in full for cash for a period of sixty days following the change in control for the amount determined pursuant to the 1985 Plan, and optionees may require FPL Group to purchase for such amount in cash, options as to which no SARs have been granted; (c) all restrictions on restricted stock expire; and (d) all performance shares become immediately payable in cash at the designated prices. In addition, for three years after a change in control, to the extent such options have not yet expired, all options remain exercisable for a period of 90 days following (i) termination of a participant's employment other than for cause (as defined), or (ii) resignation for good reason (as defined). The 1985 Plan is scheduled to terminate in December 1995. During 1988 there were 18,725 shares of restricted stock granted under the 1985 Plan, comprised of 11,200 shares granted to Mr. Hudiburg and 7,525 shares granted to Mr. Tallon. No options or SARs were exercised in 1988.

Pension Plan: FPL has a non-contributory defined benefit Plan covering substantially all employees. The compensation covered by the Plan includes basic wages, salaries, and compensation deferred under the Thrift Plan, and effective in 1988 earnings which an employee elects to contribute to a cafeteria plan, all subject to a limit of $200,000 per year. Benefits accrued through December 31, 1988 are based on each member's years of credited service, average monthly base pay, and primary social security benefit (as such terms are defined in the Pension Plan). A member acquires vested rights upon completion of 5 years of service or upon attainment of age 65. Thereafter, benefits will be computed in accordance with forthcoming Treasury Regulations under the Internal Revenue Code. A member who retires early with vested rights may elect to receive a reduced pension as early as age 55. Estimated annual benefits payable on a straight-life annuity basis

at age 65 to participants retiring in 1989, 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. The Pension Plan provides that upon certain terminations, transfers of assets and other circumstances following a change in control of FPL Group, no reversion to an employer of excess plan assets (assets which exceed the present value of accrued benefits) is permitted and any such excess shall be applied to increase employee benefits under the plan.

The following table is intended to relate to the compensation levels of the highest paid executive officers of FPL and therefore is not representative of compensation levels or retirement benefits of employees in general. In addition, these amounts are subject to change pending promulgation of Treasury Regulations mentioned above.

Estimated Annual Pension Benefits*

	Participating Years of Service in the Plan						
Salary**	10	20	30	35	40	45	50
$100,000	$ 30,888	$ 41,083	$ 46,498	$ 47,136	$ 47,873	$ 48,706	$ 49,077
$150,000	48,388	63,583	71,498	72,136	72,873	73,706	74,077
$200,000	65,888	86,083	96,498	97,136	97,873	98,706	99,077
$250,000	83,388	108,583	121,498	122,136	122,873	123,706	124,077
$300,000	100,888	131,083	146,498	147,136	147,873	148,706	149,077
$350,000	118,388	153,583	171,498	172,136	172,873	173,706	174,077
$400,000	135,888	176,083	196,498	197,136	197,873	198,706	199,077
$450,000	153,388	198,583	221,498	222,136	222,873	223,706	224,077
$500,000	170,888	221,083	246,498	247,136	247,873	248,706	249,077
$550,000	188,388	243,583	271,498	272,136	272,873	273,706	274,077
$600,000	205,888	266,083	296,498	297,136	297,873	298,706	299,077
$650,000	223,388	288,583	321,498	322,136	322,873	323,706	324,077

* FPL has adopted a benefit limitation policy for this plan consistent with Section 415 of the Code. As a result, the current maximum annual benefit which may be earned under this plan is $98,064 a year. See discussion of Benefit Restoration Plan below.

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

Participating years of service through December 31, 1988 for the persons named in the Cash Compensation Table are as follows: J. J. Hudiburg - 38 years (current covered compensation - $466,000), R. E. Tallon - 15 years (current covered compensation - $316,000), W. H. Brunetti - 24 years (current covered compensation - $226,000), C. O. Woody - 32 years (current covered compensation - $213,000), J. W. Williams, Jr. - 39 years (current covered compensation - $174,000).

Benefit Restoration Plan: FPL maintains a Benefit Restoration Plan pursuant to which the Board of Directors may select certain executive officers to have benefits restored under the Pension Plan, the Thrift Plan and the ESOP that would otherwise be lost as a result of certain limitations imposed by Section 415 of the Code on annual benefits, in the case of the Pension Plan, and on any contributions in the case of the Thrift Plan and the ESOP. In the event that benefits of participants (including Messrs. Hudiburg, Tallon and Brunetti) are reduced by the operation of Section 415 of the Code, the Benefit Restoration Plan would provide for payment of the difference between the benefits to which the participants would be entitled if the statutory limitations did not apply (computed as if benefits were based on total base compensation, including all amounts deferred, but excluding any bonuses) and the amounts currently payable under the respective retirement plans. Benefits are generally payable at the same time and in the same manner as benefits under the plans to which they relate, but no benefits are payable unless the participant is fully vested in all underlying retirement plans and qualified for retirement under the respective retirement plan.

If a participant's employment is terminated as a result of death, disability or a change in control of FPL Group, benefits under the Benefit Restoration Plan become fully vested and payment thereof is made in accordance with the Plan. Such benefits may otherwise be forfeited upon termination of employment. FPL has established a trust to retain assets set aside for payment of all or a portion of the benefits payable pursuant to the Plan. Any benefits not paid from such trust are payable from FPL's general funds. The following amounts were reserved in 1988 under the Benefit Restoration Plan for benefits lost under the Thrift Plan in 1987 for the following executive officers listed in the Cash Compensation Table: J. J. Hudiburg - $45,143, R. E. Tallon - $18,737, W. H. Brunetti - $7,836, C. O. Woody - $0, J. W. Williams, Jr. - $0, and for all executive officers of FPL as a group - $79,021.

Medical and Insurance Plans: Officers and directors of FPL 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 officers may participate in a comprehensive personal liability insurance program. During 1988 for the period during which each was an executive officer, amounts paid to or for the executive officers listed in the Cash Compensation Table pursuant to the foregoing plans were: J. J. Hudiburg - $1,329, R. E. Tallon - $1,455, W. H. Brunetti - $1,716, C. O. Woody - $908, J. W. Williams, Jr. - $1,292, and for all executive officers of FPL as a group - $30,505.

Employment Agreements: FPL has entered into employment agreements with certain of its officers, including the individuals named in the Cash Compensation Table, to become effective in the event of a change in control of FPL Group defined as: the acquisition of beneficial ownership of 20% of the voting power of FPL Group, certain changes in FPL Group's Board, or approval by the shareholders of certain mergers or consolidations or of certain transfers of FPL Group's assets. These agreements are intended to assure FPL of the continued services of key executives. The agreements provide that each executive shall be employed by FPL in his or her then current position, with compensation and benefits at least equal to then current base and incentive compensation and benefit levels for an employment period of four, and in certain cases five, years after a change in control occurs.

In the event that the executive's employment is terminated (except for death, disability or cause) or if the executive terminates his or her employment because of a reduction in position, responsibility, salary or for any other good reason, as defined in the agreement, the executive is entitled to severance benefits in the form of monthly installments or a lump sum, at the option of the executive, for the remainder of the employment period or for two years, whichever is longer. Such benefits will be based upon the executive's then base compensation plus a maximum bonus and the maximum amount of employer contributions made to his or her account under the Thrift Plan and the Benefit Restoration Plan (relating to the Thrift Plan). The executive is also entitled to continued

participation in all benefit plans (or if barred, payment by the employer), additional supplemental retirement benefits and immediate vesting of incentive stock awards. Any tax penalty incurred by the executive as the result of his or her severance payments will be reimbursed by the employer. The executive is not required to mitigate the amount of benefits under the agreements by seeking other employment.

Other Compensation

With respect to any individual named in the Cash Compensation Table, the aggregate amount of other non-cash compensation does not exceed the lesser of $25,000 or 10% of the compensation reported for such person.

The aggregate amount of other non-cash compensation with respect to the group of executive officers does not exceed the lesser of $25,000 times the number of persons in the group or 10% of the compensation reported in the Cash Compensation Table for the group.

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

FPL Group owns 100% of FPL's common stock.

The table below sets forth, as of March 1, 1989 the number of shares of equity securities of FPL Group and FPL beneficially owned by the directors of FPL and all directors and officers of FPL as a group.

Name	Class of Stock	Shares Beneficially Owned
M. P. Anthony	FPL Group Common Stock	6,288 (1)
David Blumberg	FPL Group Common Stock	5,147 (2)
James L. Broadhead	FPL Group Common Stock	1,000
J. Hyatt Brown	FPL Group Common Stock	2,000 (3)
	FPL Preferred Stock	995 (3)
Marshall M. Criser	FPL Group Common Stock	500
Jean McArthur Davis	FPL Group Common Stock	3,030
John J. Hudiburg	FPL Group Common Stock	43,406 (4)
Robert B. Knight	FPL Group Common Stock	1,436
Marshall McDonald	FPL Group Common Stock	63,002 (5)
Richard W. Ohman	FPL Group Common Stock	17,089 (6)
	FPL Preferred Stock	49,200 (7)
Edgar H. Price, Jr.	FPL Group Common Stock	2,400
Robert E. Tallon	FPL Group Common Stock	25,009 (8)
All directors and officers in the aggregate (35 persons)	FPL Group Common Stock	330,112 (9)(10)
	FPL Preferred Stock	50,195

(1) Includes 2,900 shares held by a profit sharing plan of which Mr. Anthony is a beneficiary, but to which he disclaims any voting or investment powers.

(2) Includes 200 shares held beneficially by Mr. Blumberg's wife, as to which he disclaims any beneficial ownership.

(3) Beneficially owned by Brown & Brown, Inc., of which Mr. Brown is a majority shareholder.

(4) Includes 9,924 shares held in the Thrift Plan and 5,434 shares held in the ESOP as of December 31, 1988, 12,700 shares of restricted stock over which Mr. Hudiburg has voting power, but not investment power and as to which restrictions on 1,500 shares will lapse on March 17, 1989; and 14,167 shares subject to currently exercisable stock options.

(5) Includes 32,000 shares subject to currently exercisable stock options.

(6) Includes 506 shares held in the thrift plan maintained by Colonial Penn Group, Inc., 1,500 shares of restricted stock over which Mr. Ohman has voting power, but not investment power, and 13,334 shares subject to currently exercisable stock options.

(7) Consists of 49,200 shares of FPL Preferred Stock held by a subsidiary of Colonial Penn Group, Inc. over which Mr. Ohman shares investment power as a member of the Board of Directors of such corporation.

(8) Consists of 4,079 shares held in the Thrift Plan and 4,005 shares held in the ESOP as of December 31, 1988, 8,525 shares of restricted stock over which Mr. Tallon has voting power, but not investment power, and 8,400 shares subject to currently exercisable stock options.

(9) 0.25% of the class. Includes 78,759 shares subject to currently exercisable stock options and 125,918 shares held in the Thrift and ESOP Plans. Also includes 22,725 shares of restricted stock over which the officer recipients have no investment power and as to which restrictions on 1,500 shares will lapse on March 17, 1989. No director or officer owns or has a beneficial interest in as much as 1% of any class of equity securities of FPL Group or any of its subsidiaries.

(10) Includes currently exercisable option shares of all FPL directors and officers.

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 $14,915.60 per month, increasing with changes in the Consumer Price Index. The lease expires September 30, 1990. FPL believes these terms are at least as favorable as could have been obtained elsewhere for similar facilities.

In November 1987 an interest-free loan in the aggregate amount of $213,000 was made to J. J. Hudiburg, Chairman of the Board and Chief Executive Officer of FPL, in connection with the relocation of Mr. Hudiburg to FPL facilities at Juno Beach. As of January 1, 1989 there was no outstanding balance.

PART IV

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

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, XIII and XIV.

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

(a)3. Exhibits including those Incorporated by Reference

Exhibits Filed Herewith

Exhibit Number	Description
10(a)	Employment Agreement between FPL and W. H. Brunetti.
10(b)	Employment Agreement between FPL and C. O. Woody.
10(c)	Employment Agreement between FPL and J. W. Williams, Jr.
12(a)	Computation of Ratio of Earnings to Fixed Charges.
12(b)	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
24	Consent of Deloitte Haskins & Sells.

Exhibits Incorporated by Reference

Exhibit Number	Description
3(a)	Bylaws of FPL, as amended February 22, 1988 (filed as Exhibit 3(a) to Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-3545).
3(b)	Restated Articles of Incorporation of FPL dated March 23, 1987 (filed as Exhibit 4(a), File No. 33-12891).
3(c)	Amendment to FPL's Restated Articles of Incorporation dated September 10, 1987 (filed as Exhibit 4(b) to Form 10-Q for the quarter ended September 30, 1987, File No. 1-3545).
4	Mortgage and Deed of Trust dated as of January 1, 1944, and Sixty-eight 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-

Exhibit Number	Description
	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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545; Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 15, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated August 19, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated February 16, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated July 13, 1988, File No. 1-3545; and Exhibit 4 to Form 8-K dated October 25, 1988, File No. 1-3545).
10(d)	Deferred Compensation Agreement between FPL and D. K. Baldwin (filed as Exhibit 10(a) to Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-3545).
10(e)	FPL Group Benefit Restoration Plan (filed as Exhibit 10(b) to Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-3545).
10(f)	FPL Group Long-Term Incentive Plan of 1985, as amended (filed as Exhibit 10(a) to Annual Report on Form 10-K for the year ended December 31, 1986, File No. 1-3545).
10(g)	Employment Agreement between FPL and J. J. Hudiburg (filed as Exhibit 10(c) to Annual Report on Form 10-K for the year ended December 31, 1986, File No. 1-3545).
10(h)	Employment Agreement between FPL and R. E. Tallon (filed as Exhibit 10(d) to Annual Report on Form 10-K for the year ended December 31, 1986, File No. 1-3545).
10(i)	Director and Executive Compensation Deferral Plan, as amended (filed as Exhibit 10(c) to Annual Report on Form 10-K for the year ended December 31, 1984, File No. 1-3545).
10(j)	Benefit Restoration Plan (filed as Exhibit 10 to Annual Report on Form 10-K for the year ended December 31, 1983, File No. 1-3545).

(b) Reports on Form 8-K

On October 21, 1988 a Current Report on Form 8-K dated October 14, 1988 was filed relating to one event under Item 5. Other Events.

On October 27, 1988 a Current Report on Form 8-K dated October 25, 1988 was filed relating to Item 7 - Financial Statements, Pro Forma Financial Information and Exhibits.

On November 29, 1988 a Current Report on Form 8-K dated November 14, 1988 was filed relating to two events under Item 5. Other Events.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT

Column A Classification	Column B Balance Beginning of Year	Column C Additions at Cost (1)	Column D Retirements (2)	Column E Other Changes— Add (Deduct)	Column F Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1988					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 1,851,536	$148,977	$ (17,908)	$ 401	$ 1,983,006
Nuclear	2,866,065	86,306	(15,369)	(107)	2,936,895
Other	293,277	4,793	(3,960)	-	294,110
Total production plant	5,010,878	240,076	(37,237)	294	5,214,011
Transmission plant	1,358,975	93,716	(5,245)	(1,182)	1,446,264
Distribution plant	2,967,682	266,995	(28,559)	(4,320)	3,201,798
General plant	422,276	47,679	(20,785)	5,585	454,755
Intangible plant	2,846	733	-	68	3,647
Total electric plant in service	9,762,657	649,199	(91,826)	445	10,320,475
Held for future use	37,936	2,197	-	(445)	39,688
Total electric plant	9,800,593	651,396	(91,826)	-	10,360,163
Construction work in progress	329,841	(32,965)	-	1,049	297,925
Nuclear fuel	549,009	52,928	(46,932)	(22,862)	532,143
Total electric utility plant	$10,679,443	$671,359	$(138,758)	$(21,813)	$11,190,231
For the Year Ended December 31, 1987					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 1,640,347	$ 217,507	$ (6,972)	$ 654	$ 1,851,536
Nuclear	2,672,710	210,081	(16,442)	(284)	2,866,065
Other	290,040	4,309	(1,117)	45	293,277
Total production plant	4,603,097	431,897	(24,531)	415	5,010,878
Transmission plant	1,314,421	55,246	(2,436)	(8,256)	1,358,975
Distribution plant	2,752,569	238,782	(27,390)	3,721	2,967,682
General plant	386,430	55,266	(29,964)	10,544	422,276
Intangible plant	2,834	10	-	2	2,846
Total electric plant in service	9,059,351	781,201	(84,321)	6,426	9,762,657
Held for future use	36,545	1,608	-	(217)	37,936
Total electric plant	9,095,896	782,809	(84,321)	6,209	9,800,593
Construction work in progress	524,989	(194,498)	-	(650)	329,841
Nuclear fuel	433,402	99,972	(57,847)	73,482 (3)	549,009
Total electric utility plant	$10,054,287	$ 688,283	$(142,168)	$ 79,041	$10,679,443

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT (Concluded)

Column A Classification	Column B Balance Beginning of Year	Column C Additions at Cost (1)	Column D Retirements (2)	Column E Other Changes— Add (Deduct)	Column F Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1986					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$1,618,312	$ 30,658	$ (8,669)	$ 46	$ 1,640,347
Nuclear	2,544,369	130,108	(1,761)	(6)	2,672,710
Other	289,066	1,801	(769)	(58)	290,040
Total production plant	4,451,747	162,567	(11,199)	(18)	4,603,097
Transmission plant	1,279,646	39,717	(4,254)	(688)	1,314,421
Distribution plant	2,539,858	238,457	(25,922)	176	2,752,569
General plant	310,979	85,039	(9,776)	188	386,430
Intangible plant	2,804	30	-	-	2,834
Total electric plant in service	8,585,034	525,810	(51,151)	(342)	9,059,351
Held for future use	36,378	(123)	-	290	36,545
Total electric plant	8,621,412	525,687	(51,151)	(52)	9,095,896
Construction work in progress	461,399	67,121	-	(3,531)	524,989
Nuclear fuel	404,590	78,971	(44,750)	(5,409)	433,402
Total electric utility plant	$9,487,401	$671,779	$(95,901)	$(8,992)	$10,054,287

(1) Substantially all additions are originally charged to construction work in progress and transferred to electric plant accounts upon completion. Additions at cost give effect to such transfers.

(2) 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.

(3) Includes $78.3 million for the recording, effective January 1, 1987, of a nuclear fuel lease.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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 (2)	Retirements	Other Changes—Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1988						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 675,495	$ 90,249	$ 262	$ (19,262)	$ 2	$ 746,746
Nuclear	645,492	131,821	-	(15,476)	(63)	761,774 (3)
Other	180,780	7,966	-	(3,959)	8	184,795
Total production plant	1,501,767	230,036	262	(38,697)	(53)	1,693,315
Transmission plant	399,451	109,488	-	(1,853)	(117)	506,969
Distribution plant	913,819	124,849	-	(31,649)	(394)	1,006,625
General plant	96,433	25,996	8,059	(20,385)	564	110,667
Intangible plant	543	2,138	-	-	-	2,681
Total electric plant	2,912,013	492,507	8,321	(92,584)	-	3,320,257
Accumulated provision for amortization of nuclear fuel assemblies	194,345	-	74,845	(46,932)	-	222,258
Total	$3,106,358	$492,507	$83,166	$(139,516)	$ -	$3,542,515
For the Year Ended December 31, 1987						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 562,525	$ 82,520	$ 199	$ (5,236)	$ 35,487	$ 675,495
Nuclear	532,391	128,562	-	(17,500)	2,039	645,492 (3)
Other	173,425	9,514	-	(1,148)	(1,011)	180,780
Total production plant	1,268,341	220,596	199	(23,884)	36,515	1,501,767
Transmission plant	321,100	81,618	-	(2,590)	(677)	399,451
Distribution plant	818,595	115,899	-	(27,813)	7,138	913,819
General plant	95,139	20,936	7,456	(28,235)	1,137	96,433
Intangible plant	41,694	2,962	-	-	(44,113)	543
Total electric plant	2,544,869	442,011	7,655	(82,522)	-	2,912,013
Accumulated provision for amortization of nuclear fuel assemblies	177,939	-	51,229	(34,823)	-	194,345
Total	$2,722,808	$442,011	$58,884	$(117,345)	$ -	$3,106,358

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT (Concluded)

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 (2)	Retirements	Other Changes—Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1986 (4)						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 512,937	$ 56,128	$ -	$ (8,176)	$ 1,636	$ 562,525
Nuclear	422,084	108,898	5,121	(4,125)	413	532,391 (3)
Other	158,672	15,534	-	(771)	(10)	173,425
Total production plant	1,093,693	180,560	5,121	(13,072)	2,039	1,268,341
Transmission plant	291,198	35,376	-	(3,467)	(2,007)	321,100
Distribution plant	742,506	103,089	-	(26,938)	(62)	818,595
General plant	83,626	10,347	9,455	(8,319)	30	95,139
Intangible plant	26,645	15,049	-	-	-	41,694
Total electric plant	2,237,668	344,421	14,576	(51,796)	-	2,544,869
Accumulated provision for amortization of nuclear fuel assemblies	125,021	-	62,026	(9,108)	-	177,939
Total	$2,362,689	$344,421	$76,602	$(60,904)	$ -	$2,722,808

(1) This reserve is maintained for all depreciable property. The amount in the Retirements column is net of removal costs and salvage.

(2) Depreciation of transportation equipment is charged to various accounts based on the use of such equipment. Amortization of nuclear fuel assemblies is charged to operating expenses, operations—fuel, purchased power and interchange.

(3) Includes decommissioning reserve and related interest of $174.3 million, $147.5 million and $117.3 million at December 31, 1988, 1987 and 1986, respectively.

(4) Depreciation of items suspended from rate base was charged to other deferred debits. See "Note 5."

SCHEDULE IX

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SHORT-TERM BORROWINGS

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 (1)	Column E Weighted 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, 1988					
Commercial Paper	-	-	$26,000	$17,812	7.1%
For the Year Ended December 31, 1987					
Commercial Paper	$83,000	7.8%	$133,000	$66,398	6.8%
For the Year Ended December 31, 1986					
Commercial Paper	-	-	-	$602	7.6%

(1) Represents the maximum amount outstanding at any month end.

(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 20, 1989

By R. E. TALLON
R. E. Tallon *(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
J. J. HUDIBURG J. J. Hudiburg *(Chairman of the Board)*	Principal Executive Officer and Director	March 20, 1989
D. K. BALDWIN D. K. Baldwin *(Group Vice President)*	Principal Financial Officer	
K. M. DAVIS K. M. Davis *(Comptroller)*	Principal Accounting Officer	
M. P. ANTHONY M. P. Anthony	Directors	
DAVID BLUMBERG David Blumberg		
JAMES L. BROADHEAD James L. Broadhead		
J. HYATT BROWN J. Hyatt Brown		
MARSHALL M. CRISER Marshall M. Criser		

Signature	Title	Date
JEAN MCARTHUR DAVIS Jean McArthur Davis	Directors	March 20, 1989
ROBERT B. KNIGHT Robert B. Knight		
MARSHALL McDONALD Marshall McDonald		
Richard W. Ohman		
ED H. PRICE, JR. Ed H. Price, Jr.		
ROBERT E. TALLON Robert E. Tallon		
Willard D. Dover		

EXHIBIT 12(a)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended December 31,				
	1988	1987	1986	1985	1984
	Thousands of Dollars				
Earnings, as defined:					
Net income	$435,620	$426,193	$ 431,123	$ 414,347	$351,769
Income taxes	203,988	266,040	336,201	328,485	276,363
Fixed charges, as below	291,695	293,184	319,556	317,704	319,376
Total earnings, as defined	$931,303	$985,417	$1,086,880	$1,060,536	$947,508
Fixed charges, as defined:					
Interest on first mortgage bonds	$252,047	$255,136	$282,984	$290,602	$288,719
Interest on other long-term debt	6,214	6,181	5,998	4,315	5,272
Other interest charges	26,867	27,048	24,962	16,914	17,545
Rental interest factor	1,646	91	131	171	180
Fixed charges included in nuclear fuel cost	4,921	4,728	5,481	5,702	7,660
Total fixed charges, as defined	$291,695	$293,184	$319,556	$317,704	$319,376
Ratio of earnings to fixed charges	3.19	3.36	3.40	3.34	2.97

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	Twelve Months Ended December 31,				
	1988	1987	1986	1985	1984
	Thousands of Dollars				
Earnings, as defined:					
Net income	$435,620	$426,193	$ 431,123	$ 414,347	$351,769
Income taxes	203,988	266,040	336,201	328,485	276,363
Fixed charges, as below	291,695	293,184	319,556	317,704	319,376
Total earnings, as defined	$931,303	$985,417	$1,086,880	$1,060,536	$947,508
Fixed charges, as defined:					
Interest on first mortgage bonds	$252,047	$255,136	$282,984	$290,602	$288,719
Interest on other long-term debt	6,214	6,181	5,998	4,315	5,272
Other interest charges	26,867	27,048	24,962	16,914	17,545
Rental interest factor	1,646	91	131	171	180
Fixed charges included in nuclear fuel cost	4,921	4,728	5,481	5,702	7,660
Total fixed charges, as defined	291,695	293,184	319,556	317,704	319,376
Non-tax deductible preferred stock dividend requirements	45,518	48,295	47,667	46,415	46,684
Ratio of income before income taxes to net income	1.468	1.624	1.780	1.793	1.786
Preferred stock dividend requirements before income taxes	66,820	78,431	84,847	83,222	83,378
Combined fixed charges and preferred stock dividend requirements	$358,515	$371,615	$404,403	$400,926	$402,754
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.60	2.65	2.69	2.65	2.35

EXHIBIT 24

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We hereby consent to the incorporation by reference in Registration Statement No. 33-5485 on Form S-3, Registration Statement No. 33-12891 on Form S-3 and Registration Statement No. 33-24653 on Form S-3, of our report dated February 24, 1989 appearing in this Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 1988.

DELOITTE HASKINS & SELLS

Miami, Florida
March 20, 1989

EXHIBIT 2

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1989

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number 1-3545

FLORIDA POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

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

(305) 552-3552
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES _X_ NO ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 7, 1989
Common Stock, No Par Value	1,000 shares

PART I - FINANCIAL INFORMATION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

Thousands of Dollars

	September 30, 1989 (Unaudited)	December 31, 1988
ELECTRIC UTILITY PLANT:		
At original cost	$11,401,696	$10,892,306
Construction work in progress	250,801	297,925
Less accumulated depreciation and amortization	4,007,560	3,542,515
Electric utility plant—net	7,644,937	7,647,716
INVESTMENTS	212,952	186,480
CURRENT ASSETS:		
Cash and temporary investments	2,512	59,643
Accounts receivable (less allowance for uncollectible accounts of $12,250 at September 30, 1989 and $13,366 at December 31, 1988)	585,907	470,750
Materials and supplies—at average cost	221,496	185,164
Fossil fuel stock—at average cost	50,199	50,798
Prepaid expenses	37,489	29,706
Other	11,460	12,188
Total current assets	909,063	808,249
DEFERRED DEBITS:		
Excess of reacquisition cost over book value of bonds retired	151,794	142,909
Deferred litigation items	113,201	115,041
Deferred costs under cost recovery clauses	54,281	-
Other	70,317	82,741
Total deferred debits	389,593	340,691
Total	$ 9,156,545	$ 8,983,136

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1988 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

CAPITALIZATION AND LIABILITIES

Thousands of Dollars

	September 30, 1989 (Unaudited)	December 31, 1988
CAPITALIZATION (Note 1):		
Common stock	$1,373,069	$1,373,069
Retained earnings and other shareholder's equity	1,346,379	1,273,752
Preferred stock without sinking fund requirements	346,250	346,250
Preferred stock with sinking fund requirements	164,250	180,050
Long-term debt:		
First mortgage bonds	2,824,249	2,678,549
Other long-term debt	98,155	98,866
Unamortized premium and discount on debt	(21,627)	(20,878)
Total long-term debt	2,900,777	2,756,537
Total capitalization	6,130,725	5,929,658
OTHER NONCURRENT LIABILITIES:		
Capital lease obligations	75,980	76,698
Storm and property insurance reserve (Note 3)	53,541	48,916
Revenues to be refunded (Note 2)	37,407	37,692
Other	16,333	15,922
Total other noncurrent liabilities	183,261	179,228
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock	15,025	160,087
Accounts and notes payable	253,906	206,113
Accrued liabilities	352,425	185,039
Other current liabilities	284,010	284,856
Total current liabilities	905,366	836,095
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,395,322	1,388,872
Unamortized investment tax credits	435,821	453,447
Deferred revenues under cost recovery clauses	7,715	99,026
Other	98,335	96,810
Total deferred credits	1,937,193	2,038,155
COMMITMENTS AND CONTINGENCIES (Notes 2 and 3)		
Total	$9,156,545	$8,983,136

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1988 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	1989	1988	1989	1988	1989	1988
	Thousands of Dollars					
OPERATING REVENUES (Note 2)	$1,453,175	$1,357,267	$3,786,801	$3,549,386	$4,864,693	$4,627,990
OPERATING EXPENSES:						
Operations:						
Fuel, purchased power and interchange	529,394	486,807	1,335,277	1,315,503	1,712,079	1,708,631
Other	216,961	195,942	604,513	563,319	831,256	755,072
Maintenance	90,315	95,624	285,736	260,002	398,492	353,699
Depreciation and amortization	157,518	116,176	496,877	349,432	638,169	495,453
Income taxes	93,878	100,938	183,018	186,545	200,490	215,826
Taxes other than income taxes	117,914	108,630	311,106	292,145	399,999	377,186
Total operating expenses	1,205,980	1,104,117	3,216,527	2,966,946	4,180,485	3,905,867
OPERATING INCOME	247,195	253,150	570,274	582,440	684,208	722,123
ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	965	1,441	5,487	5,441	6,396	6,878
OTHER INCOME—NET	39	2,227	1,891	4,318	5,835	9,560
INCOME BEFORE INTEREST CHARGES	248,199	256,818	577,652	592,199	696,439	738,561
INTEREST CHARGES	75,202	70,571	218,692	211,295	292,524	283,574
ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION	(2,722)	(1,913)	(12,685)	(8,545)	(13,901)	(10,044)
NET INCOME	175,719	188,160	371,645	389,449	417,816	465,031
PREFERRED STOCK DIVIDEND REQUIREMENTS	10,877	11,289	32,906	34,229	44,195	45,872
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 164,842	$ 176,871	$ 338,739	$ 355,220	$ 373,621	$ 419,159

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1988 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Temporary Investments

(Unaudited)

	Nine Months Ended September 30, 1989	Nine Months Ended September 30, 1988
	Thousands of Dollars	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 371,645	$ 389,449
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	496,877	349,432
Amortization of nuclear fuel assemblies	32,030	64,616
Net increase (decrease) in deferred income tax liabilities	6,450	(58,355)
Decrease in deferred investment tax credits	(17,626)	(15,939)
Allowance for other funds used during construction	(5,487)	(5,441)
Write-off of disposal fee for spent nuclear fuel	1,756	76,670
Refund of 1987 revenues related to the Tax Savings Rule (Note 2)	-	(51,700)
(Refund of) provision for 1988 revenues related to the Tax Savings Rule (Note 2)	(37,692)	31,400
Provision for 1989 revenues related to the Tax Savings Rule (Note 2)	37,407	-
Deferrals under cost recovery clauses (1)	(145,592)	204,003
Increase (decrease) in current items and other adjustments	69,069	(61,845)
Net cash—operating activities	808,837	922,290
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction expenditures (2)	(507,128)	(406,577)
Nuclear fuel expenditures (2)	(70,130)	(26,031)
Sale of nuclear fuel	29,067	18,974
Increase in nuclear decommissioning reserve funds	(23,890)	(21,439)
Other investing activities	716	(7,013)
Net cash—investing activities	(571,365)	(442,086)

(1) Represents effect on cash flows from operating activities of the net amounts deferred or recovered under the fuel and purchased power, the oil-backout and the energy conservation cost recovery clauses.

(2) Excluding allowance for other funds used during construction.

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1988 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
Increase (Decrease) in Cash and Temporary Investments

(Unaudited)

	Nine Months Ended September 30, 1989	Nine Months Ended September 30, 1988
	Thousands of Dollars	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Retirement of long-term debt and preferred stock	$(179,057)	$(308,718)
Sale of first mortgage bonds and issuance of other long-term debt	148,046	247,188
Dividends on preferred stock	(33,043)	(34,347)
Dividends to FPL Group, Inc.	(290,863)	(319,901)
Reimbursement by trustee for construction expenditures	4,314	15,736
Increase (decrease) in notes payable	31,000	(83,000)
Capital contribution from FPL Group, Inc.	25,000	70,000
Net cash—financing activities	(294,603)	(413,042)
Net (decrease) increase in cash and temporary investments (3)	(57,131)	67,162
Cash and temporary investments at the beginning of the year	59,643	8,966
Cash and temporary investments at the end of the period	$ 2,512	$ 76,128
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$198,867	$184,335
Federal income taxes	$75,060	$219,000
State income taxes	$52,500	$17,900
Supplemental schedule of non-cash investing activities:		
Additions to capital lease obligations	$29,971	$30,542

(3) FPL classifies, as temporary investments, highly liquid short-term investments which are readily convertible to known amounts of cash.

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1988 Annual Report on Form 10-K.

NOTES (Unaudited)

The accompanying condensed consolidated financial statements should be read in conjunction with the 1988 Annual Report on Form 10-K of Florida Power & Light Company (FPL). In the opinion of FPL the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of September 30, 1989, the results of operations for the three months, nine months and twelve months ended September 30, 1989 and 1988 and the cash flows for the nine months ended September 30, 1989 and 1988. Results of the interim periods are not necessarily indicative of the results for the calendar year due to the seasonal nature of FPL's business and are also subject to periodic fluctuations due to such factors as outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers.

1. Capitalization

Capital Contribution

In May 1989 FPL received a capital contribution of $25 million from its parent, FPL Group, Inc. (FPL Group).

Preferred Stock

The 1989 sinking fund requirements for the 10.08% Preferred Stock, Series J, the 8.70% Preferred Stock, Series M and the 11.32% Preferred Stock, Series O, were met by redeeming and retiring 75,000 shares, 18,000 shares and 65,000 shares, respectively, in April 1989. The Series J and Series O redemptions included the maximum number of optional shares. There are no additional sinking fund requirements for the remainder of 1989.

Minimum annual sinking fund requirements are approximately $9 million for each of the years 1990 through 1992 and $10 million in 1993.

Long-Term Debt

In January 1989 FPL redeemed $125 million principal amount of First Mortgage Bonds, 12-7/8% Series due January 1, 2014 and in July 1989 sold $150 million principal amount of First Mortgage Bonds, 9-3/8% Series due July 1, 2019. The proceeds of the July issue were used to repay a portion of notes payable. In October 1989 FPL sold $55 million principal amount of secured medium-term notes at a weighted average interest rate of 9.2% with maturities ranging from approximately 8 years to 30 years.

Annual maturities and sinking fund requirements of long-term debt are approximately $10 million in 1990, $1 million in 1991, $26 million in 1992 and $2 million in 1993. Substantially all long-term debt maturing in 1989 has been retired through September 30, 1989.

2. Rate Matters

Under the Florida Public Service Commission's (FPSC) rule related to the effect on revenues of corporate income tax rate changes (Tax Savings Rule), FPL agreed to use a return on equity (ROE) of 13.60% for 1987, 1988 and 1989. The Tax Savings Rule requires FPL to refund to customers, in the subsequent year, retail revenues associated with earnings in excess of those required to produce the 13.60% ROE, to the extent the retail earnings were generated by a reduction in the income tax rate. Under this rule FPL refunded in 1988 approximately $53 million of revenues for 1987, plus interest of approximately $1 million and in June 1989 refunded approximately $38 million of revenues for 1988. FPL also refunded in June 1989 approximately $2 million of additional interest

on the 1987 refund and $3 million of interest on the 1988 refund. The 1988 refund is subject to further review and adjustment by the FPSC.

During the three months and nine months ended September 30, 1989 FPL recorded provisions of approximately $17 million and $37 million, respectively, for the potential refund of 1989 revenues which may be required under the Tax Savings Rule. During the twelve months ended September 30, 1989 FPL recorded a total provision of approximately $44 million which reflects the potential refund of 1989 revenues as well as a portion of the 1988 refund. During the three months, nine months and twelve months ended September 30, 1988 FPL recorded total Tax Savings Rule provisions of $3 million, $32 million and $26 million, respectively. The effect of recording these provisions was a reduction of net income for the three months, nine months and twelve months ended September 30, 1989 by approximately $11 million, $23 million and $27 million, respectively; the effect on net income for the corresponding periods in 1988 was a reduction of $2 million, $20 million and $17 million, respectively.

FPL has agreed to use a 13.60% ROE for the calculation of the 1989 allowance for funds used during construction (AFUDC) rate and for 1989 earnings surveillance purposes. If at any time during 1989 the FPSC issues an order to show cause why rates should not be reduced, then retail revenues in excess of those which would provide a 13.60% retail ROE, after providing for any Tax Savings Rule refund, would be collected subject to refund. Also FPL has agreed not to file for any general rate increases that would become effective prior to January 1, 1990.

In September 1989 FPL responded to an FPSC Staff request to, among other items, establish an ROE for 1990 for purposes of the Tax Savings Rule, earnings surveillance and the AFUDC rate. FPL suggested using the same general approach used in establishing the 1989 ROE and that FPL would consider the application of the rate for a period longer than one year. FPL also proposed that if a new rate is not established by December 31, 1989, then the 13.60% rate applicable to 1989 be carried over until a new ROE is approved. On October 31, 1989 the FPSC approved a proposed amendment to the Tax Savings Rule effective, for FPL, in 1990 at the earliest. The amendment would, among other matters, require calculation of any tax savings under such rule using an ROE established by the FPSC in a limited scope proceeding and a zero cost of capital for unamortized investment tax credits (ITC). The FPSC would use the midpoint of Staff's estimated compounded annual ROE range, effective for the first quarter of the year in question, as the starting point for establishing the ROE in the limited proceeding. Formerly the rule required the use of the midpoint of the ROE range established in the last rate case, although in 1987, 1988 and 1989 FPL had agreed to use an ROE of 13.60% for such purposes. ITC with a cost of capital equal to the weighted average of debt, preferred stock and common equity was previously used for the Tax Savings Rule and in FPL's last rate case. All interested parties have the opportunity to file comments or request a hearing prior to final adoption of these amendments. FPL intends to review the FPSC order and may request a hearing. The matter is pending.

An issue has been raised by the Florida Public Counsel regarding the recoverability of approximately $40 million of replacement fuel costs resulting from certain outages of the Turkey Point nuclear units. The FPSC is scheduled to address this matter in December 1989. For additional information on Turkey Point, see "Note 3—Turkey Point Nuclear Operations."

3. Commitments and Contingencies

Construction Program

FPL has made certain commitments in connection with its continuous construction program. FPL's construction expenditures, including AFUDC, for the years 1989-91 are currently estimated at $3.0 billion, including $166 million for nuclear fuel. Actual construction expenditures may vary from these estimates.

Insurance Coverage

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. The coverage limits under these programs currently total approximately $1.7 billion, above which FPL is self-insured. The terms of these programs provide that 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. Nuclear Regulatory Commission (NRC) regulations require that nuclear plant license-holders maintain not less than $1.06 billion of property insurance and use the proceeds of that insurance to place a plant in a safe and stable condition and to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration. The NRC regulations also require that any of the $1.06 billion of property insurance proceeds that have not been expended to place the plant in a safe and stable condition and that may be needed to carry out the NRC-approved decontamination plan be payable to an independent trustee established for the sole purpose of paying the cost of decontamination and radioactive debris removal. Compliance with the regulations concerning the decontamination priority and the establishment of a trustee is required in 1990.

FPL is a member of a replacement power insurance program which provides coverage for its nuclear generating plants in the event that one or more of the plants is out of service for more than twenty-one weeks. Thereafter, the insurers will make weekly payments of 100% of the estimate of the plant's replacement power costs stated in the policy declarations (Base Payments) for up to fifty-two weeks, will make payments for up to an additional fifty-two weeks at 67% of the Base Payments and will make payments for up to an additional fifty-two weeks at 33% of the Base Payments.

Under both the property and replacement power insurance programs, FPL could be assessed retrospective premiums for losses in current or prior policy years. FPL could be assessed a maximum of approximately $100 million under policies in effect on September 30, 1989 in the event of major accidents at nuclear plants of the utilities participating in these programs (including FPL).

FPL is subject to the Price-Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. As the first layer of financial protection, FPL has purchased $200 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan FPL is subject to an assessment of $252 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $40 million per incident.

FPL's contingent liability for retrospective premium assessments is partially offset by the storm and property insurance reserve fund. This fund provides coverage toward storm damage costs and possible retrospective premium assessments stemming from a nuclear incident under the various insurance programs covering FPL's nuclear generating plants. At September 30, 1989 the balance of the fund was approximately $54 million.

Purchased Power Contracts

FPL has two contracts with certain of the generating companies of The Southern Company system (Southern Companies) to receive, subject to certain contingencies, 2,000 megawatts of coal-fired power through 1992 with declining amounts thereafter through mid-2010. Under the terms of these contracts FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $340 million in 1989, $375 million in 1990, $385 million in 1991, $395 million in 1992 and $295 million in 1993 with declining amounts from 1994 through 2010. Capacity charges for the three months, nine months and twelve months ended September 30, 1989 totaled approximately $88 million, $249 million and $321 million, respectively; energy charges for those respective periods amounted to $90 million, $250 million and $312 million.

Capacity charges for the three months, nine months and twelve months ended September 30, 1988 totaled approximately $71 million, $217 million and $278 million, respectively; energy charges for those respective periods amounted to $79 million, $182 million and $267 million. Capacity and energy charges are recovered through the oil-backout cost recovery clause (Oil-backout clause) and the fuel and purchased power cost recovery clause (Fuel adjustment clause), respectively.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership and operation of two coal-fired units and a coal terminal at St. Johns River Power Park (SJRPP). FPL owns 20% of the project and a purchased power arrangement with JEA entitles FPL to receive an additional 30% of the output of the SJRPP units. SJRPP Units Nos. 1 and 2 began commercial operation in late March 1987 and late May 1988, respectively. Under the terms of the agreement with JEA, FPL is obligated to JEA, on a take-or-pay basis, for capacity costs for these units which are estimated to be $85 million in 1989 and $90 million for each of the years 1990 through 1993 with varying amounts thereafter through 2020. Capacity charges for the three months, nine months and twelve months ended September 30, 1989 totaled approximately $19 million, $60 million and $81 million, respectively; energy charges for those respective periods amounted to $14 million, $34 million and $41 million. Capacity charges for the three months, nine months and twelve months ended September 30, 1988 totaled approximately $19 million, $44 million and $53 million, respectively; energy charges for those respective periods amounted to $14 million, $30 million and $35 million. Capacity charges are recoverable through base rates and energy charges are recovered through the Fuel adjustment clause.

Antitrust Litigation

In 1988 two antitrust suits were filed against FPL. One suit, filed by Union Carbide Corporation (Union Carbide), alleges, among other matters, that through a territorial agreement, FPL and Florida Power Corporation (Florida Power) have conspired to eliminate competition, thereby unreasonably restraining trade and commerce in violation of the Sherman Antitrust Act (Sherman Act). The other suit alleges that FPL and certain of its affiliates have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators and that the defendants' actions constitute monopolization and conspiracy in restraint of trade in violation of the Sherman Act and unlawful discrimination in prices, services or facilities in violation of the Clayton Act. Each of the suits seeks treble damages of unspecified amounts. The second suit also seeks compensatory and punitive damages under Florida law. FPL believes that its actions are lawful and intends to vigorously defend these suits.

In February 1989 the FPSC granted FPL's request for a declaratory statement affirming that Union Carbide's request that FPL wheel power contravened the territorial agreement between FPL and Florida Power and was inconsistent with the state law and public policy. As a result the FPSC ordered FPL not to wheel power under such circumstances.

Turkey Point Nuclear Operations

Turkey Point Unit No. 3 was returned to service in late June 1989 following an outage that began in late March 1989. The unit was taken off line as part of an agreement with the NRC relating to unsatisfactory performance by licensed operators on routine requalification examinations and the outage was extended for additional repairs. In addition the unit was taken off line from October 1988 through February 1989 to complete unscheduled repairs. Turkey Point Unit No. 4 returned to service in mid-June 1989 following completion of an extended refueling and maintenance outage which began in September 1988. This outage was planned to reduce maintenance backlogs and was extended for additional repairs. Unit No. 4 was also off line from mid-September through mid-October 1989 for unscheduled repairs. Turkey Point Units Nos. 3 and 4 are expected to be removed from service in late 1990 or early 1991 for an outage which is expected to extend well into 1991. This outage is necessary to upgrade the emergency power system, fulfilling a commitment to the NRC.

In May 1989 the NRC staff reviewed the performance of operating nuclear power plants and characterized Turkey Point as continuing to require special monitoring by the NRC. The NRC staff stated that FPL's progress in improving performance at Turkey Point had not met expectations and indicated a need for FPL to implement more effectively the improvement program currently underway at Turkey Point. The NRC staff also stated that additional management attention was necessary to attain an accelerated rate of improvement. At a June 1989 public meeting of the NRC, members of the NRC indicated that a lack of consistent and definite near-term improvement at Turkey Point would result in the NRC's consideration of whether the Turkey Point nuclear units should be placed in a shutdown condition. In October 1989 the NRC staff issued a report on its Systematic Assessment of Licensee Performance covering Turkey Point nuclear operations during the thirteen-month period ended July 31, 1989. This report found that Turkey Point operated with improved performance during the assessment period. FPL continues to give top priority to achieving an improved and consistent level of performance that will warrant termination of special monitoring by the NRC.

A shutdown or extended unavailability of the Turkey Point nuclear units could result in a low generation reserve margin for FPL. In addition the FPSC has jurisdiction to review the facts and circumstances surrounding such events and to determine the recoverability of replacement power costs (aggregating approximately $600 thousand per day for both units based on current prices) from ratepayers and whether the continued recovery of plant and related costs (currently estimated to be approximately $950 million, net of accumulated depreciation and amortization) is appropriate. The inability to recover replacement power costs for an extended period or the nonrecovery of such plant and related costs would have a material adverse effect on FPL's financial condition and results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the 1988 Annual Report on Form 10-K of FPL.

FPL is of the opinion that results of the interim periods are not necessarily indicative of the results for the calendar year due to the seasonal nature of FPL's business and are also subject to periodic fluctuations due to such factors as outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers. The following includes a discussion of factors which had a significant effect on FPL's financial position as of September 30, 1989 and results of operations for the three months, nine months and twelve months ended September 30, 1989. All comparisons are with corresponding periods of the prior year.

FINANCIAL CONDITION

During the nine months ended September 30, 1989 cash flows were negatively impacted by timing differences of cash receipts and disbursements under the cost recovery clauses. This timing difference was partially mitigated by a mid-course increase to the Fuel adjustment clause factors effective June 1, 1989. During the nine months ended September 30, 1989 cash flows were favorably impacted by the recovery under the Oil-backout clause of accelerated depreciation on a portion of two 500 kilovolt transmission lines which extend from Miami to the Florida-Georgia border (500 kv transmission lines). In addition, during this period FPL made extensive use of short-term borrowings which have been substantially repaid as of September 30, 1989, through, among other items, the issuance of first mortgage bonds. It is anticipated that FPL's needs for borrowings will increase from present levels due to the reduction in cash flows as a result of the full recovery through September 30, 1989 of substantially all of the cost of the 500 kv transmission lines, as well as increased construction activities. To provide FPL with additional financing flexibility, FPL filed a registration statement in August 1989 for $250 million principal amount of first mortgage bonds which may be issued in the form of secured medium-term notes. For additional information regarding FPL's capitalization, see "Note 1."

Construction expenditures for the period 1989 through 1993 are estimated to be $6.2 billion. Included in this amount is a portion of the costs of generating units expected to come on line in 1994, 1995 and 1996. Construction expenditures after 1993 required to complete these facilities are currently estimated to be $1.1 billion. These estimates assume that FPL will finance and construct these generating facilities. It is anticipated that these expenditures will be financed with cash flows from operating activities, the issuance of long-term debt and preferred stock, capital contributions from FPL Group and, from time to time, short-term borrowings. However FPL is currently exploring alternative financing and ownership strategies, including "all source" capacity bidding and turnkey construction contracts, for certain of the proposed generating units. In the all source capacity bidding approach third parties (including cogenerators and independent power producers) would build, own and operate new generating capacity and sell the output to FPL through performance-based, take-if-tendered purchased power contracts. FPL's intent for using a turnkey construction contract is to pass on substantially all construction risks to a third party construction contractor. For additional information regarding FPL's construction program, see "Note 3—Construction Program."

The ratios of earnings to fixed charges and the ratios of earnings to combined fixed charges and preferred stock dividend requirements presented on Exhibits 12(a) and 12(b), respectively, have been restated to reflect a revised rental interest factor. The restated ratios of earnings to fixed charges for the twelve months ended December 31, 1988, 1987, 1986, 1985 and 1984 are 3.15, 3.31, 3.36, 3.30 and 2.94, respectively; the previously reported ratios were 3.19, 3.36, 3.40, 3.34 and 2.97, respectively. The restated ratios of earnings to combined fixed charges and preferred stock dividend requirements for the twelve months ended December 31, 1988, 1987, 1986, 1985 and 1984 are 2.57, 2.62, 2.67, 2.63

and 2.34, respectively; the previously reported ratios were 2.60, 2.65, 2.69, 2.65 and 2.35, respectively.

For information concerning rate and regulatory matters with the FPSC, see "Note 2."

RESULTS OF OPERATIONS

The decline in earnings for the three months ended September 30, 1989 reflects a higher provision for revenue refund under the Tax Savings Rule and higher other operations and depreciation expenses, offset by increased energy sales. The decline in earnings for the nine months and the twelve months ended September 30, 1989 reflects higher other operations, maintenance and depreciation expenses, offset by increased energy sales.

Operating Revenues

The following table summarizes operating revenues by component.

	Three Months Ended September 30,			Nine Months Ended September 30,			Twelve Months Ended September 30,		
	1989	1988	Change	1989	1988	Change	1989	1988	Change
	Millions of Dollars								
Retail base	$ 810	$ 769	$ 41	$2,105	$1,971	$134	$2,709	$2,527	$182
Provision for refund of:									
1987 revenues .	-	-	-	-	(1)	1	-	5	(5)
1988 revenues .	-	(3)	3	-	(31)	31	(7)	(31)	24
1989 revenues .	(17)	-	(17)	(37)	-	(37)	(37)	-	(37)
Other	99	113	(14)	273	281	(8)	363	359	4
Total before fuel and oil-backout revenues......	892	879	13	2,341	2,220	121	3,028	2,860	168
Fuel	422	383	39	1,016	1,037	(21)	1,293	1,350	(57)
Oil-backout ...	139	95	44	430	292	138	544	418	126
Total	$1,453	$1,357	$ 96	$3,787	$3,549	$238	$4,865	$4,628	$237

The increase in retail base revenues for the periods presented is primarily the result of increases in energy sales. For the three months, nine months and twelve months ended September 30, 1989, energy sales increased 5.9%, 7.5% and 8.4%, the average number of customers increased 3.8%, 3.8% and 3.8% and energy usage per customer increased 2.0%, 3.6% and 4.4%, respectively.

The provisions for refund of revenues represent estimated revenues to be refunded in accordance with the Tax Savings Rule. Under this rule FPL refunded in April 1988 and June 1989 revenues of approximately $53 million and $38 million for 1987 and 1988, respectively. The refund for 1988 is subject to further review and adjustment by the FPSC as late as 1990. Any potential refund of 1989 revenues will be made in 1990. See "Note 2."

During the three months ended September 30, 1989 fuel revenues increased due to an increase in energy sales as well as higher effective Fuel adjustment clause factors. The higher factors reflect

a mid-course increase effective June 1, 1989. During the nine months and twelve months ended September 30, 1989 fuel revenues decreased due to lower average Fuel adjustment clause factors which were partially offset by an increase in energy sales. The increases in oil-backout revenues for the periods presented reflect higher Oil-backout clause factors as well as higher energy sales. These factors are adjusted, at a minimum, every six months to reflect anticipated changes in fuel expense or costs and savings resulting from projects which displace oil-fired generation. Effective October 1, 1989 the Oil-backout factors were reduced approximately 15%, primarily to reflect the recovery through accelerated depreciation of substantially all of the costs of the 500 kv transmission lines.

The Turkey Point nuclear plant continues to require special monitoring by the NRC and members of the NRC have indicated that a lack of consistent and definite near-term improvement in the operating performance at the Turkey Point nuclear units would result in the NRC's consideration of whether the Turkey Point nuclear units should be placed in a shutdown condition. A shutdown or extended unavailability of the Turkey Point nuclear units could result in a low generation reserve margin for FPL. In addition the FPSC has jurisdiction to review the facts and circumstances surrounding such events and to determine the recoverability of replacement power costs (aggregating approximately $600 thousand per day for both units based on current prices) from ratepayers and whether the continued recovery of plant and related costs (currently estimated to be approximately $950 million, net of accumulated depreciation and amortization) is appropriate. The inability to recover replacement power costs for an extended period or the nonrecovery of such plant and related costs would have a material adverse effect on FPL's financial condition and results of operations. FPL has given top priority to the task of bringing the performance of the Turkey Point nuclear units up to a level that will warrant termination of special monitoring by the NRC. For additional information on this matter, see "Note 3—Turkey Point Nuclear Operations."

In January 1989 an intervenor filed a petition with the FPSC requesting that the FPSC direct FPL to refund to customers certain revenues recovered through the Oil-backout clause that were associated with accelerated depreciation on the 500 kv transmission lines. The petition also requested the termination of the Oil-backout clause and recovery through base rates of costs associated with the 500 kv transmission lines. The FPSC has recently denied the intervenor's petition.

Operating Expenses

Fuel, Purchased Power and Interchange

As oil and natural gas prices fluctuated during the past few years, FPL benefited from its ability to shift between different sources of generation to achieve the most economical fuel mix. Fuel-related costs were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,			Twelve Months Ended September 30,		
	1989	1988	Change	1989	1988	Change	1989	1988	Change
	Millions of Dollars								
Fuel expense ..	$277	$261	$ 16	$ 726	$ 675	$ 51	$ 919	$ 866	$ 53
Purchased power	215	183	32	602	478	124	766	648	118
Interchange ...	17	10	7	61	47	14	81	66	15
Deferred fuel costs	20	33	(13)	(54)	116	(170)	(54)	129	(183)
Total	$529	$487	$ 42	$1,335	$1,316	$ 19	$1,712	$1,709	$ 3

The increase in fuel expense during the three months ended September 30, 1989 is primarily the result of higher oil prices partially offset by lower oil consumption. During the nine months and twelve months ended September 30, 1988 fuel expense reflects a substantial portion of an $81.4 million permanent disposal fee for certain spent nuclear fuel. This charge resulted from the settlement of litigation and had no effect on operating income. Excluding that charge, fuel expense increased approximately $127 million and $128 million during those respective periods primarily due to higher oil consumption and higher oil and natural gas prices which were partially offset by lower natural gas and nuclear fuel consumption. Lower nuclear fuel consumption was the result of refueling and maintenance outages at St. Lucie Unit No. 2 and Turkey Point Unit No. 4 and unscheduled outages at both Turkey Point nuclear units and at St. Lucie Unit No. 1. These outages, combined with higher energy sales, required the use of higher-priced energy sources, primarily fossil-fueled energy, energy purchases under the purchased power agreement with the Southern Companies and interchange power.

The increase in purchased power expense for the three months ended September 30, 1989 reflects a shift to less expensive purchased power during a period of rising oil prices as well as increased energy sales. For all periods presented the higher volume of purchases from the Southern Companies was partially offset by a lower average price for purchased power, reflecting lower production costs of the Southern Companies. Purchased power also reflects higher capacity charges from the Southern Companies and, during the nine-month and twelve-month period, higher capacity charges on the SJRPP units, primarily as a result of the placement of Unit No. 2 in service in May 1988. See "Note 3—Purchased Power Contracts."

The Fuel adjustment clause factors are projected every six months. An over (under) recovery may subsequently occur if, among other factors, actual fuel-related costs were lower (higher) than projected. The deferred fuel costs for the periods ending in 1988 and for the three months ended September 30, 1989 reflect the recovery of costs deferred in prior periods. The deferral of fuel costs for the nine months and twelve months ended September 30, 1989 resulted from the under-recovery of such costs during those periods. The FPSC approved a mid-course increase to the Fuel

adjustment clause factors effective June 1, 1989. The increase to the factors was primarily due to the price of oil exceeding projections.

Other Operating Expenses

The increase in other operations expenses for the three months ended September 30, 1989 is primarily the result of higher administrative and general expenses which includes a medical insurance premium increase effective July 1, 1989 and higher customer account expenses. The decrease in maintenance expenses during this period reflects lower costs incurred on St. Lucie Unit No. 1 as this unit was off line during a portion of the third quarter of 1988 for maintenance and refueling. The increase in other operations and maintenance expenses during the nine months and twelve months ended September 30, 1989 was primarily the result of higher expenses at the nuclear units incurred during outages for refueling and maintenance as well as for unscheduled repairs.

Turkey Point Units Nos. 3 and 4 are expected to be removed from service in late 1990 or early 1991 for an outage which is expected to extend well into 1991. The outage is necessary to upgrade the emergency power system, fulfilling a commitment to the NRC. Turkey Point Unit No. 3 is also scheduled for a refueling and maintenance outage beginning in February 1990. St. Lucie Units Nos. 1 and 2 are scheduled for refueling and maintenance outages beginning in February and August 1990, respectively.

In 1988 approximately 500 non-bargaining unit employees (approximately 78% of those eligible) accepted early retirement under the Special Voluntary Retirement Program, effective no later than January 1, 1989. In 1989 under this program approximately 260 eligible bargaining unit employees (approximately 65% of those eligible) elected to accept early retirement effective no later than April 1, 1989. The cost of the early retirement program is included in the determination of pension costs which are subject to the regulatory adjustment. The cost of the early retirement program is not expected to have a material impact on the 1989 results of operations.

The change in depreciation expense reflects increases in accelerated depreciation of approximately $29 million, $113 million and $97 million in the three months, nine months and twelve months ended September 30, 1989, respectively. Accelerated depreciation represents two-thirds of the net savings associated with a portion of the 500 kv transmission lines, in accordance with the Oil-backout clause. The cost of this project was fully recovered through accelerated depreciation in the third quarter of 1989. Higher utility plant in service balances also contributed to the increase in depreciation expense in those respective periods. Depreciation expense also reflects the recording, during the three months, nine months and twelve months ended September 30, 1989, of approximately $6 million, $14 million and $14 million, respectively, of additional nuclear decommissioning expense. In August 1989 the FPSC approved revised nuclear decommissioning rates, effective January 1, 1989, which increase nuclear decommissioning expense by approximately $19 million per year.

The increase in taxes other than income tax for the periods presented was mainly the result of higher property and franchise taxes.

In October 1989 the Financial Accounting Standards Board (FASB) proposed to delay the required application of Statement of Financial Accounting Standards (SFAS) No. 96, "Accounting for Income Taxes," until the first quarter of 1991. Additionally the FASB is considering amending certain provisions of SFAS No. 96. FPL intends to adopt SFAS No. 96 no earlier than the fourth quarter of 1990 and is considering retroactive application by restating prior years' financial statements. Due to the treatment of income taxes for ratemaking purposes, the impact of SFAS No. 96 is not expected to have a material impact on the results of operations. In the year of adoption of SFAS No. 96 any required adjustment to the deferred tax balance is expected to be recorded as a liability to customers. This liability will be refunded to customers over the life of the related property in compliance with rules and procedures

established by the Internal Revenue Service and the FPSC. Any reduction in that refunding period would adversely impact cash flows from operations and increase FPL's financing needs.

Interest Charges

The increase in interest expense during all periods presented is primarily the result of interest incurred on short-term borrowings which, during the nine-month and twelve-month periods, was partially offset by lower interest on first mortgage bonds. The weighted average interest rate on FPL's first mortgage bonds was 9.22% for the twelve months ended September 30, 1989 and 9.34% for the twelve months ended September 30, 1988. Reflected in these rates is amortization of the excess of reacquisition cost over book value of reacquired bonds during these periods. FPL's need for short-term borrowings was affected by the under-recovery of fuel costs. Under-recovered fuel costs averaged $39 million for the nine months ended September 30, 1989.

Allowance for Funds Used During Construction

The FPSC adopted new rules, effective January 1, 1989, regarding construction projects eligible for AFUDC. These rules disallow the application of AFUDC to projects starting after January 1, 1989 that either cost less than $25 thousand or have a construction period of less than one year. This rule is not expected to impact the recording of AFUDC on major long-term projects, such as new generating facilities. Excluding these major long-term projects, it is expected that AFUDC will decline in future periods since the predominant portion of FPL's current construction activity involves projects with a construction period of less than one year. FPL expects the cost of such projects to be included in rate base during the construction period.

In 1989 a greater portion of AFUDC is being allocated to the allowance for borrowed funds as a result of revised allocation factors which reflect additional short-term borrowings.

PART II - OTHER INFORMATION

ITEM 5. OTHER INFORMATION

(1) Reference is made to Item 1. Business - Regulation and Rates - Florida Public Service Commission (FPSC) in Florida Power & Light Company's (FPL) 1988 Annual Report on Form 10-K as modified by Item 5(1) of Form 10-Q for March 1989 and Item 5(1) of Form 10-Q for June 1989.

For information regarding the revenue refunds for 1987, 1988 and 1989, the proposed return on equity to be used in 1990 in connection with the FPSC's rule related to the effect of corporate income tax rate changes on revenues (Tax Savings Rule) and recent amendments to the Tax Savings Rule, see "Part I, Note 2."

For information regarding FPL's fuel and purchased power cost recovery clause factors for the six month period beginning October 1989 and the issue regarding the recoverability of replacement fuel costs resulting from the outages of the Turkey Point nuclear units, see "Part I, Note 2 and Note 3 - Turkey Point Nuclear Operations."

For information regarding the disposition of an intervenor's petition requesting that the FPSC direct FPL to refund to customers certain revenues recovered through the oil-backout cost recovery clause, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Operating Revenues."

(2) Reference is made to Item 1. Business - Regulation and Rates - Nuclear Regulatory Commission (NRC) in FPL's 1988 Annual Report on Form 10-K as modified by Item 5 of Form 8-K dated March 29, 1989, Item 5(2) of Form 10-Q for March 1989, Item 5 of Form 8-K dated May 30, 1989 and Item 5(2) of Form 10-Q for June 1989.

For information regarding the NRC staff's Systematic Assessment of Licensee Performance report covering Turkey Point nuclear operations, see "Part I, Note 3 - Turkey Point Nuclear Operations."

(3) Reference is made to Item 2. Properties - Construction Program in FPL's 1988 Annual Report on Form 10-K as modified by Item 5 (5) of Form 10-Q for March 1989 and Item 5(5) of Form 10-Q for June 1989.

FPL's current estimate of construction expenditures for 1989 has been increased from $743 million to $755 million. The increase is due primarily to changes in the estimated timing of payments associated with certain projects. The 1989-91 construction program is currently estimated at $3.0 billion.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description
*4(a)	Restated Articles of Incorporation of FPL dated March 23, 1987 (filed as Exhibit 4(a), File No. 33-12891).
*4(b)	Amendment to FPL's Restated Articles of Incorporation dated September 10, 1987 (filed as Exhibit 4(b) to Form 10-Q for the quarter ended September 30, 1987, File No. 1-3545).
*4(c)	Amendment to FPL's Restated Articles of Incorporation dated June 21, 1989 (filed as Exhibit 4(b) to Form 8-K dated July 6, 1989, File No. 1-3545).
*4(d)	Mortgage and Deed of Trust dated as of January 1, 1944, and Seventy 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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545; Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 15, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated August 19, 1987, File No. 1-3545; Exhibit 4 to

Exhibit Number	Description
	Form 8-K dated February 16, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated July 13, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated October 25, 1988, File No. 1-3545; Exhibit 4(a) to Form 8-K dated July 6, 1989, File No. 1-3545; and Exhibit 4(e) to Form 8-K dated August 22, 1989, File No. 1-3545).
12(a)	Computation of Ratio of Earnings to Fixed Charges.
12(b)	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.

*Incorporated herein by reference

(b) Reports on Form 8-K

(1) A report on Form 8-K dated July 6, 1989 was filed July 11, 1989 filing three exhibits under Item 7 - Financial Statements, Pro Forma Financial Information and Exhibits.

(2) A report on Form 8-K dated August 22, 1989 was filed August 25, 1989 filing two exhibits under Item 7 - Financial Statements, Pro Forma Financial Information and Exhibits.

SIGNATURES

Pursuant to the requirements 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
(Registrant)

Date November 8, 1989

(Signed) K. M. Davis
K. M. Davis, Comptroller
(Chief Accounting Officer)

EXHIBIT 12(a)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended					
	September 30,	December 31,				
	1989	1988*	1987*	1986*	1985*	1984*
	Thousands of Dollars					
Earnings, as defined:						
Net income	$417,816	$435,620	$426,193	$ 431,123	$ 414,347	$351,769
Income taxes	199,141	203,988	266,040	336,201	328,485	276,363
Fixed charges, as below	306,772	297,247	299,537	325,017	322,554	324,597
Total earnings, as defined .	$923,729	$936,855	$991,770	$1,092,341	$1,065,386	$952,729
Fixed charges, as defined:						
Interest on first mortgage bonds	$246,882	$252,047	$255,136	$282,984	$290,602	$288,719
Interest on other long-term debt	6,062	6,214	6,181	5,998	4,315	5,272
Other interest charges	39,580	26,867	27,048	24,962	16,914	17,545
Rental interest factor	7,198	7,198	6,444	5,592	5,021	5,401
Fixed charges included in nuclear fuel cost	7,050	4,921	4,728	5,481	5,702	7,660
Total fixed charges, as defined	$306,772	$297,247	$299,537	$325,017	$322,554	$324,597
Ratio of earnings to fixed charges	3.01	3.15	3.31	3.36	3.30	2.94

* Restated to reflect a change in the methodology used to calculate the rental interest factor.

EXHIBIT 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	Twelve Months Ended					
	September 30,	December 31,				
	1989	1988*	1987*	1986*	1985*	1984*
	Thousands of Dollars					
Earnings, as defined:						
Net income	$417,816	$435,620	$426,193	$ 431,123	$ 414,347	$351,769
Income taxes	199,141	203,988	266,040	336,201	328,485	276,363
Fixed charges, as below	306,772	297,247	299,537	325,017	322,554	324,597
Total earnings, as defined .	$923,729	$936,855	$991,770	$1,092,341	$1,065,386	$952,729
Fixed charges, as defined:						
Interest on first mortgage bonds	$246,882	$252,047	$255,136	$282,984	$290,602	$288,719
Interest on other long-term debt	6,062	6,214	6,181	5,998	4,315	5,272
Other interest charges	39,580	26,867	27,048	24,962	16,914	17,545
Rental interest factor	7,198	7,198	6,444	5,592	5,021	5,401
Fixed charges included in nuclear fuel cost	7,050	4,921	4,728	5,481	5,702	7,660
Total fixed charges, as defined	306,772	297,247	299,537	325,017	322,554	324,597
Non-tax deductible preferred stock dividend requirements .	44,195	45,518	48,295	47,667	46,415	46,684
Ratio of income before income taxes to net income	1.477	1.468	1.624	1.780	1.793	1.786
Preferred stock dividend requirements before income taxes	65,276	66,820	78,431	84,847	83,222	83,378
Combined fixed charges and preferred stock dividend requirements	$372,048	$364,067	$377,968	$409,864	$405,776	$407,975
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.48	2.57	2.62	2.67	2.63	2.34

* Restated to reflect a change in the methodology used to calculate the rental interest factor.

EXHIBIT 3

FLORIDA POWER & LIGHT COMPANY

Internal Cash Flow Excluding Retained Earnings

	Actual 12 Months Ended September 30, 1989	Projected 12 Months Ended September 30, 1990
	$ Millions	$ Millions
Depreciation Amortization (4)	$ 680	$ 600
Deferred Income Taxes and Investment Tax Credits (3)	(4)	(69)
Internal Cash Flow Excluding Retained Earnings Applied Toward Requirements	$ 676	$ 531
Average Quarterly Cash Flow Excluding Retained Earnings (1)	$ 169	$ 133
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: E. L. Hoffman

E. L. Hoffman
Director of Finance &
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.

(3) Negative Deferred Taxes are due primarily to ongoing adjustments in the fuel recovery factor.

(4) Depreciation expense for 1989 increased due to additions to plant in-service and higher accrual for Nuclear Decommissioning.

EXHIBIT 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 1989

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ―――――― to ――――――

Commission File No. 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)

Registrant's telephone number, including area code: (305) 552-3552

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Preferred Stock, $100 Par Value
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES _x_ NO __

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 16, 1990 was zero.

As of March 16, 1990 there were issued and outstanding 1,000 shares of the registrant's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

None

9012270300

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
AFUDC	Allowance for funds used during construction
Charter	Restated Articles of Incorporation, as amended
DOE	U. S. Department of Energy
Energy conservation clause	Energy Conservation Cost Recovery Clause
ESOP	Employee Stock Ownership Plan
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPL	Florida Power & Light Company
FPL Group	FPL Group, Inc.
FPSC	Florida Public Service Commission
Fuel adjustment clause	Fuel and Purchased Power Cost Recovery Clause
Holding Company Act	Public Utility Holding Company Act of 1935
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
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 clause	Oil-Backout Cost Recovery Clause
ROE	Return on equity
SEC	U. S. Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SJRPP	St. Johns River Power Park
Southern Companies	Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Savannah Electric & Power Company
Tax Reform Act	Tax Reform Act of 1986

PART I

Item 1. Business.

General. FPL is a public utility engaged in the business of supplying electric service throughout most of the east and lower west coasts of Florida. This service territory, which is depicted on a map included herein, contains 27,650 square miles with a population of 5.9 million. During 1989 FPL served approximately 3.1 million customers; it derived 53% of its operating revenues from residential customers, 35% from commercial customers and 12% from other sources.

FPL was incorporated in 1925 under the laws of Florida. All of its common stock is owned by FPL Group; substantially all of its preferred stock is held by non-affiliated persons.

Holding Company Act. FPL Group is a public utility holding company as defined in the Holding Company Act but is exempt from substantially all of the provisions thereof on the basis that FPL Group's and FPL's businesses are predominantly intrastate in character and carried on substantially in a single state, in which both are incorporated. FPL Group has diversified, through subsidiaries, into non-utility businesses, which would be prohibited by the Holding Company Act if FPL Group was not exempt therefrom. The SEC has the power to revoke FPL Group's exemption upon a finding that the exemption is "detrimental to the public interest or the interest of investors or consumers."

In February 1989 the SEC released for comment proposed rules which would establish a presumption that diversification into non-utility businesses by an exempt holding company would not be considered detrimental to the protected interests if the investment in such businesses did not exceed 10% of its consolidated assets or the state of its incorporation had enacted legislation specifically regulating diversification. FPL Group would not meet either of these tests and has submitted comments opposing the proposed rules. In any event, FPL Group has no intention of becoming a registered holding company under the Holding Company Act.

Regulation. The retail operations of FPL are regulated by the FPSC, which has jurisdiction over retail rates, issuances of securities, planning, siting and construction of facilities, accounting and depreciation practices and other matters.

FPL is also subject to regulation by the FERC in various respects including the acquisition and disposition of certain facilities, interchange and transmission services, certain wholesale purchases and sales and interstate transmission, and accounting and depreciation practices.

FPL holds franchises with varying expiration dates to provide electric service in various municipalities and seven counties in Florida. FPL considers its franchises to be adequate for the conduct of its business.

FPL is subject to the jurisdiction of the NRC with respect to its nuclear power plants. NRC regulations govern the granting of licenses for the construction and operation of nuclear power plants and subject such power plants to continuing review and regulation.

Federal, state and local environmental laws and regulations cover air quality, water quality, land use, power plant and transmission line siting, electric and magnetic emissions from power lines and substations, noise and aesthetics, solid waste and other environmental matters. Compliance with these laws and regulations increases the cost of electric service by requiring, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of new facilities. FPL estimates that capital expenditures for improvements needed to comply with environmental laws and regulations will be approximately $20 million to $33 million for each of the years 1990 through 1994. The FPSC historically has permitted recovery of these expenditures.

Legislation to control acid rain currently being considered by the U.S. Congress could result in material costs to FPL. Legislation currently being considered in the U.S. House and Senate would not affect FPL's plants before the year 2000. FPL, along with other industry members, is seeking modifications to the legislative proposals.

Retail Ratemaking. The underlying concept of utility ratemaking is to set rates at a level that allows the utility to collect total revenues (revenue requirements) equal to its cost of providing service, including a reasonable return on invested capital. To accomplish this the FPSC uses various ratemaking mechanisms.

The basic costs, other than fuel, of providing electric service are recovered through "base rates", which are charges designed to recover the costs of constructing, operating and maintaining the utility system. These costs include operations and maintenance expenses, depreciation and taxes, as well as a rate of return on FPL's investment in assets used and useful in providing electric service (rate base). The rate of return on rate base approximates FPL's weighted cost of capital, which includes its costs for debt and preferred stock and an allowed rate of return on equity capital (ROE). Base rates are determined in rate cases which occur at irregular intervals at the initiative of the FPSC or FPL.

Fuel and certain purchased power costs are recovered through levelized monthly charges established pursuant to the FPSC's Fuel adjustment clause. These charges, which are calculated semi-annually, are based on estimated costs of fuel and purchased power and estimated customer usage for the ensuing six-month period, plus or minus a true-up adjustment to reflect the variance of actual costs from the fuel adjustment charges for prior periods.

Certain purchased power and other non-fuel costs and the accelerated recovery of the costs of certain projects that displace oil-fired generation are recovered through the Oil-backout clause. FPL obtains accelerated recovery of the project costs through accelerated depreciation, which is permitted in an amount equal to two-thirds of the savings of such projects. The remaining one-third of the savings is realized by customers through the Fuel adjustment clause. Costs associated with implementing energy conservation programs are recovered through charges established pursuant to an Energy conservation clause.

The effects of the reduction in corporate income tax rates under the Tax Reform Act are dealt with by the FPSC's rule on corporate income tax expense adjustments (tax savings rule). This rule requires a refund of collected revenues to the extent a tax rate reduction results in FPL earning in excess of the midpoint of the range of its authorized rate of return.

The FPSC has the power to disallow recovery of costs which it considers excessive or imprudently incurred. Currently the principal costs as to which such issues arise involve operations and maintenance expenses and the cost of replacing power lost when FPL's nuclear units are unavailable.

Pending FPSC proceedings, which could result in changes in FPL's retail rates, disallowances of expenses and refunds to customers, are described in Management's Discussion.

System Capability and Load. FPL's resources for serving load consist of approximately 16,100 mw of firm electric power from the following generating facilities and power purchase contracts in place as of December 31, 1989:

Oil and Gas Units	8,577 mw	53%
Nuclear Units	2,885 mw	18%
Purchased Power	2,441 mw	15%
Coal Units	250 mw	2%
Combustion Turbines/Diesel Units	1,910 mw	12%
Total	16,063 mw	100%

A record summer peak of over 13,400 mw was reached on August 7, 1989. At that time FPL had total generating capability of about 13,600 mw, 2,441 mw of firm purchased power and the capability to reduce peak demand by 110 mw, providing a 20.5% reserve margin. FPL's generating capability and purchased power were more than adequate to meet demand.

A record winter peak of about 14,000 mw was reached on December 24, 1989 as a result of an arctic cold front that brought record low temperatures to Florida. Because of planned and unanticipated plant outages, FPL had insufficient available capability. The energy shortfall necessitated intentional rotating outages of customers' service. It is estimated that had FPL been able to serve the full load produced during the December cold snap the peak would have been about 16,000 mw.

Compound annual growth rates for the five years ended 1994 are projected to be 2.9% for sales, 3.3% for customers and 1.8% for summer peak load. To meet this growth, FPL plans to add over 1,600 mw of additional capability in time for the summer peak of 1994, consisting of 641 mw from repowering and reactivating existing oil and gas-fired units; 385 mw from the construction of a new natural gas-fired unit and 615 mw from power purchases from qualifying facilities. In addition load management and conservation programs are expected to reduce peak demand by an additional 657 mw and 84 mw, respectively, by the summer peak of 1994. Another 385 mw unit burning natural gas and two 384 mw units burning coal gas are planned for commercial operation in the late 1994 to 1996 time frame. In addition two 384 mw units burning coal gas are planned for 1998. None of the costs of the 1998 units is included in FPL's estimated construction expenditures for 1990-94.

Generating capability available to FPL will be reduced by 1,332 mw due to an outage of the Turkey Point nuclear units which is scheduled to begin in late 1990 and last approximately 11 months. During the outage FPL will upgrade the plant's emergency power, electrical and security systems. Also over the period 1993-95 the amount of purchased power available under current contracts with the Southern Companies will decline by 1,100 mw.

Construction Program. FPL's construction expenditures, including net nuclear fuel additions and AFUDC, totaled $671 million in 1987, $668 million in 1988 and $783 million in 1989. Construction expenditures for the 1990-94 period are estimated as follows:

	1990	1991	1992	1993	1994	Total
			Millions of Dollars			
Generation	$235	$ 531	$ 701	$ 909	$ 782	$3,158
Nuclear Fuel	76	56	48	85	35	300
Transmission	70	189	185	133	98	675
Distribution	408	426	423	437	463	2,157
General and other	133	126	134	129	128	650
Total	$922	$1,328	$1,491	$1,693	$1,506	$6,940

The forecasted construction expenditures assume that FPL will construct, own and conventionally finance all new generating facilities. However FPL is investigating alternative financing and ownership strategies, including "all source" capacity bidding and turnkey construction contracts. In the "all source" capacity bidding approach FPL has solicited third party proposals to build, own and operate new generating plants and sell the output to FPL through power sale contracts. In the turnkey construction approach third parties would build new generating plants, fund construction costs and bear substantially all of the construction risks. FPL would have the obligation to purchase the facilities at their in-service date if certain conditions are met. If the "all source" capacity arrangement was to replace conventional construction, FPL estimates that construction expenditures for the years 1990-94 would be reduced by approximately $1.3 billion, including AFUDC. If the turnkey construction contract was to replace conventional construction, the timing of the construction expenditures during the 1990-94 period would be affected but the total expenditures for the period would remain the same. 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.

Nuclear Operations. FPL owns and operates four nuclear units, two at St. Lucie and two at Turkey Point. The St. Lucie units are considered to be among the best operated plants in the U.S. The Turkey Point units have had a history of problems.

The Turkey Point nuclear units were on the NRC's "watch list" of plants requiring special surveillance from 1986 until February 1990. During this time FPL was heavily fined for violations of NRC regulations and in June 1989 was threatened by the NRC with a shutdown of the units if they did not demonstrate a consistent and definite improvement

in operations. In 1988 FPL began a corrective program, which currently is focused on maintenance, security, and instrumentation and control. In 1989 FPL made several senior management changes, including recruiting a new senior nuclear officer from another utility and moving the senior plant officer at St. Lucie to Turkey Point. FPL is now establishing a separate division to operate all of its nuclear units.

Indications of degradation have been found in a small percentage of the pressurized water circulation tubes of the St. Lucie Units Nos. 1 and 2 steam generators since 1981 and 1985, respectively. To date approximately 7% of the tubes in the Unit No. 1 steam generators and 2% of the tubes in the Unit No. 2 steam generators have been plugged. The Units would still be able to comply with their NRC license conditions and could operate without decreased thermal output with up to approximately 15% of the tubes in Unit No. 1 and 10% of the tubes in Unit No. 2 plugged. The tube degradation in Unit No. 1 continues and appears to be primarily a result of corrosion. FPL continues to seek effective remedial measures to rectify this problem and reduce the need for future tube plugging. During a scheduled maintenance and refueling outage which began in early 1990, it was determined that a small number of additional tubes required plugging. In Unit No. 2 the degradation appears to be primarily a mechanical-wear problem. Analysis indicates that the mechanical wear will be self-limiting and should not affect more than an additional 3% of the tubes.

In 1989 FPL incurred capital expenditures of approximately $63 million on its four nuclear units to implement technical changes required by post-design regulatory requirements (retrofit). Based on existing NRC regulations FPL anticipates that it will incur approximately $158 million of additional retrofit capital expenditures for the years 1990-94. These amounts are included in FPL's projected construction expenditures.

Fuel and Purchased Power. Fuels for FPL's generating plants are residual and distillate oil, natural gas, coal and nuclear fuel. The diverse fuel options, along with purchased power, enable FPL to shift between sources of generation to achieve the most economical fuel mix.

FPL's oil requirements are obtained under short-term contracts and in the spot market.

Currently FPL obtains most of its gas supply under an interruptible service contract with FGT, the sole interstate pipeline operator in Florida. FPL has entered into a 15-year take-or-pay contract with FGT for transportation of varying quantities of gas and a complementary 15-year take-or-pay contract with an affiliate of FGT, for the supply of these quantities of gas. The combined price of supply and transportation is to vary to remain competitive with the delivered cost of residual oil. Implementation of the new contracts, which will supplement the current interruptible service contract, is contingent upon the approval by the FERC of the transportation contract.

FPL has a long-term uranium enrichment contract with the DOE for 100% of the 1990 requirements and about 70% of the requirements for its four nuclear units for the years 1991-94. FPL anticipates that any additional requirements can be met through additional contracts or on the open market. It also has various contracts covering the bulk of its uranium requirements, nuclear fuel conversion services and nuclear fuel fabrication needs through 1992.

Under the Nuclear Waste Policy Act of 1982 the DOE is required to construct permanent storage facilities and will take title to and provide transportation and storage for spent nuclear fuel for a specified fee. Although the DOE estimates that its storage facilities will be completed by the year 2010, there is considerable doubt within the utility industry that this schedule will be met. Currently FPL is storing spent fuel on site and plans to provide adequate storage capacity for all of its spent nuclear fuel up to and beyond the year 2010, pending removal of the spent fuel by the DOE.

FPL has contracted with the Southern Companies to purchase the following amounts of coal-fired unit power:

Through December 1992	2,000	mw
January - May 1993	1,667	mw
June 1993 - May 1994	1,300	mw
June 1994 - May 1995	950	mw
June 1995 - May 2010	900	mw

FPL has also contracted with JEA to purchase 374 mw of power annually from the SJRPP coal-fired units. This is in addition to the 250 mw of power FPL obtains from its 20% ownership interest in the units. See "Note 6–Purchased Power Contracts."

FPL has various contracts to purchase power from qualifying facilities totaling approximately 515 mw. FPL expects to begin receiving firm power under these contracts on various dates from 1992 through 1995. The contracts have expiration dates ranging from 2004 through 2024.

Competition. FPL faces competition from alternative means for customers to meet their energy needs. These include natural gas and other energy sources, as well as equipment by which customers may reduce their energy requirements or generate their own electricity. Competition exists particularly with respect to large industrial, commercial and governmental energy users. Extensive regulatory law and policy govern FPL's rates and service to such customers, in addition to many other aspects of its business. To date loss of customers to such alternatives has not materially reduced FPL's load, revenues or net income.

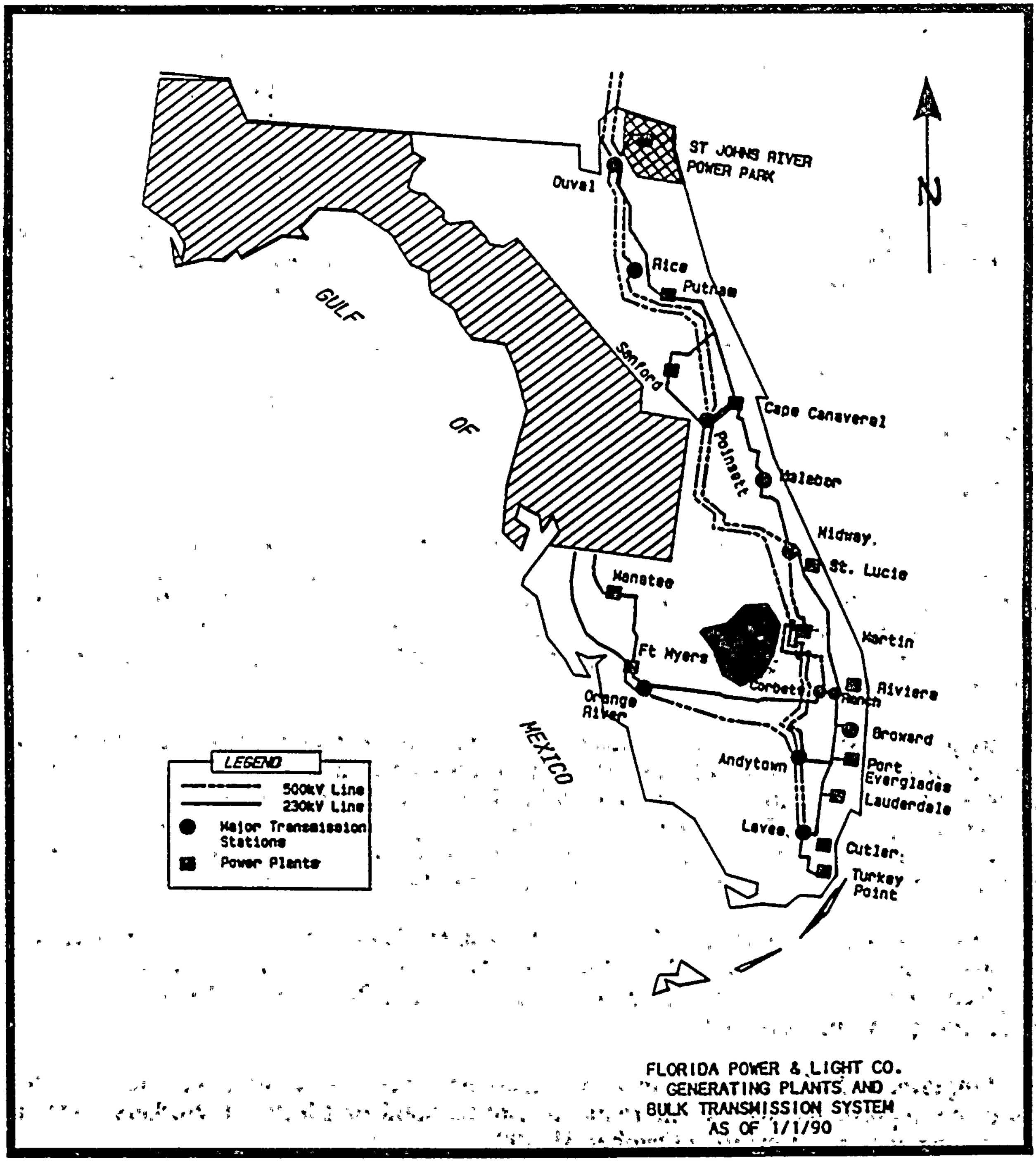
Regulatory and legislative initiatives that could significantly affect the electric utility industry have been proposed by the FERC and introduced in Congress. The main thrust of these initiatives is to promote competition in the generation segment of the industry through competitive bidding programs for new capacity and by removing barriers imposed by the Holding Company Act. Related proposals to mandate access to utilities' transmission lines by generators and customers are also being debated.

FPL is presently a defendant in two antitrust suits. In each suit the complaint includes an alleged inability to utilize FPL's transmission facilities to wheel power to facilities and displace the existing retail electric service from FPL. See "Item 3. Legal Proceedings–Antitrust Suits."

Employees. FPL has approximately 15,100 employees, of whom approximately one-third are represented by the International Brotherhood of Electrical Workers under a bargaining agreement expiring October 31, 1991.

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. The electric generating, transmission, distribution and general facilities represent approximately 49%, 14%, 32% and 5%, respectively, of FPL's gross investment in electric plant and equipment in service.



Generating Facilities. As of December 31, 1989 FPL had the following generating facilities:

Facility	Location	No. of Units	Fuel	Net Warm Weather Capability (mw)
STEAM TURBINES (continuous capability)				
Cape Canaveral	Cocoa	2	Oil/Gas	734
Cutler	Miami	2	Oil/Gas	204
Fort Myers	Fort Myers	2	Oil	504
Lauderdale	Dania	2	Oil/Gas	274
Manatee	Parrish	2	Oil	1,566
Martin	Indiantown	2	Oil/Gas	1,566
Port Everglades	Port Everglades	4	Oil/Gas	1,142
Riviera	Riviera Beach	2	Oil/Gas	544
St. Johns River Power Park	Jacksonville	2	Coal	250*
St. Lucie	Hutchinson Island	2	Nuclear	1,553**
Sanford	Lake Monroe	3	Oil/Gas	861
Turkey Point	Florida City	2	Oil/Gas	734
		2	Nuclear	1,332
COMBINED CYCLE (continuous capability)				
Putnam	Palatka	2	Oil/Gas	448
GAS TURBINES (peak capability)				
Fort Myers	Fort Myers	12	Oil	618
Lauderdale	Dania	24	Oil/Gas	852
Port Everglades	Port Everglades	12	Oil/Gas	426
DIESEL UNITS (peak capability)				
Turkey Point	Florida City	5	Oil	14
			Total	13,622***

* Represents FPL's 20% ownership of SJRPP Units Nos. 1 and 2, located in Jacksonville, Florida. The two 624 mw units are jointly owned by FPL and JEA.

** This rating excludes Orlando Utilities Commission's and Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2.

*** Excludes Riviera Unit No. 2 (69 mw) which was placed on long-term reserve shutdown status in 1985.

Transmission and Distribution. Electric transmission and distribution lines owned and in service as of December 31, 1989 are as follows:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cable Miles
500 kv	985*	-
230 kv	2,052	31
138 kv	1,335	45
115 kv	650	-
69 kv	200	17
Less than 69 kv	36,410	14,359
Total	41,632	14,452

*Includes approximately 80 miles owned jointly with JEA.

FPL owns and operates 403 substations with a total capacity of 89,146,930 kva.

Character of Ownership. Substantially all of FPL's properties are subject to the lien of its Mortgage which secures debt securities issued by FPL. Certain pollution control equipment is also subject to security interests under installment purchase and security contracts. Except for certain property owned by a 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. Some of the electric lines are located on land not owned in fee but are covered by necessary consents of governmental authorities or rights obtained from owners of private property.

Item 3. Legal Proceedings.

Turkey Point Steam Generator Suit. In 1978 FPL filed suit against Westinghouse Electric Corporation in the U.S. District Court for the Southern District of Florida to recover the costs, which total approximately $165 million, of replacing the steam generators at the Turkey Point nuclear units. Summary judgment was entered in favor of Westinghouse on FPL's claims for negligence and breach of implied warranties, and a motion for summary judgment by Westinghouse on FPL's claim for breach of express warranties is pending. See "Note 5."

Antitrust Suits. In October 1988 Union Carbide Corporation filed suit against FPL and Florida Power Corporation in the U. S. District Court for the Middle District of Florida. In August 1988 Union Carbide requested that Florida Power sell power to a Union Carbide facility located within FPL's service territory, and that FPL transport the power to the plant. FPL replied that it could not accede to the request because it was inconsistent with Florida law and public policy. The suit alleges that through a territorial agreement, FPL and Florida Power have conspired to eliminate competition for the sale of electric power to retail customers, thereby unreasonably restraining trade and commerce in violation of

federal antitrust laws as contained in Section 1 of the Sherman Antitrust Act (Sherman Act). The suit seeks to prevent the utilities from continuing such alleged violation of antitrust laws, and to require Florida Power to sell power, and FPL to wheel power, to the Union Carbide plant. The suit also seeks an award of three times Union Carbide's alleged damages in an unspecified amount based on alleged higher prices paid for electricity and product sales lost by Union Carbide.

In February 1989 the FPSC granted FPL's request for a declaratory statement that FPL's denial of Union Carbide's request was proper and that acceding to such a request would involve FPL and Florida Power in the provision of electric service in a manner inconsistent with the laws and public policy of the State of Florida. As a result the FPSC ordered FPL not to wheel power under such circumstances. All parties have moved for summary judgment.

In November 1988 Thermo Electron Corporation, Rolls Royce Inc. and certain of their affiliates filed suit in the U. S. District Court for the Southern District of Florida against FPL and FPL Group on behalf of South Florida Cogeneration Associates (SFCA), a joint venture which since 1986 has operated a cogeneration facility for Dade County within FPL's service territory in Miami, Florida. The suit asserts that the defendants have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators within FPL's service territory, and from SFCA's Dade County facility in particular. It alleges that the defendants' actions constitute monopolization and attempts to monopolize in violation of Section 2 of the Sherman Act; conspiracy in restraint of trade in violation of Section 1 of the Sherman Act; unlawful discrimination in prices, services or facilities in violation of Section 2 of the Clayton Act; and intentional interference with SFCA's contractual relationship with Dade County in violation of Florida law. The suit seeks an award under the Sherman and Clayton Acts of three times plaintiffs' damages sustained as a result of defendants' alleged conduct which plaintiffs allege to be $45 million to $80 million, compensatory and punitive damages under Florida law and injunctive relief. FPL has moved for summary judgment.

FPL believes that its actions are lawful and is vigorously defending these suits.

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

None.

PART II

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

All of FPL's common stock is owned by FPL Group. For information regarding dividends paid to FPL Group, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Note 3."

Item 6. Selected Financial Data.

	Years Ended December 31,				
	1989	1988	1987	1986	1985
SELECTED FINANCIAL DATA (In Thousands):					
Operating revenues	$4,946,291	$4,627,278	$4,349,722	$4,087,203	$4,337,518
Net income available to FPL Group	$393,103	$390,102	$377,898	$383,456	$367,932
Total assets	$9,182,012	$8,983,136	$8,943,386	$8,566,067	$8,193,532
Long-term debt, excluding current maturities	$2,962,004	$2,756,537	$2,785,952	$2,833,258	$2,890,659
Preferred stock with sinking fund requirements, excluding current maturities(1)	$164,250	$180,050	$194,350	$187,490	$195,150
SELECTED OPERATING STATISTICS:					
Energy Generated and Interchanged (Thousands of kwh):					
Generated—net station output	47,607,123	48,885,213	40,397,609	46,043,044	37,524,573
Interchanges—in and purchased power	32,267,650	24,597,199	30,734,082	22,905,124	30,631,147
Total input	79,874,773	73,482,412	71,131,691	68,948,168	68,155,720
Interchanges—out	9,918,674	8,766,527	9,516,075	10,682,176	12,157,934
Other—lost/unaccounted for, company usage, change in unbilled	5,809,895	4,823,849	5,024,089	3,990,458	4,563,363
Total billed energy sales	64,146,204	59,892,036	56,591,527	54,275,534	51,434,423
Billed Energy Sales (Thousands of kwh)(2):					
Residential	32,308,033	30,083,049	28,330,175	27,188,089	25,573,371
Commercial	25,687,987	23,911,681	22,371,689	21,077,615	19,734,050
Industrial	4,200,205	4,131,648	3,962,222	3,999,496	3,885,465
Other sales to public authorities	1,095,502	1,036,461	983,172	970,070	937,640
Total retail	63,291,727	59,162,839	55,647,258	53,235,270	50,130,526
Other electric utilities	854,477	729,197	944,269	1,040,264	1,303,897
Total billed energy sales	64,146,204	59,892,036	56,591,527	54,275,534	51,434,423

Item 6. Selected Financial Data (Continued).

	Years Ended December 31,				
	1989	1988	1987	1986	1985
Number of Customers (Average for Period):					
Residential	2,715,993	2,618,097	2,519,694	2,419,770	2,329,678
Commercial	327,279	314,364	299,634	283,543	268,783
Industrial	17,643	17,924	17,826	17,373	16,431
Other sales to public authorities	3,518	3,282	3,046	2,858	2,652
Total retail	3,064,433	2,953,667	2,840,200	2,723,544	2,617,544
Other electric utilities	13	14	14	19	25
Total customers	3,064,446	2,953,681	2,840,214	2,723,563	2,617,569
Residential Services:					
Average annual billed energy sales per customer (kwh)	11,895	11,490	11,243	11,236	10,977
Average annual revenue from billed energy sales per customer	$958.01	$956.41	$913.19	$911.17	$979.95
Revenue from billed energy sales per kwh (cents)	8.05	8.32	8.12	8.11	8.93
Approximate 60-minute net peak demand—mw:					
Summer season	13,425	12,382	12,394	11,022	10,654
Winter season (3)	12,876	12,372	10,779	12,139	12,533

(1) In January 1990 FPL issued 500,000 shares of 8.625% Preferred Stock, Series R, $100 par value, which has a sinking fund requirement.

(2) Excludes interchange power sales which are reported as a reduction of Energy Generated and Interchanged, under Interchanges—out.

(3) The winter season generally represents January through March of the current year plus November and December of the prior year. The highest 60-minute net peak demand to date of 13,988 mw was reached on December 24, 1989, which is considered to be in the 1990 winter season. Also see "Item 1. Business—System Capability and Load."

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

Results of Operations

The rates and charges of FPL are subject to the approval of regulatory agencies, principally the FPSC. In approving such rates and charges the FPSC reviews costs incurred in providing electric service and has the power to disallow recovery of costs which it considers excessive or imprudently incurred. See "Item 1. Business–Retail Ratemaking."

Net income increased by $3 million in 1989 reflecting higher retail rate base and higher energy sales which were partially offset by higher operations and maintenance costs, higher depreciation expenses and additional capacity costs on the SJRPP units. The increase in net income in 1988 reflects a higher retail rate base, higher energy sales and a lower income tax rate which were partially offset by higher operations and maintenance expenses and additional capacity costs on the SJRPP units. SJRPP Units Nos. 1 and 2 began commercial operation in late March 1987 and late May 1988, respectively.

Operating Revenues

Operating revenues consist primarily of base and cost recovery clause revenues. Base revenues comprised approximately 57%, 56% and 57% of total operating revenues in 1989, 1988 and 1987, respectively. Base revenues contribute to a change in net income, while cost recovery clause revenues represent substantially a pass through of costs. In 1989 approximately two-thirds of the increase in operating revenues was due to higher base sales reflecting a 3.8% increase in the average number of customers and a 3.2% increase in energy usage per customer. The increase in the number of customers reflects population growth in FPL's service area while the increase in customer usage reflects unusually warm weather. In 1988 approximately one-half of the increase in operating revenues was due to higher base sales reflecting a 4.0% increase in the average number of customers and a 1.8% increase in energy usage per customer.

Operating revenues for 1989, 1988 and 1987 reflect provisions for refunds to customers of approximately $39 million, $38 million and $52 million, respectively, pursuant to the FPSC's tax savings rule, which requires FPL to refund, in the subsequent year, retail revenues associated with earnings in excess of an allowed ROE, to the extent those earnings were generated by a reduction in the income tax rate. The 1989 and 1988 provisions are subject to FPSC review and approval. The FPSC staff has recommended an increase in the 1988 refund ranging from $57 million (primary recommendation) to $108 million (alternate recommendation). Both staff recommendations are predicated largely on the proposed disallowances of certain operating and maintenance expenses. FPL believes these expenses were reasonably and prudently incurred and that its position should be sustained. Hearings on this matter are scheduled for May 1990. FPSC consideration of the 1989 tax savings rule refund has not been scheduled.

In December 1989 the FPSC ordered FPL to reduce its retail base rates effective January 1990. This reduced retail base rates by approximately .065 cents per kwh. Based on forecasted 1990 sales this rate reduction is expected to reduce annual revenues by approximately $43 million. FPL believes this action will discontinue the application of the tax savings rule beginning January 1, 1990. In January 1990 an ROE range of 12.3% to 13.3% with a midpoint of 12.8% was approved pending an FPSC review of FPL's rates and charges. In February 1990 the FPSC ordered a full review of FPL's rates and charges and required FPL to submit the minimum filing requirements for a full rate proceeding by August 1, 1990. Also the FPSC ordered FPL to collect approximately $26 million (on an annualized basis) of 1990 revenues subject to refund pending the outcome of the full rate review. The FPSC will have until the end of April 1991 to determine if FPL's rates and charges are appropriate.

Operating Expenses

Fuel, purchased power and interchange costs increased in 1989 reflecting the increase in energy sales, higher fossil fuel prices, additional capacity charges and a decreased production from the nuclear units which have a lower fuel cost. The increase in these costs in 1989 was partially offset by the inclusion in 1988 of a substantial portion of a one-time $81 million permanent disposal fee for certain spent nuclear fuel and a 1989 deferral of fuel costs. The 1988 increase reflects the recording of the permanent disposal fee, higher energy sales and the recovery of fuel costs deferred in a prior period. This was partially offset by lower fossil fuel prices and more production from the nuclear units.

The 1989 increase in other operations expenses is primarily due to higher nuclear and employee benefits expenses. The increase in nuclear operating expenses primarily reflects staffing increases to provide improved engineering support, security and training. A substantial portion of the increase in employee benefits expenses is due to higher costs under the medical and disability plans. Maintenance expenses increased in 1989 primarily due to costs incurred on distribution facilities to improve system availability by reducing service interruptions.

The 1988 increase in other operations expenses reflects higher expenses on the Turkey Point nuclear units, the steam generating units and at distribution facilities. Expenses of the steam generating units include costs at the reactivated Cutler units and at the SJRPP units which were placed in commercial operation in 1987 and 1988. During 1988 FPL began extending the outages of certain units in order to reduce the maintenance backlog, as well as to improve the long-term reliability of all of the generating units.

Depreciation expense in 1989, 1988 and 1987 reflects the recording of approximately $154 million, $72 million and $46 million, respectively, of accelerated depreciation. This represents two-thirds of the net savings on a portion of two 500 kv transmission lines, which extend from Miami to the Florida-Georgia border (500 kv transmission lines), as provided for in the Oil-backout clause. Higher utility plant in service balances also contributed to the increases in depreciation expense in 1989 and in 1988. In 1989 the FPSC approved

revised nuclear decommissioning rates which increased 1989 depreciation expense by approximately $19 million.

The decrease in income tax expense in 1988 reflects the reduction in the federal corporate income tax rate in accordance with the Tax Reform Act and lower pre-tax book income. The increase in taxes other than income taxes is primarily the result of higher real and personal property taxes due to higher assessed values and higher tax rates.

Other Income (Deductions)

The change in other–net in 1989 is primarily due to lower interest income on cash and temporary investments reflecting lower available cash balances during 1989 and nonrecurring accruals not recoverable under base rates. The change in income taxes and other–net in 1988 is primarily the result of the establishment of qualified nuclear decommissioning funds. See "Note 1–Nuclear Decommissioning Reserve Funds."

Interest Charges

The decrease in 1989 and 1988 of first mortgage bond interest reflects the refunding of higher cost first mortgage bonds. The weighted-average interest rate on FPL's first mortgage bonds (including secured medium-term notes) was 9.17% for 1989 compared to 9.35% for 1988 and 9.45% for 1987. These rates were calculated including the amortization of the excess of reacquisition cost over book value of reacquired bonds, which is included in other interest charges. Other interest expense increased in 1989 primarily as a result of higher outstanding commercial paper balances.

Allowance for Funds Used During Construction

The FPSC adopted rules which, among other matters, disallow the application of AFUDC to projects having a construction period of less than one year. Excluding any major long-term projects, it is expected that AFUDC will decline in future periods since the predominant portion of FPL's current construction activity involves projects with a construction period of less than one year. FPL believes the cost of projects not eligible for AFUDC are properly includable in rate base during the construction period. The rules had minimal impact on AFUDC in 1989 since they did not affect projects already in progress on January 1, 1989.

In 1989 revised allocation factors, which reflect additional short-term borrowings, resulted in a shift in the recording of AFUDC between equity and borrowed funds. The decrease in AFUDC in 1988 is mainly the result of the placement of the SJRPP units in commercial operation and the effect of a lower AFUDC rate.

Liquidity and Capital Resources

For information concerning FPL's capitalization, see the "Consolidated Statements of Capitalization" and for information on rate and regulatory matters with the FPSC, see "Note 5."

Cash flows from operations for the years 1987-89 were approximately $2.9 billion. Cash raised from external sources for the same period was approximately $1.2 billion, consisting of $815 million principal amount of FPL first mortgage bonds (including bonds issued to refinance higher interest rate bonds), $50 million of FPL preferred stock and $350 million in capital contributions from FPL Group. Cash flows from operations in 1989 were affected favorably by the accelerated recovery, under the Oil-backout clause, of a portion of the costs of the 500 kv transmission lines. However cash flows from operations in 1989, as compared to the prior year, were adversely affected by timing differences of cash receipts and disbursements under the cost recovery clauses. These timing differences, as well as increased construction expenditures, required FPL to use short-term borrowings in 1989.

FPL anticipates that it will be able to meet its cash needs for the foreseeable future. However it is anticipated that FPL's future needs for borrowings will increase from present levels due to the reduction in cash flows as a result of the full recovery of substantially all the cost of the 500 kv transmission lines, as well as increased construction activities. In addition cash flows will be adversely affected by the rate reduction that was implemented in January 1990. Also cash flows could be negatively impacted by any FPSC decisions to require additional refunds of 1989 or 1988 revenues under the tax savings rule or as the result of the rate proceeding ordered by the FPSC in February 1990.

The primary capital requirements consist of expenditures under the construction program. FPL's total construction expenditures for the years 1987-89 were approximately $2.1 billion, including net nuclear fuel additions and the allowance for borrowed funds used during construction. Construction expenditures for the period 1990 through 1994 are estimated to be $6.9 billion. Included in this amount are the costs associated with an upgrade of the Turkey Point nuclear units' emergency power and security systems scheduled during an eleven-month outage planned to begin in late 1990. These estimates assume that FPL will finance and construct all new generating facilities. It is anticipated that these expenditures will be financed with cash flows from operating activities, the issuance of long-term debt and preferred stock, capital contributions from FPL Group and, from time to time, short-term borrowings. However FPL is currently exploring alternative financing and ownership strategies, including "all source" capacity bidding and turnkey construction contracts, for certain of the proposed generating units. In the all source capacity bidding approach FPL has solicited third party proposals to build, own and operate new generating plants and sell the output to FPL through performance-based, take-if-tendered purchased power contracts. In the turnkey approach third parties would build new generating plants, fund construction costs and bear substantially all of the construction risks. FPL would have the obligation to purchase the facilities at the in-service date if certain conditions are

met. FPL's intent for using a turnkey construction contract is to avoid risks associated with construction.

The Charter and Mortgage contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to FPL Group. However given FPL's current financial condition and level of earnings, these restrictions do not currently limit FPL's ability to pay dividends to FPL Group. FPL presently pays as dividends to FPL Group its net income available to FPL Group on a one-month lag basis. FPL also periodically receives capital contributions from FPL Group.

First Mortgage Bonds

There are no significant current limitations under FPL's Charter on the amount of secured debt that can be issued. Under its Mortgage FPL could issue approximately $2.8 billion of additional first mortgage bonds at December 31, 1989.

Preferred Stock

FPL's Charter prohibits the issuance of shares of FPL's $100 par value preferred stock and 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 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, 1989 was 2.07.

Available Bank Credit

FPL's available bank lines of credit aggregated approximately $395 million at December 31, 1989. FPL has used and expects to continue to use short-term borrowings, including bank borrowings and commercial paper, to finance temporarily portions of its construction program and for other corporate purposes.

FPL's Charter limits the amount 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, 1989, FPL could issue approximately $1.2 billion of additional unsecured debt.

Income Taxes

The required implementation date of SFAS No. 96, "Accounting for Income Taxes," has been delayed until the first quarter of 1992. SFAS No. 96 is not expected to have a material impact on the results of operations, since any adjustment to the deferred tax balance would be recorded as a liability to customers.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We have audited the consolidated financial statements of Florida Power & Light Company and subsidiaries, listed in the accompanying index as Item 14(a)1 of this Annual Report (Form 10-K) to the Securities and Exchange Commission for the year ended December 31, 1989. Our audits also comprehended the consolidated supplemental schedules of Florida Power & Light Company and subsidiaries, listed in the accompanying index as Item 14(a)2. These financial statements and supplemental schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Florida Power & Light Company and subsidiaries at December 31, 1989 and 1988 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1989 in conformity with generally accepted accounting principles. Also, in our opinion, such consolidated supplemental schedules, when considered in relation to the basic consolidated financial statements, present fairly in all material respects the information shown therein.

DELOITTE & TOUCHE

Miami, Florida
February 16, 1990

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

Thousands of Dollars

	December 31, 1989	December 31, 1988
ELECTRIC UTILITY PLANT (Notes 1, 7 and 8):		
At original cost	$11,012,974	$10,360,163
Less accumulated depreciation (includes nuclear decommissioning reserve of $222,082 at December 31, 1989 and $174,263 at December 31, 1988)	3,848,019	3,320,257
Net	7,164,955	7,039,906
Construction work in progress	299,705	297,925
Nuclear fuel (net of accumulated amortization of $182,972 at December 31, 1989 and $222,258 at December 31, 1988)	292,450	309,885
Electric utility plant—net	7,757,110	7,647,716
INVESTMENTS:		
Nuclear decommissioning reserve funds (Note 1)	136,269	103,722
Storm and property insurance reserve fund (Note 1)	55,166	48,916
Pollution control construction account held by trustee	9,782	13,391
Other	19,301	20,451
Total investments	220,518	186,480
CURRENT ASSETS:		
Cash and temporary investments (Note 1)	2,343	59,643
Accounts receivable:		
Customers, including unbilled revenue (net of allowance for uncollectible accounts of $13,436 at December 31, 1989 and $13,366 at December 31, 1988) (Note 1)	443,753	409,697
Employees and miscellaneous	59,155	61,053
Materials and supplies—at average cost	229,610	185,164
Fossil fuel stock—at average cost	55,799	50,798
Prepaid expenses	28,956	29,706
Other	10,455	12,188
Total current assets	830,071	808,249
DEFERRED DEBITS:		
Excess of reacquisition cost over book value of bonds retired (Note 1)	150,088	142,909
Deferred litigation items (Note 5)	125,065	130,010
Deferred costs under cost recovery clauses (Note 1)	42,963	-
Other (Note 4)	56,197	67,772
Total deferred debits	374,313	340,691
Total	$ 9,182,012	$ 8,983,136

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
CAPITALIZATION AND LIABILITIES
Thousands of Dollars

	December 31, 1989	December 31, 1988
CAPITALIZATION:		
(See Consolidated Statements of Capitalization)		
Common shareholder's equity (Note 1)	$2,756,599	$2,646,821
Preferred stock without sinking fund requirements	346,250	346,250
Preferred stock with sinking fund requirements	164,250	180,050
Long-term debt (Note 1)	2,962,004	2,756,537
Total capitalization	6,229,103	5,929,658
OTHER NONCURRENT LIABILITIES:		
Capital lease obligations (Note 7)	84,609	76,698
Revenues to be refunded (Note 5)	38,849	37,692
Storm and property insurance reserve (Note 1)	55,166	48,916
Other	18,166	15,922
Total other noncurrent liabilities	196,790	179,228
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock	18,643	160,087
Notes payable—commercial paper	92,300	-
Accounts payable—trade	179,614	135,147
Customers' deposits	185,354	189,098
Income taxes (Note 1)	26,610	45,432
Other taxes	45,643	51,397
Interest	87,334	88,210
Tax collections payable	48,405	46,316
Purchased power and interchange (Note 6)	50,855	36,925
Other	97,077	83,483
Total current liabilities	831,835	836,095
DEFERRED CREDITS:		
Accumulated deferred income taxes (Note 1)	1,365,161	1,388,872
Unamortized investment tax credit (Note 1)	430,351	453,447
Deferred revenues under cost recovery clauses (Note 1)	24,649	99,026
Other (Note 4)	104,123	96,810
Total deferred credits	1,924,284	2,038,155
COMMITMENTS AND CONTINGENCIES (Notes 1, 4, 5, 6 and 7)		
Total	$9,182,012	$8,983,136

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CAPITALIZATION

	Shares Outstanding (December 31, 1989)	Redemption Price (December 31, 1989)	December 31, 1989 (Thousands of Dollars)	December 31, 1988 (Thousands of Dollars)
COMMON SHAREHOLDER'S EQUITY (1):				
Common stock, no par value, 1,000 shares authorized, issued and outstanding (Note 1)			$1,373,069	$1,373,069
Additional contributed capital (Note 3)			445,191	330,096
Retained earnings (Note 3)			938,339	943,656
Total common shareholder's equity			2,756,599	2,646,821
PREFERRED STOCK—Cumulative, $100 Par Value, authorized 19,168,000 shares at December 31, 1989 and 19,454,000 shares at December 31, 1988 (2) (3):				
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	102.93	60,000	60,000
7.40% Series G	400,000	102.53	40,000	40,000
9.25% Series H	500,000	102.00	50,000	50,000
8.70% Series K	750,000	104.00	75,000	75,000
8.84% Series L	500,000	105.42	50,000	50,000
8.50% Series P	350,000	108.50	35,000	35,000
Total preferred stock without sinking fund requirements	3,462,500		346,250	346,250
Preferred stock with sinking fund requirements (4):				
10.08% Series J (5)	262,500	108.00	26,250	33,750
8.70% Series M (6)	383,000	104.56	38,300	40,100
11.32% Series O (7)	585,000	106.79	58,500	65,000
6.84% Series Q (8)	500,000	106.84	50,000	50,000
Total preferred stock with sinking fund requirements	1,730,500		173,050	188,850
Less current maturities			(8,800)	(8,800)
Preferred stock with sinking fund requirements excluding current maturities			164,250	180,050

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION (Continued)

	December 31, 1989	1988
	Thousands of Dollars	
LONG-TERM DEBT (9):		
First Mortgage Bonds (10):		
Maturing through 1994—4-1/2% to 4-5/8%	$ 60,000	$ 85,000
Maturing 1995 through 2004—4-5/8% to 8-1/2%	765,000	765,000
Maturing 2005 through 2014—9-1/8% to 11.30%	411,289	536,289
Maturing 2015 through 2019—9% to 10-1/4%	1,125,000	975,000
Medium Term Notes:		
Maturing 1998 and 1999—8.80% and 8.84%	15,000	-
Maturing 2009 through 2019—9.28% to 9.45%	50,000	-
Pollution Control and Industrial Development Series:		
Maturing in 1990—7-3/4% and 7-7/8%	8,325	8,325
Maturing 2000 through 2020—6.10% to 11-3/8%	458,935	458,935
Installment Purchase and Security Contracts—5.40% to 6.15% due 2004 through 2007	91,590	92,090
Promissory Notes—7-1/2% to 9-1/8% due various dates to 1998	8,566	8,063
Unamortized premium and discount—net	(21,858)	(20,878)
Total long-term debt	2,971,847	2,907,824
Less current maturities	(9,843)	(151,287)
Long-term debt excluding current maturities	2,962,004	2,756,537
Total capitalization	$6,229,103	$5,929,658

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(1) The Restated Articles of Incorporation of FPL, as amended (Charter) and Mortgage and Deed of Trust contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to FPL Group, Inc. There are no restrictions in effect that currently limit FPL's ability to pay dividends to FPL Group, Inc.

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

(3) In 1987 FPL issued 500,000 shares of the 6.84% Series Q preferred stock. There were no issuances of preferred stock in 1989 or 1988. In January 1990 FPL issued 500,000 shares of 8.625% Preferred Stock, Series R, $100 Par Value. The Series R Preferred Stock is entitled to a sinking fund to retire a minimum of 25,000 shares and a maximum of 50,000 shares annually from 1996 through 2015 at $100 per share plus accrued dividends.

(4) Minimum annual sinking fund requirements on preferred stock are approximately $9 million for each of the years 1990 through 1992 and $10 million for 1993 and for 1994. In the event that FPL should be in arrears on its sinking fund obligations, FPL may not pay dividends on common stock.

[Notes are continued on next page]

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

(5) 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. In accordance with the sinking fund provisions of this series, 75,000 shares were retired in each of the years 1989, 1988 and 1987. For 1990 FPL has called 75,000 shares for redemption on April 1, 1990.

(6) Entitled to a sinking fund to retire a minimum of 18,000 shares and a maximum of 45,000 shares annually through 1999 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. In accordance with the sinking fund provisions of this series, 18,000 shares, 18,000 shares and 45,000 shares were retired in 1989, 1988 and 1987, respectively.

(7) Entitled to a sinking fund to retire a minimum of 32,500 shares and a maximum of 65,000 shares annually through 2008 at $100 per share plus accrued dividends. In accordance with the sinking fund provisions of this series, 65,000 shares were retired in 1989. For 1990 FPL has called 65,000 shares for redemption on April 1, 1990.

(8) Entitled to a sinking fund to retire a minimum of 15,000 shares and a maximum of 30,000 shares annually from 1993 through 2026 at $100 per share plus accrued dividends.

(9) Annual maturities and sinking fund requirements of long-term debt are approximately $10 million in 1990, $1 million in 1991, $26 million in 1992, $2 million in 1993 and $37 million in 1994.

(10) In January 1989 FPL redeemed $125 million principal amount of First Mortgage Bonds, 12-7/8% Series due January 1, 2014 and in July 1989 sold $150 million principal amount of First Mortgage Bonds, 9-3/8% Series due July 1, 2019. During 1989 FPL sold $65 million principal amount of secured medium-term notes at a weighted average interest rate of 9.24% with maturities ranging from approximately 8 years to 30 years.

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	1989	1988	1987
	Thousands of Dollars		
OPERATING REVENUES (Notes 1 and 5) ...	$4,946,291	$4,627,278	$4,349,722
OPERATING EXPENSES (Note 1):			
Operations:			
Fuel, purchased power and interchange	1,775,557	1,692,305	1,573,724
Other	832,320	790,061	704,374
Maintenance	385,472	372,758	337,581
Depreciation and amortization	625,465	490,724	434,106
Income taxes	210,346	204,017	270,567
Taxes other than income taxes	407,000	381,038	352,648
Total operating expenses	4,236,160	3,930,903	3,673,000
OPERATING INCOME	710,131	696,375	676,722
OTHER INCOME (DEDUCTIONS):			
Allowance for other funds used during construction (Notes 1 and 5)	6,381	6,351	14,955
Income taxes (Note 1)	5,483	29	4,527
Other—net	(7,605)	8,232	2,521
Other income—net	4,259	14,612	22,003
INCOME BEFORE INTEREST CHARGES ...	714,390	710,987	698,725
INTEREST CHARGES:			
Interest on first mortgage bonds	248,203	252,047	255,136
Other interest	44,544	33,081	33,229
Allowance for borrowed funds used during construction (Notes 1 and 5)	(15,242)	(9,761)	(15,833)
Interest charges—net	277,505	275,367	272,532
NET INCOME	436,885	435,620	426,193
PREFERRED STOCK DIVIDEND REQUIREMENTS	43,782	45,518	48,295
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 393,103	$ 390,102	$ 377,898

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Temporary Investments

	Years Ended December 31,		
	1989	1988	1987
	Thousands of Dollars		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 436,885	$ 435,620	$ 426,193
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	625,465	490,724	434,106
Amortization of nuclear fuel assemblies	51,431	74,845	51,229
Net increase (decrease) in deferred income taxes	(23,711)	(49,382)	107,012
Decrease in deferred investment tax credits	(23,096)	(17,936)	(268)
Allowance for other funds used during construction	(6,381)	(6,351)	(14,955)
Write-off of disposal fee for spent nuclear fuel	2,342	76,670	-
Provision for (refund of) 1987 revenues related to the tax savings rule (Note 5)	-	(51,700)	51,700
Provision for (refund of) 1988 revenues related to the tax savings rule (Note 5)	(37,692)	37,692	-
Provision for 1989 revenues related to the tax savings rule (Note 5)	38,650	-	-
Deferrals under cost recovery clauses (1)	(117,340)	211,328	(190,780)
Increase in accounts receivable	(24,129)	(85,852)	(4,200)
Increase in materials and supplies	(44,446)	(17,168)	(2,090)
(Increase) decrease in fossil fuel stock	(5,001)	17,987	(11,969)
(Increase) decrease in other current assets	1,733	14,953	(19,256)
Increase in accounts payable—trade	50,572	10,247	5,030
Decrease in income taxes	(18,822)	(32,921)	(65,231)
Increase (decrease) in purchased power and interchange	13,930	(165)	7,845
Other current items—net	6,058	(3,605)	5,655
Other adjustments	36,873	(8,748)	47,023
Net cash—operating activities	963,321	1,096,238	827,044
CASH FLOWS FROM INVESTING ACTIVITIES:			
Construction expenditures (2)	(755,986)	(614,902)	(579,747)
Nuclear fuel expenditures (2)	(80,507)	(39,217)	(102,632)
Sale of nuclear fuel	47,399	18,974	23,325
Additions to nuclear decommissioning reserve funds	(32,547)	(26,585)	(17,093)
Other investing activities	(2,698)	(3,637)	(3,860)
Net cash—investing activities	(824,339)	(665,367)	(680,007)

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
Increase (Decrease) in Cash and Temporary Investments

	Years Ended December 31,		
	1989	1988	1987
	Thousands of Dollars		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Retirement of long-term debt and preferred stock	$(179,844)	$(310,387)	$(346,174)
Issuance of preferred stock	-	-	50,000
Sale of first mortgage bonds and issuance of other long-term debt	213,542	370,625	226,720
Dividends on preferred stock	(43,920)	(45,636)	(48,458)
Dividends to FPL Group, Inc.	(398,075)	(401,524)	(380,693)
Reimbursement by trustee for construction expenditures	4,715	19,728	26,055
Increase (decrease) in notes payable	92,300	(83,000)	83,000
Capital contributions from FPL Group, Inc.	115,000	70,000	165,000
Net cash—financing activities	(196,282)	(380,194)	(224,550)
Net increase (decrease) in cash and temporary investments (3)	(57,300)	50,677	(77,513)
Cash and temporary investments at the beginning of the year	59,643	8,966	86,479
Cash and temporary investments at the end of the year	$ 2,343	$ 59,643	$ 8,966
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest (net of amount capitalized)	$271,000	$249,950	$260,853
Federal income taxes	$209,950	$308,000	$196,936
State income taxes	$61,650	$23,200	$27,406
Supplemental schedule of non-cash investing activities:			
Additions to capital lease obligations	$49,405	$1,602	$78,300

(1) Represents effect on cash flows from operating activities of the net amounts deferred or recovered under the fuel and purchased power, the oil-backout and the energy conservation cost recovery clauses.
(2) Excluding allowance for other funds used during construction.
(3) FPL classifies, as temporary investments, highly liquid short-term investments which are readily convertible to known amounts of cash.

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE OF TAXES

INCOME TAXES

	Years Ended December 31, 1989	1988	1987
	Thousands of Dollars		
FEDERAL:			
Charged to operating expenses:			
Current	$217,140	$229,977	$133,557
Deferred—net:			
Depreciation and related items	(11,450)	30,834	68,875
Cost recovery clauses	37,700	(74,215)	76,510
Unbilled revenues	(17,249)	(7,317)	(21,715)
Revenues to be refunded	-	20,156	(20,156)
Spent nuclear fuel settlement	(754)	(24,822)	-
Nuclear decommissioning reserve	(12,459)	17,322	(751)
Other	(17,053)	(6,424)	(4,025)
Deferred investment tax credit	1,923	6,492	23,429
Amortization of investment tax credit	(25,019)	(24,428)	(23,513)
Total	172,779	167,575	232,211
Charged to other income:			
Current	(4,550)	(4,167)	880
Deferred—net	(564)	3,702	(5,281)
Total federal	167,665	167,110	227,810
STATE:			
Charged to operating expenses:			
Current	39,417	45,358	23,977
Deferred—net:			
Depreciation and related items	(1,236)	6,115	10,326
Cost recovery clauses	6,454	(11,623)	10,493
Unbilled revenues	(2,543)	(1,163)	(2,988)
Revenues to be refunded	-	2,936	(2,936)
Spent nuclear fuel settlement	(129)	(4,249)	-
Nuclear decommissioning reserve	(1,545)	47	(109)
Other	(2,851)	(979)	(407)
Total	37,567	36,442	38,356
Charged to other income:			
Current	(340)	136	697
Deferred—net	(29)	300	(823)
Total state	37,198	36,878	38,230
Total income taxes	$204,863	$203,988	$266,040

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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,					
	1989		1988		1987	
	Thousands of Dollars					
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Computed at statutory rate	$218,194	34.0%	$217,466	34.0%	$276,893	40.0%
Increases (reductions) in income taxes resulting from:						
Allowance for other funds used during construction	(4,340)	(.7)	(3,031)	(0.5)	(7,580)	(1.1)
State income taxes—net of federal income tax benefit	24,550	3.8	24,339	3.8	22,938	3.3
Amortization of investment tax credit	(25,019)	(3.9)	(24,428)	(3.8)	(23,513)	(3.4)
Other—net	(8,522)	(1.3)	(10,358)	(1.6)	(2,698)	(0.4)
Total income taxes	$204,863	31.9%	$203,988	31.9%	$266,040	38.4%

OTHER TAXES

	Years Ended December 31,		
	1989	1988	1987
	Thousands of Dollars		
Taxes other than federal and state income taxes:			
Federal and state payroll	$ 45,200	$ 43,074	$ 38,818
Real and personal property	108,732	95,703	87,080
State gross receipts	69,011	66,649	61,911
Franchise charges	181,834	176,194	163,687
Miscellaneous	58,655	58,768	63,309
Total other taxes	$463,432	$440,388	$414,805
Charged to:			
Operating expenses—other taxes	$407,000	$381,038	$352,648
Utility plant and other accounts	56,432	59,350	62,157
Total	$463,432	$440,388	$414,805

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 1989, 1988 and 1987

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 subsidiaries, Land Resources Investment Co. and FPL Enersys, Inc. (Enersys), as well as FPL Enersys Services, Inc., a wholly-owned subsidiary of Enersys. All significant intercompany balances and transactions have been eliminated in consolidation. FPL is a wholly-owned subsidiary of FPL Group, Inc. (FPL Group).

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. The consolidated financial statements have been prepared substantially in accordance with the FERC's Uniform System of Accounts.

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 under cost recovery clauses by deferring the net over or under recovery, and under base rates by recognizing the estimated amount of revenues for energy delivered but not billed.

The FPSC has adopted an oil-backout cost recovery clause (Oil-backout clause) which is designed to allow the recovery of non-fuel related costs and the accelerated recovery of the costs of certain projects that displace oil-fired generation. Depreciation of the costs of the projects is accelerated by an amount equal to two-thirds of the net savings of the projects, if any, while one-third of the net savings is realized by the customers through the Fuel adjustment clause. The Oil-backout clause factors are calculated in conjunction with

the Fuel adjustment clause factors and any over or under recovery is treated in a similar manner. In 1989, 1988 and 1987 FPL recorded approximately $154 million, $72 million and $46 million of accelerated depreciation, respectively. The 500 kilovolt transmission lines, which were eligible for accelerated recovery of costs through the Oil-backout clause, were fully depreciated as of September 1989.

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 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, except for generating facilities and certain general plant accounts, is provided primarily on a straight-line average remaining life basis by primary accounts as approved by the FPSC. Book depreciation of generating facilities is provided on a straight-line remaining service-life basis, as approved by the FPSC. Certain general plant accounts are recovered through amortization of vintage groups as approved by the FPSC. Depreciation expense also includes a provision of $38 million, $19 million and $19 million for 1989, 1988 and 1987, respectively, for decommissioning costs of nuclear plants. The weighted annual composite depreciation rate was approximately 4.1%, 3.9% and 3.9% for the years 1989, 1988 and 1987, respectively. These rates exclude nuclear decommissioning expense and accelerated depreciation under the Oil-backout clause.

The cost of nuclear fuel is amortized to fuel expense on a unit of production method. Fuel expense also includes a charge of 1 mill per kilowatt-hour (kwh) of nuclear production for spent nuclear fuel disposal costs, which is paid quarterly to the U.S. Department of Energy. These payments are recovered through the Fuel adjustment clause.

Substantially all electric utility plant is subject to the lien of the Mortgage and Deed of Trust, as supplemented, 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's construction work in progress and nuclear fuel in process and is capitalized as an additional cost of property. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of interest charges and the remainder is recorded

as other income. The capitalization rate used in computing AFUDC was 8.56% in 1989, 8.50% in 1988 and 10.04% in 1987.

Storm and Property Insurance Reserve Fund

The storm and property insurance reserve fund provides coverage toward storm damage costs and possible retrospective 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. Deposits to the fund are made monthly. Securities held in the fund consist primarily of tax-exempt obligations and are carried at cost, which approximates market.

Nuclear Decommissioning Reserve Funds

The decommissioning reserve funds are restricted for the payment of the cost of decommissioning FPL's nuclear units. Contributions for any year may be made to either funds which are qualified in accordance with the Internal Revenue Code (qualified funds) or non-qualified (non-qualified funds). Securities held in the funds consist primarily of tax-exempt obligations and are carried at cost, which approximates market. Amounts equal to decommissioning expense, which are included in depreciation expense, are deposited in either qualified funds on a pre-tax basis or the non-qualified fund on a net of tax basis. Fund earnings, net of taxes, are reinvested in the funds.

Decommissioning of the Turkey Point nuclear units is scheduled to commence in the year 2005 while St. Lucie Units Nos. 1 and 2 are scheduled to commence in 2014 and 2021, respectively. FPL's portion of the future cost of decommissioning these units, expressed in 1989 dollars, is currently estimated to be approximately $770 million.

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. FPL is included in the consolidated federal income tax return filed by FPL Group. FPL determines its income tax provision on the "separate return method." See the Schedule of Taxes.

The required implementation date of Statement of Financial Accounting Standards (SFAS) No. 96, "Accounting for Income Taxes," has been delayed until the first quarter of 1992. SFAS No. 96 is not expected to have a material impact on the results of operations,

since any adjustment to the deferred tax balance would be recorded as a liability to customers.

Long-Term Debt

Discount, premium and expense on long-term debt are amortized over the lives of the respective issues. The excess of the reacquisition cost over book value of long-term debt retired is deferred and amortized to expense ratably over the remaining life of the original issue.

Temporary Investments

FPL classifies as temporary investments highly liquid short-term investments which are readily convertible to known amounts of cash.

Reclassifications

For comparative purposes certain amounts included in prior years' consolidated financial statements have been reclassified to conform with the 1989 presentation.

2. Short-Term Borrowings

At December 31, 1989 FPL had approximately $92 million of commercial paper outstanding with a weighted average interest rate of 9.0%.

Available bank lines of credit aggregated approximately $395 million at December 31, 1989.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Additional Contributed Capital and Retained Earnings

The changes in additional contributed capital and retained earnings are shown below:

	Additional Contributed Capital	Retained Earnings
	Thousands of Dollars	
Balances, January 1, 1987	$ 95,873	$ 961,237
Contributions from FPL Group	165,000	-
Net income available to FPL Group	-	377,898
Dividends to FPL Group	-	(380,693)
Costs incurred on the public offering of Series Q preferred stock	(459)	-
Other changes	(362)	(3,056)
Balances, December 31, 1987	260,052	955,386
Contributions from FPL Group	70,000	-
Net income available to FPL Group	-	390,102
Dividends to FPL Group	-	(401,524)
Other changes	44	(308)
Balances, December 31, 1988	330,096	943,656
Contributions from FPL Group	115,000	-
Net income available to FPL Group	-	393,103
Dividends to FPL Group	-	(398,075)
Other changes	95	(345)
Balances, December 31, 1989	$445,191	$ 938,339

In 1989, 1988 and 1987 FPL paid, as dividends to FPL Group, its net income available to FPL Group on a one-month lag basis.

4. Employee Retirement Benefits

Substantially all employees of FPL are covered by a noncontributory defined benefit pension plan (Plan). Plan benefits are generally based on years of service and employees' compensation during the last years of employment. Effective January 1, 1989 vesting was

reduced from 10 years to 5 years. Plan assets consist primarily of bonds, common stocks and short-term investments.

FPL's policy is to fund the pension cost calculated under the entry age normal level percentage of pay actuarial cost method, provided that this amount satisfies the Employee Retirement Income Security Act minimum funding standards and is not greater than the maximum tax deductible amount for the year. No contributions were required under this policy for 1989, 1988 or 1987.

During 1988 FPL offered a Special Voluntary Retirement Program (SVRP) to non-bargaining unit employees. This program was offered to bargaining unit employees in 1989. Approximately 750 employees or 75% of those eligible elected to retire under this program. Those eligible were employees who had attained the age of 55 and had ten or more years of accredited service. The program, among other things, added 5 additional years to an employee's age and to years of accredited service for the determination of benefits to be received by eligible employees. The benefits will be paid from the pension trust fund. The cost of the SVRP as determined under the provisions of SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination of Benefits" was $12.9 million in 1989 and $50.2 million in 1988.

In 1988 pension assets and liabilities relating to employees of FPL Group and its non-utility affiliates previously included in the Plan, were transferred to a separate FPL Group pension plan (Transfer). The Transfer resulted in a $3.5 million reduction in prepaid pension cost as determined under the provisions of SFAS No. 87, "Employers' Accounting for Pensions" and SFAS No. 88.

The components of pension cost for 1989, 1988 and 1987, as determined under the provisions of SFAS No. 87, are as follows:

	Years Ended December 31,		
	1989	1988	1987
	Millions of Dollars		
Benefits earned during the year	$ 30.4	$ 27.2	$ 33.6
Interest cost on projected benefit obligation	53.1	39.5	37.6
Actual return on Plan assets	(234.2)	(162.1)	(27.3)
Net amortization and deferral	138.4	72.7	(66.4)
SFAS No. 87 negative pension cost	(12.3)	(22.7)	(22.5)
Effect of SVRP	12.9	50.2	-
Reduction in prepaid pension cost due to Transfer	-	3.5	-
Regulatory adjustment	(.6)	(31.0)	22.5
Pension cost recognized in the Consolidated Statements of Income	$ -	$ -	$ -

A regulatory adjustment, as shown above, is made to reflect in the results of operations the pension cost calculated under the actuarial cost method currently used for ratemaking purposes. At December 31, 1989 and December 31, 1988 the cumulative amount of these regulatory adjustments included in other deferred credits was $19.3 million and $19.9 million, respectively.

A reconciliation of the funded status of the Plan under SFAS No. 87 to the amounts recognized in the Consolidated Balance Sheets is presented below:

	December 31, 1989	December 31, 1988
	Millions of Dollars	
Fair market value of plan assets, invested primarily in equity and fixed-income securities	$1,355.5	$1,155.4
Actuarial present value of benefits for services rendered to date:		
Accumulated benefits based on salaries to date, including vested benefits of $590.6 million and $426.8 million for 1989 and 1988, respectively	598.1	447.4
Additional benefits based on estimated future salary levels	191.4	206.8
Projected benefit obligation	789.5	654.2
Plan assets in excess of projected benefit obligation	566.0	501.2
Prior service cost not recognized in net periodic pension cost	72.5	
Unrecognized net asset at January 1, 1986 being amortized over 19 years–net of accumulated amortization	(346.6)	(369.7)
Unrecognized net gain	(272.6)	(111.6)
Prepaid pension cost included in other deferred debits	$ 19.3	$ 19.9

As of December 31, 1989 and 1988, the weighted-average discount rate used in determining the projected benefit obligation was 7.25%; the assumed rate of increase in future compensation levels at those respective dates was 6.50%. The expected long-term rate of return on Plan assets used in determining the SFAS No. 87 pension cost for 1989, 1988 and 1987 was 7.0%.

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. The benefits provided 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. Health care and life insurance benefits are administered through insurance companies whose premiums are based on the benefits paid during the year and the maintenance of a required reserve. FPL recognizes the cost of providing these benefits by expensing the

annual insurance premiums. The cost, as recognized, of providing the post-retirement health care and life insurance benefits was $7 million, $4 million and $2 million in 1989, 1988 and 1987, respectively.

5. Rate Matters

In 1986 the FPSC permitted FPL to include in rate base certain plant in service costs which the FPSC had excluded from rate base in previous rate orders, pending the outcome of litigation concerning replacement of steam generators at Turkey Point. In addition the FPSC determined that accrued AFUDC and deferred depreciation expense (collectively, Accumulated Deferred Costs), associated with these costs, are to be recovered over five years commencing with the effective date of new base rates to be established in the next general ratemaking proceeding for FPL. At December 31, 1989 and 1988 the Accumulated Deferred Costs represent substantially all of the deferred debits–deferred litigation items.

In 1989, 1988 and 1987 FPL recorded provisions for refund to customers of approximately $39 million, $38 million and $52 million, respectively, pursuant to the FPSC's tax savings rule, which requires FPL to refund, in the subsequent year, retail revenues associated with earnings in excess of an allowed return on equity (ROE), to the extent those earnings were generated by a reduction in the income tax rate. The 1989 and 1988 provisions are subject to FPSC review and approval. The FPSC staff has recommended an increase in the 1988 refund ranging from $57 million (primary recommendation) to $108 million (alternate recommendation). Both staff recommendations are predicated largely on the proposed disallowances of certain operating and maintenance expenses. FPL believes its expenses were reasonably and prudently incurred and that its position should be sustained. Hearings on this matter are scheduled for May 1990. FPSC consideration of the 1989 tax savings rule refund has not been scheduled.

In December 1989 the FPSC ordered FPL to reduce its retail base rates effective January 1990. This reduced retail base rates by approximately .065 cents per kwh. Based on forecasted 1990 sales this rate reduction is expected to reduce annual revenues by approximately $43 million. FPL believes this action will discontinue the application of the tax savings rule beginning January 1, 1990. In January 1990 a ROE range of 12.3% to 13.3% with a midpoint of 12.8% was approved pending an FPSC review of FPL's rates and charges. In February 1990 the FPSC ordered a full review of FPL's rates and charges and required FPL to submit the minimum filing requirements for a full rate proceeding by August 1, 1990. Also the FPSC ordered FPL to collect approximately $26 million (on an annualized basis) of 1990 revenues subject to refund pending the outcome of the full rate review. The FPSC will have until the end of April 1991 to determine if FPL's rates and charges are appropriate.

6. Commitments and Contingencies

Construction Program

FPL has made certain commitments in connection with its construction program. FPL's construction expenditures, including AFUDC, for the years 1990-94 are currently estimated at $6.9 billion, including $303 million for nuclear fuel. Actual construction expenditures may vary from these estimates. These estimates assume that FPL will construct, own and conventionally finance all units.

Insurance Coverage

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. The coverage limits under these programs currently total approximately $1.9 billion, above which FPL is self-insured. The terms of these programs provide that 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. Nuclear Regulatory Commission (NRC) regulations require that nuclear plant license-holders maintain not less than $1.06 billion of property insurance and use the proceeds of that insurance to place a plant in a safe and stable condition and to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration.

FPL is a member of a replacement power insurance program which provides coverage for its nuclear generating plants in the event that one or more of the plants is out of service for more than twenty-one weeks. Thereafter the insurers will make weekly payments of 100% of the estimate of the plant's replacement power costs stated in the policy declarations (Base Payments) for up to fifty-two weeks, will make payments for up to an additional fifty-two weeks at 67% of the Base Payments and will make payments for up to an additional fifty-two weeks at 33% of the Base Payments.

Under both the property and replacement power insurance programs, FPL could be assessed retrospective premiums for losses in current or prior policy years. FPL could be assessed a maximum of approximately $100 million under policies in effect on December 31, 1989 in the event of major accidents at nuclear plants of the utilities participating in these programs (including FPL).

FPL is subject to the Price-Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. As the first layer of financial protection FPL has purchased $200 million of public liability insurance from

pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan FPL is subject to an assessment of $252 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $40 million per incident.

FPL's contingent liability for retrospective premium assessments is partially offset by the storm and property insurance reserve fund. At December 31, 1989 the balance of the fund was approximately $55 million.

Purchased Power Contracts

FPL has two contracts with certain of the generating companies of The Southern Company system to receive, subject to certain contingencies, 2,000 megawatts of coal-fired power through 1992 with declining amounts thereafter through mid-2010. Under the terms of these contracts FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $365 million in 1990, $385 million in 1991, $395 million in 1992, $295 million in 1993 and $215 million in 1994 with declining amounts from 1995 through 2010. Capacity charges for 1989, 1988 and 1987 totaled approximately $339 million, $290 million and $307 million, respectively; energy charges for those respective periods amounted to $327 million, $245 million and $354 million. Capacity and energy charges are recovered through the Oil-backout clause and the Fuel adjustment clause, respectively.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership and operation of two coal-fired units and a coal terminal at St. Johns River Power Park (SJRPP). FPL owns 20% of the project and a purchased power arrangement with JEA entitles FPL to receive an additional 30% of the output of the SJRPP units. Under the terms of the agreement with JEA, FPL is obligated to JEA, on a take-or-pay basis for capacity costs for these units which are estimated to be $100 million for 1990, $100 million for 1991, $105 million for 1992, $100 million for 1993 and $100 million for 1994, with varying amounts thereafter through 2020. Capacity charges for 1989, 1988 and 1987 totaled approximately $86 million, $65 million and $28 million, respectively; energy charges for those respective periods amounted to $46 million, $37 million and $18 million. Capacity charges are recoverable through base rates and energy charges are recovered through the Fuel adjustment clause.

Natural Gas Contracts

In 1989 FPL entered into two fifteen-year agreements, one with Florida Gas Transmission Company and the other with Citrus Trading Corp., for the transportation and supply, respectively, of natural gas. Both the agreements are contingent on approval by the FERC of the transportation agreement. Under the terms of these agreements, FPL will be required to make on a take-or-pay basis, subject to certain contingencies, payments which are estimated to be $205 million for 1990, $280 million for 1991 and $295 million for each of the years 1992 through 1994, based on December 1989 prices.

Antitrust Litigation

In 1988 two antitrust suits were filed against FPL. One suit alleges, among other matters, that through a territorial agreement, FPL and Florida Power Corporation (Florida Power) have conspired to eliminate competition, thereby unreasonably restraining trade and commerce in violation of the Sherman Antitrust Act (Sherman Act). The other suit alleges that FPL and certain of its affiliates have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators and that the defendants' actions constitute monopolization and conspiracy in restraint of trade in violation of the Sherman Act and unlawful discrimination in prices, services or facilities in violation of the Clayton Act. The first suit seeks treble damages of unspecified amounts. The second suit claims damages of $45 million to $80 million and seeks an award of three times such damages as well as compensatory and punitive damages under Florida law. FPL has filed motions for summary judgment in both suits, which are pending. FPL believes that its actions are lawful and is vigorously defending these suits.

In connection with the first suit, in February 1989 the FPSC granted FPL's request for a declaratory statement affirming that a request that FPL wheel power contravened the territorial agreement between FPL and Florida Power and was inconsistent with the state law and public policy. As a result the FPSC ordered FPL not to wheel power under such circumstances.

7. Leases

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, 1989, 1988 and 1987 were $48 million, $44 million and $39 million, respectively. Included in these payments was an interest component of $6 million, $5 million and $5 million in 1989, 1988 and 1987, respectively. Under the terms of the lease, the lessor buys nuclear fuel materials from FPL and from

third parties. Purchases from FPL during 1989, 1988 and 1987 were $47 million, $19 million and $23 million, respectively. FPL has full responsibility for management of the fuel. Under certain circumstances of lease termination, FPL is required to purchase, within 270 days, all nuclear fuel in whatever form at a purchase price designed to allow the lessor to recover its net investment cost in the fuel. For ratemaking purposes this lease has been classified as an operating lease. For financial reporting purposes this lease is recorded as a capital lease based on the amount due in the event of lease termination. Recording this lease as a capital lease had no income statement impact to FPL. Excluding the nuclear fuel lease, the amount of assets and capitalized lease obligations for other capital leases is not material.

At December 31, 1989 minimum annual rental commitments under noncancelable operating leases, primarily for real property and equipment, are approximately $25 million for 1990, $25 million for 1991, $10 million for 1992, $5 million for 1993 and $10 million thereafter.

8. Jointly-Owned Facilities

FPL owns 85.1% of the St. Lucie Nuclear Unit No. 2 and 20% of the SJRPP units and coal terminal. FPL is responsible for its share of the operating costs, which are included in the appropriate expense captions in the Consolidated Statements of Income, as well as providing its own financing. At December 31, 1989 FPL's investment in St. Lucie Unit No. 2 was $993 million, net of accumulated depreciation of $200 million; the investment in the SJRPP units and coal terminal was $291 million, net of accumulated depreciation of $35 million. At December 31, 1989 there was no significant balance of construction work in progress on these facilities.

9. Transactions with Related Parties

FPL provides certain services to FPL Group, the costs of which are charged to FPL Group on a "full cost" method of allocation. Such costs were not material in any year. FPL Group provides certain services to all its subsidiaries, including FPL. The full cost of such services is charged directly to FPL and to the other subsidiaries of FPL Group. In addition certain common costs of FPL Group are allocated to all subsidiaries, including FPL, based primarily on each subsidiary's equity. Such costs were not material in any year. The balances outstanding at December 31, 1989 and 1988 for such services were not significant. See "Note 1"–"Income Taxes" and "Note 4."

10. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information for 1989 and 1988 is as follows:

	December 31	September 30	June 30	March 31
	Thousands of Dollars			
1989				
Operating revenues	$1,159,490	$1,453,175	$1,241,856	$1,091,770
Operating income	$139,857	$247,195	$181,099	$141,980
Net income	$65,240	$175,719	$113,156	$82,770
1988				
Operating revenues	$1,077,892	$1,357,267	$1,146,179	$1,045,940
Operating income	$113,935	$253,150	$167,418	$161,872
Net income	$46,172	$188,160	$101,535	$99,753

In the opinion of FPL all adjustments, which consist 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 the operations of FPL, 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 outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

DIRECTORS (1)

James L. Broadhead. Age 54. Director since 1989. President and Chief Executive Officer, FPL Group. Chairman of the Board and Chief Executive Officer, FPL. Formerly President, Telephone Operating Group, and President, Communications Services Group, both of GTE Corporation, a telecommunications company. Director, FPL Group, FPL Group Capital Inc, Barnett Banks, Inc. and The Pittston Company.

Wayne H. Brunetti. Age 47. Director beginning 1990. Executive Vice President, FPL. Formerly Group Vice President, FPL.

Dennis P. Coyle. Age 51. Director beginning 1990. General Counsel, FPL. Vice President and General Counsel, FPL Group. Formerly partner, Steel Hector & Davis, a law firm.

Jerome H. Goldberg. Age 58. Director beginning 1990. Executive Vice President, FPL. Formerly Group Vice President-Nuclear, Houston Lighting & Power Company, an electric utility.

Joe L. Howard. Age 48. Director beginning 1990. Chief Financial Officer, FPL. Vice President and Chief Financial Officer, FPL Group. Formerly Vice President and Chief Financial Officer, FPL. Director, FPL Group Capital Inc.

Robert E. Tallon. Age 63. Director since 1986. President and Chief Operating Officer, FPL. Formerly Executive Vice President, FPL. Director, FPL Group.

C. O. Woody. Age 51. Director beginning 1990. Executive Vice President, FPL. Formerly Group Vice President and Vice President, FPL.

FPL Group Capital Inc is a subsidiary of FPL Group.

(1) Directors are elected annually and serve until their resignation, removal or until their respective successors are elected. Includes each director's business experience during the past five years.

EXECUTIVE OFFICERS (1)

Name	Age	Position	Effective Date
J. L. Broadhead	54	Chairman of the Board and Chief Executive Officer	January 15, 1990
R. E. Tallon	63	President and Chief Operating Officer	April 22, 1986
W. H. Brunetti	47	Executive Vice President	November 16, 1987
D. P. Coyle	51	General Counsel	March 12, 1990
J. H. Goldberg	58	Executive Vice President	September 13, 1989
J. L. Howard	48	Chief Financial Officer	March 12, 1990
C. O. Woody	51	Executive Vice President	November 16, 1987
J. W. Williams, Jr.	64	Senior Vice President	April 27, 1988
J. S. Woodall	53	Senior Vice President	January 17, 1989
D. K. Baldwin	52	Group Vice President	January 12, 1987
J. T. Petillo	45	Group Vice President	November 14, 1988

Executive officers, other than directors previously named, who have not held their present position with FPL for the past five years had the following business experience during that period.

Name	Position (2)
J. W. Williams, Jr.	Group Vice President
J. S. Woodall	Director of Management Services and Budget and Vice President-Management Services
D. K. Baldwin	Vice President and Group Vice President and Treasurer
J. T. Petillo	Vice President-Western Division, Vice President and Vice President, FPL Group

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(1) Executive officers are elected annually by, and serve at the pleasure of, FPL's Board of Directors.

(2) Positions were held with FPL unless otherwise indicated.

Item 11. Executive Compensation.

The following table sets forth, on an accrual basis, all compensation paid or distributed during 1989 by FPL to (i) each of the five most highly compensated executive officers of FPL, in all capacities in which they served, and to (ii) all executive officers of FPL in the aggregate.

Cash Compensation Table

Name of individuals or number of persons in group	Capacities in which served	Cash Compensation (1)(2)
J. J. Hudiburg	Chairman of the Board and Chief Executive Officer (until August 1989)	$646,138
R. E. Tallon	President and Chief Operating Officer	$475,470
W. H. Brunetti	Executive Vice President	$295,616
C. O. Woody	Executive Vice President	$281,646
J. W. Williams, Jr.	Senior Vice President	$214,577
All executive officers in the aggregate, including those listed above (11 persons).		$2,881,255 (3)(4)

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(1) Cash Compensation has not been reduced by the amounts charged to FPL Group and its non-utility subsidiaries. See "Note 9."

(2) Includes amounts paid only for the period served as executive officer(s).

(3) FPL maintains an Annual Incentive Plan for FPL executive officers. Under the plan participants may be awarded annual cash or deferred bonuses based upon both individual and corporate performance during each year measured against pre-established performance goals. The plan is administered and controlled by the Compensation Committee of the FPL Group Board of Directors (the Compensation Committee). FPL Group maintains a similar plan in which Mr. Tallon participates and Mr. Hudiburg participated. Bonus awards paid during 1990 for services rendered in 1989 are reflected in the Cash Compensation Table.

(4) Executive officers of FPL and its affiliates may defer receipt of all or a portion of their compensation. Amounts deferred bear interest at the prime rate or are treated as if invested in FPL Group Common Stock (Common Stock) and are included in the Cash Compensation Table.

Director Compensation

As of January 1, 1990 all directors of FPL are salaried employees of FPL or FPL Group and do not receive any additional compensation for serving as a director.

Directors and executive officers are eligible to be covered by a travel-accident insurance policy, a supplemental medical insurance plan and a dental plan and directors are provided with $10,000 of life and accidental death insurance at no cost to them. The premiums attributable to the group of directors participating in the foregoing plans were $17,146 for 1989.

Compensation Pursuant To Plans

Thrift Plan: FPL maintains a thrift plan for the benefit of its officers and full-time employees (Thrift Plan). Eligible employees may contribute a percentage of their earnings to the Thrift Plan and have their employer match a portion of such contribution. Participant contributions are invested in one or more funds, including an FPL Group Common Stock fund, an income fund and an equity fund, as directed by each participant. Employer contributions are invested entirely in Common Stock. During 1989, for the period during which each was an executive officer, the following amounts were paid as employer contributions for the following executive officers listed in the Cash Compensation Table: J. J. Hudiburg - $8,000, R. E. Tallon - $8,000, W. H. Brunetti - $8,000, C. O. Woody - $8,000, J. W. Williams, Jr. - $6,931 and all executive officers of FPL as a group - $65,368.

Long-Term Incentive Plan of 1985 (Long-Term Plan): The Long Term Plan provides for the grant to officers and key employees of FPL Group and its subsidiaries, including FPL, of stock options, stock appreciation rights (SARs), restricted stock and performance shares, all of which relate to Common Stock, at the discretion of the Compensation Committee.

Stock options ordinarily are granted in tandem with SARs and become exercisable in four equal installments beginning one year after grant. The exercise price of an option may be paid in cash, shares of Common Stock or both. Upon exercise of a SAR, the holder may receive cash, shares of Common Stock or both, as determined by the Compensation Committee. The exercise of an option cancels any related SAR and vice versa.

Awards of restricted stock are subject to forfeiture if the recipient's employment terminates within a specified period.

Awards of performance shares, each of which is the equivalent of one share of Common Stock, are paid at the end of two and four year periods based on the achievement of performance measures for such period, as determined by the Compensation Committee. Performance shares do not entitle participants to dividend, voting or other rights as a shareholder unless and until the award is earned and credited in the form of Common Stock.

Upon a change in control of FPL Group, all stock options are immediately exercisable in full, all SARs are exercisable in full for cash for a period of sixty days, all options as to which no SARs have been granted acquire rights equivalent to SARs, all restrictions on restricted stock terminate and all performance shares become immediately payable in cash. There were no grants of options, SARs or restricted stock made to executive officers under the Long-Term Plan in 1989. During 1989, 59,707 performance shares were granted. Additionally 20,681 options and SARs were exercised in 1989. The net value of securities (market value less exercise price) realized upon the exercise of stock options and SARs during 1989 was $120,154.

Retirement Plans: FPL maintains a non-contributory defined benefit pension plan (Pension Plan) covering substantially all employees. FPL maintains a benefit restoration plan (Benefit Restoration Plan) which provides certain officers an amount equal to the difference, if any, between the benefits they would have been entitled to receive under their Pension Plan, the Thrift Plan and the ESOP, but for limitations imposed by the Internal Revenue Code, and the benefits they actually receive from those plans. The compensation covered by the Pension Plan includes basic wages, salaries and compensation deferred under the Thrift Plan and certain other benefits provided to FPL employees. Benefits accrued through December 31, 1989 are based on each member's years of credited service, average monthly base pay, and primary social security benefits (as such terms are defined in the Pension Plan). The Pension Plan provides that upon certain terminations, transfers of assets and other circumstances following a change in control of FPL Group, no reversion to the employer of excess plan assets over the present value of accrued benefits is permitted and any such excess shall be applied to increase employee benefits under the plans.

The following table shows the estimated annual benefits, computed on a straight life annuity basis without offset for Social Security benefits, payable under the Pension Plan (supplemented, as necessary, by the Benefit Restoration Plan) to officers in various compensation classifications upon retirement in 1989 at age 65 after the indicated years of service.

Estimated Annual Pension
Based on Participating Years of Service

Compensation (1)	10	20	30	35	40
$100,000	$19,278	$38,555	$47,833	$49,022	$51,172
$150,000	29,278	58,555	72,833	74,647	77,422
$200,000	39,278	78,555	97,833	100,272	103,672
$250,000	49,278	98,555	122,833	125,897	129,922
$300,000	59,278	118,555	147,833	151,522	156,172
$350,000	69,278	138,555	172,833	177,147	182,422
$400,000	79,278	158,555	197,833	202,772	208,672
$450,000	89,278	178,555	222,833	228,397	234,922
$500,000	99,278	198,555	247,833	254,022	261,172
$550,000	109,278	218,555	272,833	279,647	287,422

(1) Eligible average annual compensation.

Participating years of service through January 1, 1990 for the executive officers listed in the Cash Compensation Table are as follows: J. J. Hudiburg - 39 years (current covered compensation - $466,000), R. E. Tallon - 16 years (current covered compensation - $426,000), W. H. Brunetti - 25 years (current covered compensation - $242,000), C. O. Woody - 33 years (current covered compensation - $224,000), J. W. Williams, Jr. - 40 years (current covered compensation - $186,000).

Medical and Insurance Plans: Directors and executive officers of FPL are eligible for supplemental medical coverage that provides up to 100% coverage of medical expenses. Officers and directors are covered at no cost to themselves by travel-accident insurance and officers may participate in a comprehensive personal liability insurance program. During 1989, for the period during which each was an executive officer, amounts paid to or for the executive officers listed in the Cash Compensation Table pursuant to the foregoing plans were: J. J. Hudiburg - $1,834, R. E. Tallon - $2,048, W. H. Brunetti - $2,230, C. O. Woody - $1,731, J. W. Williams, Jr. - $1,797 and for all executive officers of FPL as a group - $18,509.

Employment Agreements: FPL has entered into employment agreements with certain of its officers, including the individuals named in the Cash Compensation Table, to become effective in the event of a change in control of FPL Group, which is defined as the acquisition of beneficial ownership of 20% of the voting power of FPL Group, certain changes in FPL Group's Board, or approval by the shareholders of certain mergers or consolidations or of certain transfers of FPL Group's assets. These agreements are intended to assure FPL of the continued services of key executives. The agreements provide that each executive shall be employed by FPL in his or her then current position, with compensation and benefits at least equal to the then current base and incentive compensation and benefit levels for an employment period of four, and in certain cases five, years after a change in control occurs.

In the event that the executive's employment is terminated (except for death, disability or cause) or if the executive terminates his or her employment because of a reduction in position, responsibility, salary or for any other good reason, as defined in the agreement, the executive is entitled to severance benefits in the form of monthly installments or a lump sum, at the option of the executive, for the remainder of the employment period or for two years, whichever is longer. Such benefits will be based upon the executive's then base compensation plus a maximum bonus and the maximum amount of employer contributions made to his or her account under the Thrift Plan and the Benefit Restoration Plan (relating to the Thrift Plan). The executive is also entitled to continued participation in all benefit plans (or if barred, payment by the employer), additional supplemental retirement benefits and immediate vesting of incentive stock awards. Any tax penalty incurred by the executive as the result of his or her severance payments will be reimbursed by the employer.

Other Compensation

With respect to any named individual, the aggregate amount of other non-cash compensation did not exceed the lesser of $25,000 or 10% of the compensation reported in the Cash Compensation Table for such person.

With respect to the group, the aggregate amount of other non-cash compensation did not exceed the lesser of $25,000 times the number of persons in the group or 10% of the compensation reported in the Cash Compensation Table for the group.

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

FPL Group owns 100% of FPL's common stock.

The table below sets forth, as of February 5, 1990, the number of shares of equity securities of FPL Group 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	
James L. Broadhead	Common Stock	1,287	(1)
Wayne H. Brunetti	Common Stock	10,613	(2)
Dennis P. Coyle	Common Stock	0	
Jerome H. Goldberg	Common Stock	0	
Joe L. Howard	Common Stock	15,681	(3)
Robert E. Tallon	Common Stock	27,420	(4)
C. O. Woody	Common Stock	9,401	(5)
All directors and executive officers in the aggregate, including those listed above (11 persons)	Common Stock	92,185	(6)

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(1) Includes 287 shares held in FPL Group's Thrift Plan.

(2) Includes 9,567 shares held in FPL's Thrift Plan and 563 shares held in FPL's ESOP.

(3) Includes 4,892 shares held in FPL Group's Thrift Plan and 3,636 shares held in FPL's ESOP. Also includes 100 shares held beneficially by a relative of Mr. Howard with whom he shares investment power and to which he disclaims any beneficial ownership.

(4) Includes 2,017 shares held in FPL's Thrift Plan, 4,278 shares held in FPL's ESOP and 7,525 shares of restricted stock over which Mr. Tallon has voting power only.

(5) Includes 5,362 shares held in FPL's Thrift Plan and 3,619 shares held in FPL's ESOP.

(6) Less than 1% of the class. Includes 27,845 shares subject to currently exercisable stock options, 51,361 shares held in the Thrift Plans and ESOP and 7,525 shares of restricted stock referenced above.

Item 13. Certain Relationships and Related Transactions.

FPL has a lease with Cutler Ridge Regional Center, a partnership in which David Blumberg, an ex-director of FPL, has an interest. The rent is $14,900 per month, increasing with changes in the Consumer Price Index. The lease expires on September 30, 1990. 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.

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, XIII and XIV.

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

(a)3. Exhibits including those Incorporated by Reference

Exhibits Filed Herewith

Exhibit Number	Description
12(a)	Computation of Ratio of Earnings to Fixed Charges.
12(b)	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
24	Consent of Deloitte & Touche.

Exhibits Incorporated by Reference

Exhibit Number	Description
3(a)	Bylaws of FPL, as amended February 22, 1988 (filed as Exhibit 3(a) to Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-3545).
3(b)	Restated Articles of Incorporation of FPL dated March 23, 1987 (filed as Exhibit 4(a), File No. 33-12891).
3(c)	Amendment to FPL's Restated Articles of Incorporation dated September 10, 1987 (filed as Exhibit 4(b) to Form 10-Q for the quarter ended September 30, 1987, File No. 1-3545).
3(d)	Amendment to FPL's Restated Articles of Incorporation dated June 21, 1989 (filed as Exhibit 4(b) to Form 8-K dated July 6, 1989, File No. 1-3545).
3(e)	Amendment to FPL's Restated Articles of Incorporation dated January 29, 1990 (filed as Exhibit 4(b) to Form 8-K dated January 22, 1990, File No. 1-3545).

Exhibit Number	Description
4	Mortgage and Deed of Trust dated as of January 1, 1944, and Seventy 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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545; Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 15, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated August 19, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated February 16, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated July 13, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated October 25, 1988, File No. 1-3545; Exhibit 4(a) to Form 8-K dated July 6, 1989, File No. 1-3545; and Exhibit 4(e) to Form 8-K dated August 22, 1989, File No. 1-3545).

(b) Reports on Form 8-K

On December 22, 1989 a Current Report on Form 8-K dated December 19, 1989 was filed relating to one event under Item 5. Other Events.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT

Column A Classification	Column B Balance Beginning of Year	Column C Additions at Cost (1)	Column D Retirements (2)	Column E Other Changes— Add (Deduct)	Column F Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1989					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 1,983,006	$ 93,034	$ (19,513)	$ 43	$ 2,056,570
Nuclear	2,936,895	113,160	(20,923)	273	3,029,405
Other	294,110	4,395	(1,553)	-	296,952
Total production plant	5,214,011	210,589	(41,989)	316	5,382,927
Transmission plant	1,446,264	53,373	(4,543)	(3,793)	1,491,301
Distribution plant	3,201,798	355,447	(32,336)	(356)	3,524,553
General plant	454,755	128,705	(26,240)	3,944	561,164
Intangible plant	3,647	1,006	-	-	4,653
Total electric plant in service	10,320,475	749,120	(105,108)	111	10,964,598
Held for future use	39,688	8,764	-	(76)	48,376
Total electric plant	10,360,163	757,884	(105,108)	35	11,012,974
Construction work in progress	297,925	2,547	-	(767)	299,705
Nuclear fuel	532,143	67,677	(90,717)	(33,681)	475,422
Total electric utility plant	$11,190,231	$828,108	$(195,825)	$(34,413)	$11,788,101
For the Year Ended December 31, 1988					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 1,851,536	$148,977	$ (17,908)	$ 401	$ 1,983,006
Nuclear	2,866,065	86,306	(15,369)	(107)	2,936,895
Other	293,277	4,793	(3,960)	-	294,110
Total production plant	5,010,878	240,076	(37,237)	294	5,214,011
Transmission plant	1,358,975	93,716	(5,245)	(1,182)	1,446,264
Distribution plant	2,967,682	266,995	(28,559)	(4,320)	3,201,798
General plant	422,276	47,679	(20,785)	5,585	454,755
Intangible plant	2,846	733	-	68	3,647
Total electric plant in service	9,762,657	649,199	(91,826)	445	10,320,475
Held for future use	37,936	2,197	-	(445)	39,688
Total electric plant	9,800,593	651,396	(91,826)	-	10,360,163
Construction work in progress	329,841	(32,965)	-	1,049	297,925
Nuclear fuel	549,009	52,928	(46,932)	(22,862)	532,143
Total electric utility plant	$10,679,443	$671,359	$(138,758)	$(21,813)	$11,190,231

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT (Concluded)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance Beginning of Year	Additions at Cost (1)	Retirements (2)	Other Changes— Add (Deduct)	Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1987					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 1,640,347	$ 217,507	$ (6,972)	$ 654	$ 1,851,536
Nuclear	2,672,710	210,081	(16,442)	(284)	2,866,065
Other	290,040	4,309	(1,117)	45	293,277
Total production plant	4,603,097	431,897	(24,531)	415	5,010,878
Transmission plant	1,314,421	55,246	(2,436)	(8,256)	1,358,975
Distribution plant	2,752,569	238,782	(27,390)	3,721	2,967,682
General plant	386,430	55,266	(29,964)	10,544	422,276
Intangible plant	2,834	10	-	2	2,846
Total electric plant in service	9,059,351	781,201	(84,321)	6,426	9,762,657
Held for future use	36,545	1,608	-	(217)	37,936
Total electric plant	9,095,896	782,809	(84,321)	6,209	9,800,593
Construction work in progress	524,989	(194,498)	-	(650)	329,841
Nuclear fuel	433,402	99,972	(57,847)	73,482 (3)	549,009
Total electric utility plant	$10,054,287	$ 688,283	$(142,168)	$79,041	$10,679,443

(1) Substantially all additions are originally charged to construction work in progress and transferred to electric plant accounts upon completion. Additions at cost give effect to such transfers.

(2) 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.

(3) Includes $78.3 million for the recording, effective January 1, 1987, of a nuclear fuel lease.

SCHEDULE VI

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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 (2)	Retirements	Other Changes— Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1989						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 746,746	$ 92,036	$ 262	$ (26,499)	$ (61)	$ 812,484
Nuclear	761,774	163,670	-	(21,973)	310	903,781 (3)
Other	184,795	19,189	-	(1,227)	83	202,840
Total production plant	1,693,315	274,895	262	(49,699)	332	1,919,105
Transmission plant	506,969	190,533	-	(1,410)	(1,534)	694,558
Distribution plant	1,006,625	136,511	-	(35,991)	698	1,107,843
General plant	110,667	30,324	8,940	(24,710)	504	125,725
Intangible plant	2,681	(1,893)	-	-	-	788
Total electric plant	3,320,257	630,370	9,202	(111,810)	-	3,848,019
Accumulated provision for amortization of nuclear fuel assemblies	222,258	-	51,431	(90,717)	-	182,972
Total	$3,542,515	$630,370	$60,633	$(202,527)	$ -	$4,030,991
For the Year Ended December 31, 1988						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 675,495	$ 90,249	$ 262	$ (19,262)	$ 2	$ 746,746
Nuclear	645,492	131,821	-	(15,476)	(63)	761,774 (3)
Other	180,780	7,966	-	(3,959)	8	184,795
Total production plant	1,501,767	230,036	262	(38,697)	(53)	1,693,315
Transmission plant	399,451	109,488	-	(1,853)	(117)	506,969
Distribution plant	913,819	124,849	-	(31,649)	(394)	1,006,625
General plant	96,433	25,996	8,059	(20,385)	564	110,667
Intangible plant	543	2,138	-	-	-	2,681
Total electric plant	2,912,013	492,507	8,321	(92,584)	-	3,320,257
Accumulated provision for amortization of nuclear fuel assemblies	194,345	-	74,845	(46,932)	-	222,258
Total	$3,106,358	$492,507	$83,166	$(139,516)	$ -	$3,542,515

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT (Concluded)

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 (2)	Retirements	Other Changes—Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1987						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 562,525	$ 82,520	$ 199	$ (5,236)	$35,487	$ 675,495
Nuclear	532,391	128,562	-	(17,500)	2,039	645,492 (3)
Other	173,425	9,514	-	(1,148)	(1,011)	180,780
Total production plant	1,268,341	220,596	199	(23,884)	36,515	1,501,767
Transmission plant	321,100	81,618	-	(2,590)	(677)	399,451
Distribution plant	818,595	115,899	-	(27,813)	7,138	913,819
General plant	95,139	20,936	7,456	(28,235)	1,137	96,433
Intangible plant	41,694	2,962	-	-	(44,113)	543
Total electric plant	2,544,869	442,011	7,655	(82,522)	-	2,912,013
Accumulated provision for amortization of nuclear fuel assemblies	177,939	-	51,229	(34,823)	-	194,345
Total	$2,722,808	$442,011	$58,884	$(117,345)	$ -	$3,106,358

(1) This reserve is maintained for all depreciable property. The amount in the Retirements column is net of removal costs and salvage.

(2) Depreciation of transportation equipment is charged to various accounts based on the use of such equipment. Amortization of nuclear fuel assemblies is charged to operating expenses, operations—fuel, purchased power and interchange.

(3) Includes decommissioning reserve and related interest of $222.1 million, $174.3 million and $147.5 million at December 31, 1989, 1988 and 1987, respectively.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SHORT-TERM BORROWINGS

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 (1)	Column E Weighted 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, 1989					
Commercial paper	$92,300	9.0%	$295,500	$110,557	9.4%
For the Year Ended December 31, 1988					
Commercial paper	-	-	$26,000	$17,812	7.1%
For the Year Ended December 31, 1987					
Commercial paper	$83,000	7.8%	$133,000	$66,398	6.8%

(1) Represents the maximum amount outstanding at any month end.

(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 20, 1990

By R. E. TALLON
R. E. Tallon *(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
JAMES L. BROADHEAD James L. Broadhead *(Chairman of the Board)*	Principal Executive Officer and Director	March 20, 1990
J. L. HOWARD J. L. Howard *(Chief Financial Officer)*	Principal Financial Officer and Director	March 20, 1990
K. M. DAVIS K. M. Davis *(Comptroller)*	Principal Accounting Officer	March 20, 1990
WAYNE H. BRUNETTI Wayne H. Brunetti	Directors	March 20, 1990
DENNIS P. COYLE Dennis P. Coyle	Directors	March 20, 1990
JEROME H. GOLDBERG Jerome H. Goldberg	Directors	March 20, 1990
C. O. WOODY C. O. Woody	Directors	March 20, 1990

EXHIBIT 12(a)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended December 31,				
	1989	1988	1987	1986	1985
	Thousands of Dollars				
Earnings, as defined:					
Net income	$436,885	$435,620	$426,193	$ 431,123	$ 414,347
Income taxes	204,863	203,988	266,040	336,201	328,485
Fixed charges, as below	305,509	297,247	299,537	325,017	322,554
Total earnings, as defined	$947,257	$936,855	$991,770	$1,092,341	$1,065,386
Fixed charges, as defined:					
Interest on first mortgage bonds	$248,203	$252,047	$255,136	$282,984	$290,602
Interest on other long-term debt	6,044	6,214	6,181	5,998	4,315
Other interest charges	38,500	26,867	27,048	24,962	16,914
Rental interest factor	6,604	7,198	6,444	5,592	5,021
Fixed charges included in nuclear fuel cost	6,158	4,921	4,728	5,481	5,702
Total fixed charges, as defined	$305,509	$297,247	$299,537	$325,017	$322,554
Ratio of earnings to fixed charges	3.10	3.15	3.31	3.36	3.30

EXHIBIT 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	Twelve Months Ended December 31,				
	1989	1988	1987	1986	1985
	Thousands of Dollars				
Earnings, as defined:					
Net income	$436,885	$435,620	$426,193	$ 431,123	$ 414,347
Income taxes	204,863	203,988	266,040	336,201	328,485
Fixed charges, as below	305,509	297,247	299,537	325,017	322,554
Total earnings, as defined	$947,257	$936,855	$991,770	$1,092,341	$1,065,386
Fixed charges, as defined:					
Interest on first mortgage bonds	$248,203	$252,047	$255,136	$282,984	$290,602
Interest on other long-term debt	6,044	6,214	6,181	5,998	4,315
Other interest charges	38,500	26,867	27,048	24,962	16,914
Rental interest factor	6,604	7,198	6,444	5,592	5,021
Fixed charges included in nuclear fuel cost	6,158	4,921	4,728	5,481	[illegible]
Total fixed charges, as defined	305,509	297,247	299,537	325,017	322,554
Non-tax deductible preferred stock dividend requirements	43,783	45,518	48,295	47,667	46,415
Ratio of income before income taxes to net income	1.469	1.468	1.624	1.780	1.793
Preferred stock dividend requirements before income taxes	64,317	66,820	78,431	84,847	83,222
Combined fixed charges and preferred stock dividend requirements	$369,826	$364,067	$377,968	$409,864	$405,776
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.56	2.57	2.62	2.67	2.63

EXHIBIT 24

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We hereby consent to the incorporation by reference in Registration Statement No. 33-12891 on Form S-3, Registration Statement No. 33-24653 on Form S-3 and Registration Statement No. 33-30360 on Form S-3 of our report dated February 16, 1990 appearing in this Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 1989.

DELOITTE & TOUCHE

Miami, Florida
March 19, 1990

EXHIBIT 2

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1990

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number 1-3545

FLORIDA POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

FLORIDA	59-0247775
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9250 West Flagler Street, Miami, Florida	33174
(Address of principal executive offices)	(Zip Code)

(305) 552-3552
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 12, 1990
Common Stock, No Par Value	1,000 shares

PART I - FINANCIAL INFORMATION

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

Thousands of Dollars

	September 30, 1990 (Unaudited)	December 31, 1989
ELECTRIC UTILITY PLANT:		
At original cost	$11,999,539	$11,488,396
Construction work in progress	452,707	299,705
Less accumulated depreciation and amortization	4,382,446	4,030,991
Electric utility plant—net	8,069,800	7,757,110
INVESTMENTS	268,161	220,518
CURRENT ASSETS:		
Cash and temporary investments	2,957	2,343
First mortgage bond proceeds held for redemption (Note 1)	75,840	-
Accounts receivable (less allowance for uncollectible accounts of $8,494 at September 30, 1990 and $13,436 at December 31, 1989)	563,718	502,908
Materials and supplies—at average cost	259,225	229,610
Fossil fuel stock—at average cost	95,133	55,799
Prepaid expenses	43,505	28,956
Other	13,536	10,455
Total current assets	1,053,914	830,071
DEFERRED DEBITS:		
Excess of reacquisition cost over book value of bonds retired	145,009	150,088
Deferred litigation items	120,383	125,065
Deferred pension cost	38,001	19,251
Deferred costs under cost recovery clauses	33,026	42,963
Other	39,387	36,946
Total deferred debits	375,806	374,313
Total	$ 9,767,681	$ 9,182,012

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements in FPL's 1989 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
CAPITALIZATION AND LIABILITIES
Thousands of Dollars

	September 30, 1990 (Unaudited)	December 31, 1989
CAPITALIZATION (Note 1):		
Common stock	$1,373,069	$1,373,069
Retained earnings and other shareholder's equity	1,565,153	1,383,530
Preferred stock without sinking fund requirements	346,250	346,250
Preferred stock with sinking fund requirements	165,950	164,250
Long-term debt:		
First mortgage bonds	2,910,059	2,885,224
Other long-term debt	97,357	98,638
Unamortized premium and discount of debt	(21,942)	(21,858)
Total long-term debt	2,985,474	2,962,004
Total capitalization	6,435,896	6,229,103
OTHER NONCURRENT LIABILITIES:		
Capital lease obligations	84,625	84,609
Storm and property insurance reserve (Note 3)	60,343	55,166
Revenues to be refunded (Note 2)	-	38,849
Other	19,234	18,166
Total other noncurrent liabilities	164,202	196,790
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock (Note 1)	92,442	18,643
Notes payable—commercial paper	133,500	92,300
Accounts payable—trade	175,599	179,614
Customers' deposits	188,895	185,354
Income taxes	85,240	26,610
Other taxes	147,614	45,643
Interest	98,336	87,334
Tax collections payable	50,955	48,405
Purchased power and interchange (Note 3)	54,345	50,855
Other (Note 2)	121,157	97,077
Total current liabilities	1,148,083	831,835
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,421,932	1,365,161
Unamortized investment tax credits	412,814	430,351
Other	184,754	128,772
Total deferred credits	2,019,500	1,924,284
COMMITMENTS AND CONTINGENCIES (Notes 2 and 3)		
Total	$9,767,681	$9,182,012

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements in FPL's 1989 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	1990	1989	1990	1989	1990	1989
	Thousands of Dollars					
OPERATING REVENUES (Note 2)	$1,465,412	$1,453,175	$3,757,532	$3,786,801	$4,917,022	$4,864,693
OPERATING EXPENSES:						
Operations:						
Fuel, purchased power and interchange	555,303	529,394	1,427,007	1,335,277	1,867,286	1,712,079
Other	199,581	216,961	598,874	604,513	826,682	831,256
Maintenance	89,941	90,315	294,726	285,736	394,463	398,492
Depreciation and amortization	116,765	157,518	359,087	496,877	487,674	638,169
Income taxes	107,519	93,878	169,224	183,018	196,551	200,490
Taxes other than income taxes	124,823	117,914	331,052	311,106	426,946	399,999
Total operating expenses	1,193,932	1,205,980	3,179,970	3,216,527	4,199,602	4,180,485
OPERATING INCOME	271,480	247,195	577,562	570,274	717,420	684,208
ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	2,770	965	7,389	5,487	8,282	6,396
OTHER INCOME—NET	2,091	39	6,622	1,891	2,609	5,835
INCOME BEFORE INTEREST CHARGES	276,341	248,199	591,573	577,652	728,311	696,439
INTEREST EXPENSE	75,925	75,202	225,045	218,692	299,100	292,524
ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION	(3,791)	(2,722)	(10,073)	(12,685)	(12,630)	(13,901)
NET INCOME	204,207	175,719	376,601	371,645	441,841	417,816
PREFERRED STOCK DIVIDEND REQUIREMENTS	10,623	10,877	32,977	32,906	43,854	44,195
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 193,584	$ 164,842	$ 343,624	$ 338,739	$ 397,987	$ 373,621

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements in FPL's 1989 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Temporary Investments

(Unaudited)

	Nine Months Ended September 30, 1990	Nine Months Ended September 30, 1989
	Thousands of Dollars	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$376,601	$371,645
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	359,087	496,877
Amortization of nuclear fuel assemblies	48,069	32,030
Net increase in deferred income taxes	56,771	6,450
Provision for (refund of) 1988 revenues related to the tax savings rule (Note 2)	6,518	(37,692)
Provision for 1989 revenues related to the tax savings rule (Note 2)	904	37,407
Deferrals under cost recovery clauses (1)	(1,867)	(145,592)
Deferral of interest on tax settlement	41,430	-
Increase in accounts receivable	(55,283)	(108,334)
Increase in materials and supplies	(29,616)	(36,332)
(Increase) decrease in fossil fuel stock	(39,334)	599
Increase in income taxes	58,630	66,179
Increase in other taxes	101,971	99,314
Change in other current items and other adjustments	(17,471)	26,286
Net cash—operating activities	906,410	808,837
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction expenditures (2)	(683,490)	(507,128)
Nuclear fuel expenditures (2)	(57,803)	(70,130)
Sale of nuclear fuel	75	29,067
Additions to nuclear decommissioning reserve funds	(35,217)	(23,890)
Other investing activities	44	716
Net cash—investing activities	(776,391)	(571,365)

(1) Represents effect on cash flows from operating activities of the net amounts deferred or recovered under the fuel and purchased power, the oil-backout and the energy conservation cost recovery clauses.

(2) Excluding allowance for other funds used during construction.

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements in FPL's 1989 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
Increase (Decrease) in Cash and Temporary Investments

	Nine Months Ended September 30, 1990	Nine Months Ended September 30, 1989
	Thousands of Dollars	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Retirement of long-term debt and preferred stock	$ (55,901)	$(179,057)
Issuance of preferred stock	50,000	-
Sale of first mortgage bonds and issuance of other long-term debt	102,292	148,046
First mortgage bond proceeds held for redemption	(75,840)	-
Dividends on preferred stock	(33,061)	(33,043)
Dividends to FPL Group, Inc.	(284,416)	(290,863)
Increase in notes payable—commercial paper	41,200	31,000
Capital contribution from FPL Group, Inc.	125,000	25,000
Other financing activities	1,321	4,314
Net cash—financing activities	(129,405)	(294,603)
Net increase (decrease) in cash and temporary investments (3)	614	(57,131)
Cash and temporary investments at the beginning of the year	2,343	59,643
Cash and temporary investments at the end of the period	$ 2,957	$ 2,512
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$199,699	$198,867
Federal income taxes	$97,624	$75,060
State income taxes	$26,974	$52,500
Supplemental schedule of non-cash investing activities:		
Additions to capital lease obligations	$13,927	$29,971

(3) FPL classifies, as temporary investments, highly liquid short-term investments which are readily convertible to known amounts of cash.

This report should be read in conjunction with the Notes on Pages 7 through 11 herein and the Notes to Consolidated Financial Statements in FPL's 1989 Annual Report on Form 10-K.

NOTES (Unaudited)

The accompanying consolidated financial statements should be read in conjunction with the 1989 Annual Report on Form 10-K of Florida Power & Light Company (FPL). In the opinion of FPL, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of September 30, 1990, the results of operations for the three months, nine months and twelve months ended September 30, 1990 and 1989 and the cash flows for the nine months ended September 30, 1990 and 1989. Results of interim periods are not necessarily indicative of results for the calendar year because they are subject to fluctuations due to such factors as outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers.

1. Capitalization

Capital Contribution

In March, June and July 1990 FPL received capital contributions of $50 million, $25 million and $50 million, respectively, from its parent, FPL Group, Inc. (FPL Group).

Preferred Stock

The 1990 sinking fund requirements for the 10.08% Preferred Stock, Series J, the 8.70% Preferred Stock, Series M and the 11.32% Preferred Stock, Series O, were met by redeeming and retiring 75,000 shares, 18,000 shares and 65,000 shares, respectively, in April 1990. The Series J and Series O redemptions included the maximum number of optional shares. There are no additional sinking fund requirements for the remainder of 1990.

In January 1990 FPL issued 500,000 shares of 8.625% Preferred Stock, Series R, $100 Par Value. In April 1990 FPL redeemed and retired 325,000 shares of its 11.32% Preferred Stock, Series O, $100 Par Value.

Long-Term Debt

As of June 1990 FPL entered into separate loan agreements with Martin County and St. Lucie County to support the issuance, on FPL's behalf, of $76.3 million principal amount of Martin County 7.30% Pollution Control Revenue Refunding Bonds, Series 1990 due 2020 (Martin Refunding Issue) and $9.835 million principal amount of St. Lucie County 7.50% Solid Waste Disposal Revenue Bonds, Series 1990 due 2020. The proceeds of the Martin Refunding Issue, together with funds provided by FPL, were used in October 1990 to redeem $26.3 million and $50 million principal amount of the Martin County 9.6% and 9.9% Pollution Control Revenue Bonds, Series 1980 due 2000 and 2015, respectively (collectively, Martin Issue). At September 30, 1990 the $26.3 million and $50 million principal amount of the Martin Issue is included in current maturities of long-term debt; the proceeds of the Martin Refunding Issue are included in current assets. The bonds

issued in July 1990 are secured, in like principal amount, by two separate series of FPL's first mortgage bonds. In August 1990 FPL sold $15 million principal amount of secured medium-term notes at a rate of 9.5% due August 15, 2000. In early November 1990 FPL sold $125 million principal amount of First Mortgage Bonds, 9-5/8% Series due November 1, 2000.

Substantially all long-term debt maturities and sinking fund requirements for 1990 have been satisfied through October 1990.

2. Rate Matters

In 1989 and 1988 FPL recorded provisions for refunds to customers of approximately $39 million and $38 million, respectively, pursuant to the Florida Public Service Commission's (FPSC) tax savings rule. This rule required FPL to refund, in a subsequent period, retail revenues associated with earnings in excess of a 13.6% return on equity (ROE) to the extent those earnings were generated by a reduction in the income tax rate. In May 1990 the FPSC held hearings to review the 1988 refund amount and in September 1990 ordered FPL to refund an additional $7 million pertaining to 1988. The addition to the 1988 refund plus interest was recorded as of September 1990 and reduced net income by approximately $2 million. The additional 1988 refund is to be credited to customers' bills over a six-month period beginning in October 1990 concurrently with the 1989 tax savings rule refund. The amounts to be refunded have been included in current liabilities–other. The 1989 refund of approximately $44 million, including interest, is subject to final FPSC review and approval. The FPSC is scheduled to review this matter in December 1990. In September 1990 the FPSC repealed the tax savings rule.

In December 1989 the FPSC ordered FPL to reduce its retail base rates effective January 1990. This reduced retail base rates by approximately .065 cents per kwh. Based on actual and forecasted sales through the remainder of 1990 this rate reduction is expected to reduce 1990 revenues by approximately $43 million. In January 1990 the FPSC established for FPL an ROE range of 12.3% to 13.3% with a midpoint of 12.8% pending a review of FPL's rates and charges. In February 1990 the FPSC ordered a full review of FPL's rates and charges and, pending the outcome of the rate review, ordered FPL to collect approximately $26 million (on an annualized basis) of revenues subject to refund. Currently FPL does not believe a provision for refund of revenues for 1990 is required. In late July 1990, FPL filed the information necessary to satisfy the minimum filing requirements for the FPSC review. Although the filing showed a revenue deficiency, FPL did not request a rate increase. It is expected the FPSC will determine if FPL's rates and charges are appropriate by June 1991.

In late September 1990 FPL filed a petition with the FPSC requesting approval of the purchase of an approximate 76% ownership interest in Georgia Power Company's Scherer Unit No. 4. The petition requests FPSC approval for FPL to include the total purchase price of approximately $615 million, including an acquisition adjustment of approximately $111 million, in its rate base. The petition does not include a request for a rate increase.

3. Commitments and Contingencies

Construction Program and Capital Commitments

FPL has made certain commitments in connection with its construction program. FPL's construction expenditures and capital commitments, including net nuclear fuel additions and allowance for funds used during construction, for the years 1990-94 are currently estimated to be $6.8 billion. Actual expenditures may vary from these estimates. FPL is considering alternatives to conventional construction, ownership and financing of new generating facilities which could lower these estimates. These estimates reflect the impact of FPL's intended purchase of an ownership interest in Georgia Power Company's Scherer Unit No. 4. Also see "Part II-Item 5. Other Information."

Insurance Coverage

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. The coverage limits under these programs currently total approximately $2.0 billion, above which FPL is self-insured. The terms of these programs provide that 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. Nuclear Regulatory Commission (NRC) regulations require that nuclear plant license-holders maintain not less than $1.06 billion of property insurance and use the proceeds of that insurance to place a plant in a safe and stable condition and to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration.

FPL is a member of a replacement power insurance program which provides coverage for its nuclear generating plants in the event that one or more of the plants is out of service for more than twenty-one weeks as a result of an accident. Thereafter the insurers will make weekly payments of 100% of the estimate of the plant's replacement power costs stated in the policy declarations (Base Payments) for up to fifty-two weeks, following which payments will be made for up to an additional fifty-two weeks at 67% of the Base Payments and then for up to an additional fifty-two weeks at 33% of the Base Payments.

Under both the property and replacement power insurance programs, FPL could be assessed retrospective premiums for losses in current or prior policy years. FPL could be assessed a maximum of approximately $61 million under policies in effect on September 30, 1990 in the event of major accidents at nuclear plants of the utilities participating in these programs (including FPL).

FPL is subject to the Price-Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. As the first layer of financial protection FPL has purchased $200 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan FPL is subject to an assessment

of $252 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $40 million per incident.

FPL's contingent liability for retrospective premium assessments is partially offset by the storm and property insurance reserve fund. At September 30, 1990 the balance of the fund was approximately $60 million.

Purchased Power Contracts

FPL has contracts with certain of the generating companies of The Southern Company system to receive, subject to certain contingencies, 2,000 megawatts (mw) of coal-fired power through 1992 with declining amounts thereafter through mid-2010. Under the terms of these contracts FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $370 million in 1990, $380 million in 1991, $380 million in 1992, $280 million in 1993 and $200 million in 1994, with declining amounts from 1995 through 2010. Capacity charges for the three months, nine months and twelve months ended September 30, 1990 totaled approximately $89 million, $263 million and $355 million, respectively; energy charges for those respective periods amounted to $93 million, $246 million and $324 million. Capacity charges for the three months, nine months and the twelve months ended September 30, 1989 totaled approximately $88 million, $249 million and $321 million, respectively; energy charges for those respective periods amounted to $90 million, $250 million and $312 million. Capacity and energy charges are recovered through the oil-backout and cost recovery clause (Oil-backout clause) and the fuel and purchased power cost recovery clause (Fuel adjustment clause), respectively. These commitments may be revised due to the intended purchase of an ownership interest in Georgia Power Company's Scherer Unit No. 4.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership and operation of two coal-fired units and a coal terminal at St. Johns River Power Park (SJRPP). FPL owns 20% of the project and a purchased power arrangement with the JEA entitles FPL to receive an additional 30% of the output of the SJRPP units. Under the terms of the arrangement with the JEA, FPL is obligated to the JEA, on a take-or-pay basis, for capacity payments for these units which are estimated to be $100 million for each of the years 1990 and 1991, $105 million for 1992 and $100 million for each of the years 1993 and 1994, with varying amounts thereafter through 2020. Capacity charges for the three months, nine months and twelve months ended September 30, 1990 totaled approximately $22 million, $64 million and $89 million, respectively; energy charges for those respective periods amounted to $14 million, $43 million and $55 million. Capacity charges for the three months, nine months and twelve months ended September 30, 1989 totaled approximately $19 million, $60 million and $81 million, respectively; energy charges for those respective periods amounted to $14 million, $34 million and $41 million. Capacity charges are recoverable through base rates and energy charges are recovered through the Fuel adjustment clause.

Natural Gas Contracts

In 1989 FPL entered into two fifteen-year agreements, one with Florida Gas Transmission Company and the other with Citrus Trading Corp., for the transportation and supply, respectively, of natural gas. The necessary Federal Energy Regulatory Commission approval was granted in June 1990. Both agreements were implemented in August 1990. Under the terms of these agreements, FPL will be required to make, on a take-or-pay basis, subject to certain contingencies, payments which are estimated to be $130 million for 1990, $310 million for 1991 and $325 million for each of the years 1992 through 1994, based on the actual average prices for the twelve months ended September 30, 1990.

Antitrust Litigation

In 1988 two antitrust suits were filed against FPL. One suit alleges, among other matters, that through a territorial agreement, FPL and Florida Power Corporation (Florida Power) have conspired to eliminate competition, thereby unreasonably restraining trade and commerce in violation of the Sherman Antitrust Act. The other suit alleges that FPL and certain of its affiliates have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators and that the defendants' actions constitute monopolization and conspiracy in restraint of trade in violation of the Sherman Antitrust Act and unlawful discrimination in prices, services or facilities in violation of the Clayton Act. The first suit seeks treble damages of unspecified amounts. The second suit claims damages of $45 million to $80 million and seeks an award of three times such damages as well as compensatory and punitive damages under Florida law. FPL has filed motions for summary judgment in both suits, which are pending. FPL believes that its actions are lawful and is vigorously defending these suits.

In connection with the first suit, in February 1989 the FPSC granted FPL's request for a declaratory statement affirming that a request that FPL wheel power contravened the territorial agreement between FPL and Florida Power and was inconsistent with the state law and public policy. As a result the FPSC ordered FPL not to wheel power under such circumstances.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in the 1989 Annual Report on Form 10-K of FPL.

FPL is of the opinion that results for the interim periods are not necessarily indicative of the results for the calendar year because they are subject to fluctuations due to such factors as outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers. The following includes a discussion of factors which had a significant effect on FPL's financial position as of September 30, 1990 and results of operations for the three months, nine months and twelve months ended September 30, 1990. All comparisons are with the corresponding period of the prior year.

FINANCIAL CONDITION

During the nine months ended September 30, 1990 FPL continued to make significant investments in electric utility plant to meet increased demand for energy due to customer growth. Also, FPL's financial position was affected by increases in assets and liabilities due to normal seasonal variations, the issuance of refunding bonds in advance of planned redemption of outstanding bonds and additions to nuclear decommissioning reserve funds. During the same period, FPL received additional equity contributions from FPL Group. Also see "Note–1" for a discussion of other changes in capitalization.

See "Note–3" for a discussion of FPL's construction program and related commitments. FPL anticipates that future construction expenditures will be funded from a combination of equity contributions from FPL Group, additional borrowings and internally generated funds.

See "Note–2" for a discussion of rate matters and "Note–3" for a discussion of other commitments and contingencies.

RESULTS OF OPERATIONS

Information filed with the FPSC in July 1990 indicated that FPL's rate of return on common equity on a regulatory basis will be less in 1991 than in 1990 and that for 1991 FPL will be unable to earn at a rate within the 12.3% to 13.3% allowable range previously established by the FPSC. Management is currently evaluating possible actions to enhance 1991 performance in lieu of seeking an increase in rates.

The increase in earnings for the three months ended September 30, 1990 is primarily the result of higher base revenues, lower other operations and maintenance expenses and lower provisions under the FPSC's tax savings rule. The increase in earnings for the nine

months and twelve months is primarily the result of lower provisions for tax savings refunds and higher base revenues partially offset by higher depreciation expense.

Operating Revenues

The principal components of operating revenues are base revenues and revenues collected under cost recovery clauses (primarily the Fuel and Oil-backout clauses). Base and fuel revenues increased and oil-backout revenues decreased in the 1990 periods as compared with the corresponding periods in 1989. The changes in revenue categories reflect an increase in the total kilowatt-hours consumed due to an increase in the average number of customers. Consumption per customer did not change significantly. Operating revenues in 1990 were adversely affected by the January 1990 reduction in base rates and a reduction in the rates charged under the Oil-backout clause. Operating revenues in 1990 were favorably affected by an increase in the rates charged under the fuel clause and by a significant decline in accruals under the FPSC's tax savings rule. The changes in rates charged under the cost recovery clauses reflect changes in the costs recovered under such clauses. The effect of the tax savings rule was to expedite a refund to customers due to a lowering of the income tax rate, without a full rate proceeding. Although the rule has been repealed in 1990, additional provisions relating to 1988 and 1989 were recorded in 1990 as a result of decisions made by the FPSC.

Operating Expenses

Fuel, purchased power and interchange expenses reflect an increase in total kilowatt-hours consumed by customers. Any differences between the revenues and expenses incurred under the fuel clause are deferred and collected (refunded) from (to) customers with interest in subsequent periods. The net effect in 1990 of such deferrals (recoveries) was to decrease fuel, purchased power and interchange expenses $36 million in the three-month period and increase such expenses $65 million and $76 million in the nine-month and twelve month periods, respectively.

Differences in other operations and maintenance expenses in the 1990 periods as compared with the corresponding periods in 1989 reflect differences in the timing of the underlying work activities. Also, the nine-month period reflects higher nuclear expenses relating to an extension of the scheduled outage at St. Lucie No. 1 and preparation for the upcoming dual-unit outage at the Turkey Point nuclear units. The twelve-month period included lower nuclear maintenance expenses primarily reflecting fewer outage days at the Turkey Point nuclear units compared to the prior period's scheduled outages. It is expected that total other operations and maintenance expenses for the calendar year 1990 will be somewhat higher than in 1989.

In the three-month, nine-month and twelve-month periods ended September 30, 1990 depreciation expense declined due to the recording in 1989 of $42 million, $154 million and $184 million respectively, of accelerated depreciation which was collected from customers under the Oil-backout clause. The property which was eligible for the accelerated

depreciation under the Oil-backout clause was fully depreciated in September 1989. Excluding the accelerated depreciation, depreciation expense for the three-month period was relatively unchanged. The increase due to higher electric utility plant balances offset by a reduction, effective January 1, 1990, in the depreciation rates applicable to several fossil plants. This reduction in rates was based on new depreciation studies filed with the FPSC. For the nine-month period, excluding the accelerated depreciation, depreciation expenses increased $25 million due to higher electric utility plant balances.

The decrease in income tax expenses for the nine months and twelve months ended September 30, 1990 includes a $9 million non-recurring tax benefit due to a settlement with the Internal Revenue Service.

For the three-month period the increase in taxes other than income taxes is due to higher revenue-related taxes (franchise and gross receipts). The increase in the nine-month and twelve-month period is primarily the result of higher revenue-related taxes combined with higher personal and real property taxes due to higher assessed values and higher rates.

Other Income–Net

The increase in other–net in the three-month and nine-month periods reflect the amortization, over a five year period, of interest received from the Internal Revenue Service as a result of a settlement. The decrease in other–net in the twelve months ended September 30, 1990 is primarily due to lower interest income on cash and temporary investments reflecting lower cash balances available for temporary investment and non-recurring expenses not recoverable under base rates partially offset by the interest amortization.

Interest Expenses

Interest expenses in the three months, nine months and twelve months ended September 30, 1990 reflect higher outstanding principal balances of first mortgage bonds. Partially offsetting the increased interest expenses in all periods were decreases due to lower outstanding commercial paper balances.

PART II - OTHER INFORMATION

ITEM 5. OTHER INFORMATION

(1) Reference is made to Item 1. Business - Retail Ratemaking in FPL's 1989 Annual Report on Form 10-K as modified by Item 5(1) of Form 10-Q for March 1990 and Item 5(1) of Form 10-Q for June 1990.

For information regarding the FPSC's repeal of the tax savings rule, the FPSC's final ruling on the 1988 revenue refund and status of the 1989 revenue refund, see "Part I, Note 2."

(2) Reference is made to Item 1. Business - System Capability and Load in FPL's 1989 Annual Report on Form 10-K.

Turkey Point Units Nos. 3 and 4 are planned to be taken off line in December and November 1990, respectively, for an outage which is expected to last approximately 11 months. The primary reason for the outage is to make major improvements to the emergency power system, including modifications, which will bring the plant into compliance with new regulatory requirements. During the outage, replacement of the plant's security system will also be substantially completed.

FPL is taking steps to help ensure that adequate generating capacity is available during the outage. Actions underway include modifications to several fossil units to improve their ability to generate above normal operating levels for short periods of time. The purchase of an ownership interest in Scherer Unit No. 4 and related additional power purchases from the Southern Company system will also provide additional capacity for the 1991 summer peak. FPL's ability to deal with certain unusual events, such as loss of several major generating units or loss of major generating units during extreme weather conditions, may be diminished during the outage. Although the reserve margin will be lower than if Turkey Point Units Nos. 3 and 4 were in service, system reliability is projected to meet generally accepted planning standards.

(3) Reference is made to Item 1. Business - Construction Program in FPL's 1989 Annual Report on Form 10-K as modified by Item 5(3) of Form 10-Q for June 1990.

For information regarding FPL's petition to the FPSC requesting approval of the purchase of an ownership interest in Scherer Unit No. 4, see "Part I, Note 2."

FPL's capital expenditures, including net nuclear fuel additions and allowance for funds used during construction, for the years 1990-94 are currently estimated as follows.

	1990	1991	1992	1993	1994	Total
			Millions of Dollars			
Generation	$ 379	$ 542	$ 635	$ 384	$ 334	$ 2,274
Transmission	70	110	259	315	218	972
Distribution	409	435	473	489	499	2,305
General and other	148	142	157	127	161	735
Total Construction Expenditures	1,006	1,229	1,524	1,315	1,212	6,286
Scherer Unit No. 4 Acquisition Payments	-	146	-	252	132	530
Total Capital Expenditures	$1,006	$1,375	$1,524	$1,567	$1,344	$6,816

FPL is considering alternatives to conventional construction, ownership and financing of new generating facilities which could lower these estimates.

The previous estimate of total construction expenditures was $6.926 billion. The reduction to $6.286 billion is due primarily to the deferral of two coal gas-fired units to 1998 and a reduction in the overall cost of those units. The deferral of the units is due to FPL's plans to purchase an ownership interest in Scherer Unit No. 4 and projected system reliability enhancements associated with a new transmission line which is planned for Florida. The capital expenditures forecast for the years 1990-94 does not include the final $83 million of Scherer Unit No. 4 acquisition payments which will be made in June 1995.

(4) On October 29, 1990, an amended complaint was filed in the United States District Court for the Southern District of Florida, West Palm Beach Division (the "Amended Complaint"), styled Ann Monica Morhaim, Custodian for Allison Morhaim, individually and on Behalf of All Others Similarly Situated, Plaintiff, v. Marshall McDonald, James L. Broadhead, John J. Hudiburg, Richard W. Ohman, Robert E. Tallon, J. L. Howard, M. P. Anthony, David Blumberg and Jean McArthur Davis, Defendants. The Amended Complaint (which amended a complaint filed on October 25, 1990) contains class action claims against the defendants in their capacities as directors and officers of FPL Group (Mr. Broadhead and Mr. Howard are Chairman of the Board and Chief Financial Officer of FPL, respectively).

The Amended Complaint alleges that the defendants caused FPL Group to make material misrepresentations in and omit material information from certain of FPL Group's filings with the Securities and Exchange Commission and other public documents with respect to the financial and operating condition and prospects of its non-utility businesses in violation of various provisions of the federal securities laws, as well as state law. The Amended Complaint alleges that such misrepresentations and omissions caused

FPL Group's Common Shares to be sold and to trade at an excessive price. The class action also alleges that FPL Group's proxy materials for the 1987, 1988, 1989 and 1990 annual meetings of shareholders contained material omissions of fact in connection with the election of directors in that they failed to disclose alleged breaches of the directors' fiduciary duties.

The Amended Complaint seeks unspecified money damages, a declaration voiding the election of directors and other business conducted at the 1987 to 1990 annual meetings of shareholders, attorneys' and other fees and costs and other equitable relief. On November 5, 1990 a second complaint was filed on behalf of an additional class action plaintiff. The second complaint is substantially identical to the Amended Complaint except that it also names FPL Group as a defendant. FPL Group intends to defend the suits vigorously and believes that FPL Group's consolidated financial position will not be materially adversely affected by the outcome of the suits.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description
*4(a)	Restated Articles of Incorporation of FPL dated March 23, 1987 (filed as Exhibit 4(a), File No. 33-12891).
*4(b)	Amendment to FPL's Restated Articles of Incorporation dated September 10, 1987 (filed as Exhibit 4(b) to Form 10-Q for the quarter ended September 30, 1987, File No. 1-3545).
*4(c)	Amendment to FPL's Restated Articles of Incorporation dated June 21, 1989 (filed as Exhibit 4(b) to Form 8-K dated July 6, 1989, File No. 1-3545).
*4(d)	Amendment to FPL's Restated Articles of Incorporation dated January 29, 1990 (filed as Exhibit 4(b) to Form 8-K dated January 22, 1990, File No. 1-3545).
*4(e)	Mortgage and Deed of Trust dated as of January 1, 1944, and Seventy-three Supplements thereto between FPL and Bankers Trust Company and The Florida National Bank of Jacksonville (now First Union National Bank of Florida), 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 Number	Description
	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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545; Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 15, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated August 19, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated February 16, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated July 13, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated October 25, 1988, File No. 1-3545; Exhibit 4(a) to Form 8-K dated July 6, 1989, File No. 1-3545; Exhibit 4(e) to Form 8-K dated August 22, 1989, File No. 1-3545; Exhibits 4(a) and 4(b) to Form 8-K dated June 15, 1990, File No. 1-3545; and Exhibit 4 to Form 8-K dated November 7, 1990, File No. 1-3545).
12(a)	Computation of Ratio of Earnings to Fixed Charges.
12(b)	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.

*Incorporated herein by reference

(b) Reports on Form 8-K

(1) A report on Form 8-K dated June 15, 1990 was filed July 23, 1990 filing two exhibits under Item 7 - Financial Statements and Exhibits.

SIGNATURES

Pursuant to the requirements 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
(Registrant)

Date November 12, 1990

(Signed) J. L. Howard
J. L. Howard
Chief Financial Officer

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended					
	September 30,	December 31,				
	1990	1989	1988	1987	1986	1985
	Thousands of Dollars					
Earnings, as defined:						
Net income	$441,841	$436,885	$435,620	$426,193	$ 431,123	$ 414,347
Income taxes	193,239	204,863	203,988	266,040	336,201	328,485
Fixed charges, as below	309,735	305,509	297,247	299,537	325,017	322,554
Total earnings, as defined	$944,815	$947,257	$936,855	$991,770	$1,092,341	$1,065,386
Fixed charges, as defined:						
Interest on first mortgage bonds	$260,027	$248,203	$252,047	$255,136	$282,984	$290,602
Interest on other long-term debt	6,083	6,044	6,214	6,181	5,998	4,315
Other interest charges ..	32,990	38,500	26,867	27,048	24,962	16,914
Rental interest factor ..	6,604	6,604	7,198	6,444	5,592	5,021
Fixed charges included in nuclear fuel cost	4,031	6,158	4,921	4,728	5,481	5,702
Total fixed charges, as defined	$309,735	$305,509	$297,247	$299,537	$325,017	$322,554
Ratio of earnings to fixed charges	3.05	3.10	3.15	3.31	3.36	3.30

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	Twelve Months Ended					
	September 30,	December 31,				
	1990	1989	1988	1987	1986	1985
	Thousands of Dollars					
Earnings, as defined:						
Net income	$441,841	$436,885	$435,620	$426,193	$ 431,123	$ 414,347
Income taxes	193,239	204,863	203,988	266,040	336,201	328,485
Fixed charges, as below	309,735	305,509	297,247	299,537	325,017	322,554
Total earnings, as defined	$944,815	$947,257	$936,855	$991,770	$1,092,341	$1,065,386
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Other interest charges ..	32,990	38,500	26,867	27,048	24,962	16,914
Rental interest factor ..	6,604	6,604	7,198	6,444	5,592	5,021
Fixed charges included in nuclear fuel cost	4,031	6,158	4,921	4,728	5,481	5,702
Total fixed charges, as defined	309,735	305,509	297,247	299,537	325,017	322,554
Non-tax deductible preferred stock dividend requirements	43,854	43,783	45,518	48,295	47,667	46,415
Ratio of income before income taxes to net income	1.437	1.469	1.468	1.624	1.780	1.793
Preferred stock dividend requirements before income taxes	63,018	64,317	66,820	78,431	84,847	83,222
Combined fixed charges and preferred stock dividend requirements	$372,753	$369,826	$364,067	$377,968	$409,864	$405,776
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.53	2.56	2.57	2.62	2.67	2.63

EXHIBIT 3

FLORIDA POWER & LIGHT COMPANY

Internal Cash Flow Excluding Retained Earnings

	Actual 12 Months Ended September 30, 1990	Projected 12 Months Ended September 30, 1991
	$ Millions	$ Millions
Depreciation and Amortization	$ 555	$ 536
Deferred Income Taxes and Investment Tax Credits	4	(32) (3)
Internal Cash Flow Excluding Retained Earnings Applied Toward Requirements	$ 559	$ 504
Average Quarterly Cash Flow Excluding Retained Earnings (1)	$ 140	$ 126
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	$ 40

Certified by: E. L. Hoffman

E. L. Hoffman
Director of Finance &
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.

(3) Decrease in deferred investment tax credits for 12 months ended September 30, 1991 is projected to be $41 million, which will be partially offset by an increase in deferred taxes of $8.9 million for the same period.

EXHIBIT I

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 1990

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ________ to ________

Commission File No. 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)

Registrant's telephone number, including area code: (305) 552-3552

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Preferred Stock, $100 Par Value
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.
YES x NO __

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 12, 1991 was zero.

As of March 12, 1991 there were issued and outstanding 1,000 shares of the registrant's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

9201070063

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
AFUDC	Allowance for funds used during construction
Charter	Restated Articles of Incorporation, as amended
DOE	U. S. Department of Energy
Energy conservation clause	Energy Conservation Cost Recovery Clause
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPL	Florida Power & Light Company
FPL Group	FPL Group, Inc.
FPSC	Florida Public Service Commission
Fuel clause	Fuel and Purchased Power Cost Recovery Clause
Holding Company Act	Public Utility Holding Company Act of 1935
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
Mortgage	FPL's Mortgage and Deed of Trust dated as of January 1, 1944, as supplemented and amended
mw	Megawatt(s)
Note ____	Note____ to Consolidated Financial Statements
NRC	U. S. Nuclear Regulatory Commission
Oil-backout clause	Oil-Backout Cost Recovery Clause
ROE	Return on equity
SEC	U. S. Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SJRPP	St. Johns River Power Park
Southern Companies	Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Savannah Electric & Power Company

PART I

Item 1. Business.

General. FPL is a public utility engaged in the business of supplying electric service throughout most of the east and lower west coasts of Florida. This service territory, which is depicted on a map included herein, contains 27,650 square miles with a population of approximately 6.1 million. During 1990 FPL served approximately 3.2 million customers and it derived approximately 54% of its operating revenues from residential customers, 36% from commercial customers and 10% from other sources.

FPL was incorporated in 1925 under the laws of Florida. All of its common stock is owned by FPL Group; substantially all of its preferred stock is held by non-affiliated persons.

Holding Company Act. FPL Group is a public utility holding company as defined in the Holding Company Act but is exempt from substantially all of the provisions thereof on the basis that FPL Group's and FPL's businesses are predominantly intrastate in character and carried on substantially in a single state, in which both are incorporated. FPL Group has diversified, through subsidiaries, into non-utility businesses which would be prohibited by the Holding Company Act if FPL Group were not exempt. The SEC has the power to revoke FPL Group's exemption upon a finding that the exemption is "detrimental to the public interest or the interest of investors or consumers."

In February 1989 the SEC released for comment proposed rules which would establish a presumption that diversification into non-utility businesses by an exempt holding company would not be considered detrimental to the protected interests if the investment in such businesses met certain tests. FPL Group would not meet either of these tests and has submitted comments opposing the proposed rules which are still pending.

Regulation. The retail operations of FPL are regulated by the FPSC, which has jurisdiction over retail rates, issuances of securities, planning, siting and construction of facilities, accounting and depreciation practices and other matters.

FPL is also subject to regulation by the FERC in various respects including the acquisition and disposition of certain facilities, interchange and transmission services, certain wholesale purchases and sales and interstate transmission, and accounting and depreciation practices.

FPL holds franchises with varying expiration dates to provide electric service in various municipalities and seven counties in Florida. FPL considers its franchises to be adequate for the conduct of its business.

FPL is subject to the jurisdiction of the NRC with respect to its nuclear power plants. NRC regulations govern the granting of licenses for the construction and operation of nuclear power plants and subject such power plants to continuing review and regulation.

Federal, state and local environmental laws and regulations cover air quality, water quality, land use, power plant and transmission line siting, electric and magnetic emissions from power lines and substations, noise and aesthetics, solid waste and other environmental matters. Compliance with these laws and regulations increases the cost of electric service by requiring, among other things, changes in the design and operation of existing facilities and changes or delays in the location, design, construction and operation of new facilities. FPL estimates that capital expenditures for improvements needed to comply with environmental laws and regulations will be approximately $9 million to $35 million for each of the years 1991 through 1995. The FPSC historically has permitted recovery of these expenditures through base rates.

The federal Clean Air Act Amendments of 1990 which were signed into law in November 1990 are not expected to have a significant impact on FPL's non-fuel operating expenses, capital expenditures, operation of existing plants or contracted power purchases.

Retail Ratemaking. The underlying concept of utility ratemaking is to set rates at a level that allows the utility to collect total revenues (revenue requirements) equal to its cost of providing service, including a reasonable return on invested capital. To accomplish this the FPSC uses various ratemaking mechanisms.

The basic costs, other than fuel, of providing electric service are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These costs include operations and maintenance expenses, depreciation and taxes, as well as a rate of return on FPL's investment in assets used and useful in providing electric service (rate base). The rate of return on rate base approximates FPL's weighted cost of capital, which includes its costs for debt and preferred stock and an allowed ROE. Base rates are determined in rate cases which occur at irregular intervals at the initiative of FPL or the FPSC.

Fuel and certain purchased power costs are recovered through levelized monthly charges established pursuant to the FPSC's Fuel clause. These charges, which are calculated semi-annually, are based on estimated costs of fuel and purchased power and estimated customer usage for the ensuing six-month period, plus or minus a true-up adjustment to reflect the variance of actual costs from the fuel adjustment charges for prior periods.

Certain purchased power and other non-fuel costs and the accelerated recovery of the costs of certain projects that displace oil-fired generation are recovered through the Oil-backout clause. Accelerated recovery of the project costs is obtained through accelerated depreciation, which is permitted in an amount equal to two-thirds of the savings of such projects. The remaining one-third of the savings is realized by customers through the Fuel clause. Costs associated with implementing energy conservation programs are recovered through charges established pursuant to an Energy conservation clause.

The FPSC has the power to disallow recovery of costs which it considers excessive or imprudently incurred. The principal costs as to which such issues arise involve operations

and maintenance expenses, the cost of replacing power lost when nuclear units are unavailable and costs associated with the construction or acquisition of new facilities.

Pending FPSC proceedings which could result in refunds to customers are described in "Note 5."

System Capability and Load. FPL's resources for serving load consist of approximately 16,400 mw of firm electric power from generating facilities and power purchase contracts in place as of December 31, 1990.

On August 1, 1990 FPL reached a record summer peak demand of approximately 13,750 mw. At that time FPL had total generating capability of about 13,600 mw, 2,452 mw of firm purchased power and the capability to reduce peak demand by 219 mw, through the implementation of load management, resulting in a reserve margin of 18.5%. The highest peak served to date is a winter peak of about 14,000 mw which occurred on December 24, 1989 as a result of an arctic cold front that brought record low temperatures to Florida. Because of planned and unanticipated plant outages, at the time of the winter peak, FPL had insufficient available capability which necessitated intentional rotating outages of customers' service. It is estimated that had FPL been able to serve the full demand during the December 1989 cold snap the peak would have been about 16,000 mw.

Compound annual growth rates for the five years ending 1995 are projected to be 2.6% for sales, 2.8% for customers and 1.9% for summer peak load. To meet this growth, FPL plans to add about 2,100 mw of new plant capacity to its system by the summer of 1995 as shown below.

	1991	1993	1994	1995	Total
			mw		
Scherer Unit No. 4 (Acquisition)	150	266	140	90	646
Lauderdale Units Nos. 4 & 5 (Repowering)		572			572
Riviera Unit No. 2 (Reactivation)		69			69
Martin Units Nos. 3 & 4 (New Construction)	—	—	416	416	832
Total	150	907	556	506	2,119

Under definitive agreements signed with the Southern Companies, FPL expects to purchase an aggregate 76% undivided ownership interest in Georgia Power Company's Scherer Unit No. 4, a coal-fired 846 mw generating unit located in central Georgia. The purchase, which is subject to regulatory approvals, is scheduled to take place in stages as shown above beginning in 1991.

In addition to the capacity listed above, by 1995 FPL plans to receive an additional 766 mw of purchased power from qualifying facilities and expects to have the ability to reduce peak demand by an additional 639 mw through the implementation of load management. The amount of purchased power available under current long-term contracts with the Southern Companies will decline by approximately 1,200 mw by 1995.

FPL's present generating capability has been reduced by 1,332 mw due to an outage of the Turkey Point nuclear units to upgrade the plant's emergency power and security systems. The outage began in late 1990 and is scheduled for completion in the fourth quarter of 1991. To provide adequate generating capability during the outage, several fossil units have been modified to improve their ability to generate above normal operating levels for short periods of time. The Scherer Unit No. 4 purchase and related additional power purchases from the Southern Company system will provide additional capacity for the 1991 summer peak.

Capital Expenditures. FPL's capital expenditures, including net nuclear fuel additions and AFUDC, totaled approximately $668 million in 1988, $783 million in 1989 and $1 billion in 1990. Capital expenditures for the 1991-95 period are estimated as follows:

	1991	1992	1993	1994	1995	Total
	Millions of Dollars					
Construction:						
Generation	$ 542	$ 635	$ 385	$ 334	$ 466	$2,362
Transmission	110	259	313	225	225	1,132
Distribution	435	473	489	499	519	2,415
General and other	142	159	150	136	135	722
	1,229	1,526	1,337	1,194	1,345	6,631
Scherer acquisition payments	146	-	252	132	84	614
Total capital expenditures	$1,375	$1,526	$1,589	$1,326	$1,429	$7,245

All of these estimates are subject to continuing review and adjustment and actual capital 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 continues to consider alternatives to conventional construction, ownership and financing of new generating facilities which could reduce these estimates.

Nuclear Operations. FPL owns and operates four nuclear units, two at St. Lucie and two at Turkey Point. The St. Lucie units are considered to be among the best operated plants in the U.S. The Turkey Point nuclear units have had a history of problems, and were on the NRC's "watch list" of plants requiring special surveillance from 1986 until February 1990. In a performance review in late 1990 the NRC noted that significant improvements in plant performance and safety had been achieved. Both Turkey Point units were taken out of service at the end of 1990 in connection with a scheduled extensive upgrade of their emergency power and security systems.

Indications of degradation have been found in the pressurized water circulation tubes of the St. Lucie Units Nos. 1 and 2 steam generators. Despite implementation of remedial measures, degradation of the Unit No. 1 steam generators has continued, and FPL has determined that they will need to be replaced prior to the unit's license expiration. Current estimates indicate that replacement before the year 2000 will be most economical. The degradation in the Unit No. 2 steam generators appears to be primarily a mechanical-wear problem. Analysis indicates that this problem will be self-limiting and should not affect the useful life of the steam generators.

In 1990 FPL incurred capital expenditures of approximately $139 million on its four nuclear units to implement technical changes required by post-design regulatory requirements (retrofit). Based on existing NRC regulations FPL anticipates that it will incur approximately $111 million of additional retrofit capital expenditures for the years 1991-95. These amounts are included in FPL's projected construction expenditures set forth above.

Fuel and Purchased Power. Fuels for FPL's generating plants are residual and distillate oil, natural gas, coal and nuclear fuel. The diverse fuel options, along with purchased power, enable FPL to shift between sources of generation to achieve the most economical fuel mix.

FPL's oil requirements are obtained under short-term contracts and in the spot market. To date FPL has not experienced any oil supply difficulties as a result of the Persian Gulf crisis.

FPL obtains most of its natural gas requirements under a take-or-pay transportation contract with FGT, the sole interstate pipeline operator in Florida, and a related supply contract with an affiliate of FGT. Under these contracts, which expire in 2005, the combined price of supply and transportation varies to remain competitive with the delivered cost of residual oil.

The majority of FPL's nuclear fuel is obtained under various contracts with two to five-year terms providing for ore supply and conversion, enrichment and fabrication services. The balance is met by spot market purchases.

Under the Nuclear Waste Policy Act of 1982 the DOE is required to construct permanent storage facilities and will take title to and provide transportation and storage for spent nuclear fuel for a specified fee. Although the DOE estimates that its storage facilities will be completed by the year 2010, there is considerable doubt within the utility industry that this schedule will be met. Currently FPL is storing spent fuel on site and plans to provide adequate storage capacity for all of its spent nuclear fuel beyond the year 2010, pending removal of the spent fuel by the DOE.

FPL has contracted to purchase the following amounts of coal-fired unit power from the Southern Companies:

	mw
Through December 1992	2,300*
January - May 1993	1,792
June 1993 - May 1994	1,375
June 1994 - May 1995	988
June 1995 - May 2010	900

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* FPL is currently receiving 300 mw under a short-term purchased power arrangement with the Southern Companies. This amount will decrease to 150 mw when FPL purchases its initial portion of Scherer Unit No. 4 in 1991.

FPL has also contracted with the JEA to purchase 374 mw of power annually from the SJRPP coal-fired units. This is in addition to the 250 mw of power FPL obtains from its 20% ownership interest in the units. See "Note 6--Purchased Power Contracts."

FPL has various contracts to purchase power from qualifying facilities totaling approximately 905 mw. FPL expects to begin receiving firm power under these contracts on various dates from 1992 through 1995. The contracts have expiration dates ranging from 2002 through 2025.

Competition. FPL faces competition from alternative means for customers to meet their energy needs. These include natural gas and other energy sources, as well as equipment by which customers may reduce their energy requirements or generate their own electricity. Competition exists particularly with respect to large industrial, commercial and governmental energy users. Extensive regulatory law and policy govern FPL's rates and service to such customers, in addition to many other aspects of its business. To date loss of customers to such alternatives has not materially reduced FPL's load, revenues or net income.

Legislative initiatives that could significantly affect the electric utility industry have been introduced in Congress. These initiatives would promote competition in the generation segment of the industry by, among other things, removing barriers imposed by the Holding Company Act on wholesale generators. Related proposals to mandate access to utilities' transmission lines by generators and customers are also being debated. In addition substantial study has been given at the federal level to alternative ways of encouraging competition including competitive bidding programs for new capacity.

Individual decisions in federal proceedings evidence a trend toward widening access by other parties to utilities' transmission systems. If implemented transmission access would contribute to increased competition in the generation segment of the industry.

FPL is presently a defendant in two antitrust suits. In each suit the complaint includes an alleged inability to utilize FPL's transmission facilities to wheel power to facilities and

displace the existing retail electric service from FPL. See "Item 3. Legal Proceedings–Antitrust Suits."

Employees. FPL has approximately 15,500 employees, of whom approximately one-third are represented by the International Brotherhood of Electrical Workers under a bargaining agreement expiring October 31, 1991.

Shareholder Lawsuit. In October 1990 a suit was filed in the United States District Court for the Southern District of Florida, West Palm Beach Division styled Ann Monica Morhaim, Custodian for Allison Morhaim, individually and on Behalf of All Others Similarly Situated, Plaintiff, v. Marshall McDonald, James L. Broadhead, John J. Hudiburg, Richard W. Ohman, Robert E. Tallon, J. L. Howard, M. P. Anthony, David Blumberg and Jean McArthur Davis, Defendants. In November 1990 a second suit was filed on behalf of an additional class action plaintiff. The second suit is substantially identical to the first except that it also names FPL Group as a defendant. The suits contain class action claims against the individual defendants in their capacities as directors and officers of FPL Group (Mr. Broadhead and Mr. Howard are Chairman of the Board and Chief Financial Officer of FPL, respectively).

The plaintiffs have alleged that the defendants caused FPL Group to make material misrepresentations in and omit material information from certain of FPL Group's filings with the SEC and other public documents with respect to the financial and operating condition and prospects of its non-utility businesses in violation of various provisions of the federal securities laws, as well as state law and that such misrepresentations and omissions caused FPL Group's Common Shares to be sold and to trade at an excessive price. The class actions also allege that FPL Group's proxy materials for the 1987, 1988, 1989 and 1990 annual meetings of shareholders contained material omissions of fact in connection with the election of directors in that they failed to disclose alleged breaches of the directors' fiduciary duties.

The plaintiffs seek unspecified money damages, a declaration voiding the election of directors and other business conducted at the 1987 to 1990 annual meetings of shareholders, attorneys' and other fees and costs and other equitable relief.

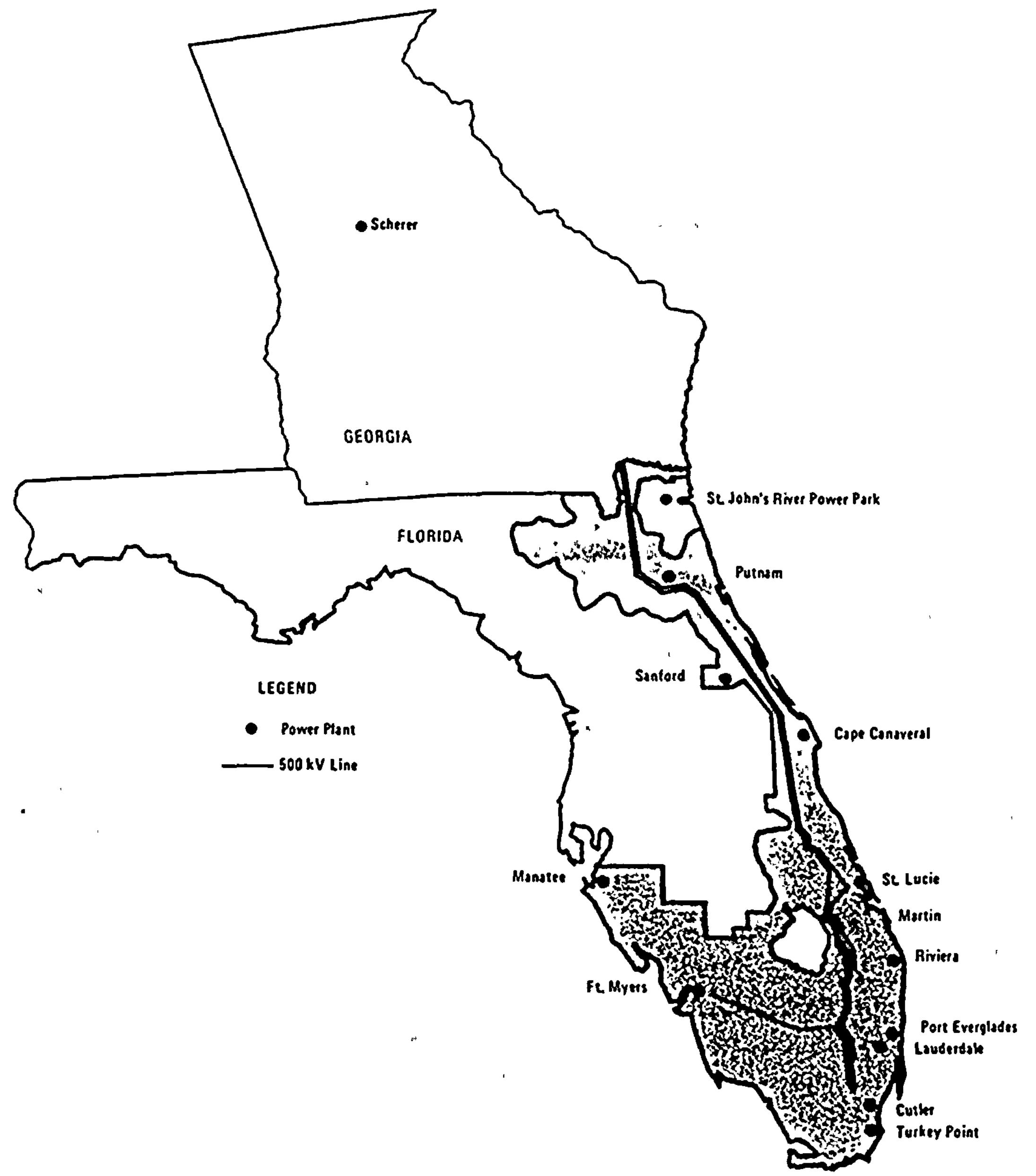
In February 1991 plaintiffs' counsel informed FPL Group that they intended to file on behalf of another plaintiff a shareholder derivative suit regarding certain of FPL Group's non-utility businesses (the Derivative Suit).

On March 4, 1991 the plaintiffs in both suits, the potential plaintiff in the Derivative Suit, FPL Group and the carrier providing directors' and officers' liability insurance to FPL Group entered into a memorandum of understanding (the Memorandum of Understanding) providing for the settlement of the aforementioned class action claims as well as the Derivative Suit. The proposed settlement set forth in the Memorandum of Understanding, which is subject to confirmatory discovery by plaintiffs' counsel, execution of definitive settlement agreements implementing the Memorandum of Understanding and court approval, provides that all of the claims will be dismissed in exchange for the payment of an amount which would not have a material adverse impact on FPL Group and certain changes to FPL Group's corporate governance procedures.

Item 2. Properties.

General. The following map shows the location of the physical properties of FPL. In addition the map also shows Scherer Unit No. 4, a unit owned by Georgia Power Company. FPL intends to purchase a 76% ownership interest in this unit. FPL considers that its properties are well maintained and in good operating condition. The electric generating, transmission, distribution and general facilities represent approximately 47%, 13%, 34% and 6%, respectively, of FPL's gross investment in electric utility plant in service.

Generating Plants and Bulk Transmission System



Generating Facilities. As of December 31, 1990 FPL had the following generating facilities:

Facility	Location	No. of Units	Fuel	Net Warm Weather Capability (mw)
STEAM TURBINES (continuous capability)				
Cape Canaveral	Cocoa	2	Oil/Gas	734
Cutler	Miami	2	Gas	204
Fort Myers	Fort Myers	2	Oil	504
Lauderdale	Dania	2	Oil/Gas	274
Manatee	Parrish	2	Oil	1,566
Martin	Indiantown	2	Oil/Gas	1,566
Port Everglades	Port Everglades	4	Oil/Gas	1,142
Riviera	Riviera Beach	2	Oil/Gas	544
St. Johns River Power Park	Jacksonville	2	Coal	250*
St. Lucie	Hutchinson Island	2	Nuclear	1,553**
Sanford	Lake Monroe	3	Oil/Gas	861
Turkey Point	Florida City	2	Oil/Gas	734
		2	Nuclear	1,332
COMBINED CYCLE (continuous capability)				
Putnam	Palatka	2	Oil/Gas	448
COMBUSTION TURBINES (peak capability)				
Fort Myers	Fort Myers	12	Oil	618
Lauderdale	Dania	24	Oil/Gas	852
Port Everglades	Port Everglades	12	Oil/Gas	426
DIESEL UNITS (peak capability)				
Turkey Point	Florida City	5	Oil	14
			Total	13,622***

* Represents FPL's 20% ownership of SJRPP Units Nos. 1 and 2, located in Jacksonville, Florida. The two 624 mw units are jointly owned by FPL and the JEA.

** This rating excludes Orlando Utilities Commission's and Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2.

*** Excludes Riviera Unit No. 2 (69 mw) which was placed on long-term reserve shutdown status in 1985.

Transmission and Distribution. Electric transmission and distribution lines owned and in service as of December 31, 1990 are as follows:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cable Miles
500 kv	985*	-
230 kv	2,051	31
138 kv	1,340	45
115 kv	632	-
69 kv	200	17
Less than 69 kv	37,238	15,540
Total	42,446	15,633

*Includes approximately 80 miles owned jointly with the JEA.

FPL owns and operates 414 substations with a total capacity of 91,114,680 kva.

Character of Ownership. Substantially all of FPL's properties are subject to the lien of its Mortgage which secures debt securities issued by FPL. Except for certain property owned by a 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. Some of the electric lines are located on land not owned in fee but are covered by necessary consents of governmental authorities or rights obtained from owners of private property.

Item 3. Legal Proceedings.

Antitrust Suits. In October 1988 Union Carbide Corporation (Union Carbide) filed suit against FPL and Florida Power Corporation (Florida Power) in the U. S. District Court for the Middle District of Florida. In August 1988 Union Carbide requested that Florida Power sell power to a Union Carbide facility located within FPL's service territory, and that FPL transport the power to the plant. FPL replied that it could not accede to the request because it was inconsistent with Florida law and public policy. The suit alleges that through a territorial agreement, FPL and Florida Power have conspired to eliminate competition for the sale of electric power to retail customers, thereby unreasonably restraining trade and commerce in violation of federal antitrust laws as contained in Section 1 of the Sherman Antitrust Act (Sherman Act). The suit seeks to prevent the utilities from continuing such alleged violation of antitrust laws, and to require Florida Power to sell power, and FPL to wheel power, to the Union Carbide plant. The suit also seeks an award of three times Union Carbide's alleged damages in an unspecified amount based on alleged higher prices paid for electricity and product sales lost by Union Carbide.

In February 1989 the FPSC granted FPL's request for a declaratory statement that FPL's denial of Union Carbide's request was proper and that acceding to such a request would involve FPL and Florida Power in the provision of electric service in a manner inconsistent with the laws and public policy of the State of Florida. As a result the FPSC ordered FPL not to wheel power under such circumstances. All parties have moved for summary judgment.

In November 1988 Thermo Electron Corporation, Rolls Royce Inc. and certain of their affiliates filed suit in the U. S. District Court for the Southern District of Florida against FPL and FPL Group on behalf of South Florida Cogeneration Associates (SFCA), a joint venture which since 1986 has operated a cogeneration facility for Dade County within FPL's service territory in Miami, Florida. The suit asserts that the defendants have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators within FPL's service territory, and from SFCA's Dade County facility in particular. It alleges that the defendants' actions constitute monopolization and attempts to monopolize in violation of Section 2 of the Sherman Act; conspiracy in restraint of trade in violation of Section 1 of the Sherman Act; unlawful discrimination in prices, services or facilities in violation of Section 2 of the Clayton Act; and intentional interference with SFCA's contractual relationship with Dade County in violation of Florida law. The suit seeks an award under the Sherman and Clayton Acts of three times plaintiffs' damages sustained as a result of defendants' alleged conduct which plaintiffs allege to be $45 million to $80 million, compensatory and punitive damages under Florida law and injunctive relief. FPL has moved for summary judgment.

FPL believes that its actions are lawful and is vigorously defending these suits.

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

None.

PART II

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

All of FPL's common stock is owned by FPL Group. For information regarding dividends paid to FPL Group, see "Item 7. Management's Discussion" and "Note 3."

Item 6. Selected Financial Data.

	Years Ended December 31,				
	1990	1989	1988	1987	1986
SELECTED FINANCIAL DATA (In Thousands):					
Operating revenues	$4,987,690	$4,946,291	$4,627,278	$4,349,722	$4,087,203
Net income available to FPL Group	$381,204	$393,103	$390,102	$377,898	$383,456
Total assets	$9,820,551	$9,182,012	$8,983,136	$8,943,386	$8,566,067
Long-term debt, excluding current maturities	$3,109,360	$2,962,004	$2,756,537	$2,785,952	$2,833,258
Preferred stock with sinking fund requirements, excluding current maturities	$165,950	$164,250	$180,050	$194,350	$187,490
SELECTED OPERATING STATISTICS:					
Energy generated and interchanged (Thousands of kwh):					
Generated—net station output	47,764,064	47,607,123	48,885,086	40,397,708	46,043,044
Interchanges—in and purchased power	33,381,579	32,267,650	24,597,199	30,734,082	22,905,124
Total input	81,145,643	79,874,773	73,482,285	71,131,790	68,948,168
Less:					
Interchanges—out	10,116,699	9,918,674	8,766,527	9,516,075	10,682,176
Lost/unaccounted for and company usage	5,366,753	5,299,273	4,778,797	4,736,582	4,297,700
Total energy sales	65,662,191	64,656,826	59,936,961	56,879,133	53,968,292
Energy sales (Thousands of kwh)(1):					
Residential	33,488,126	32,308,033	30,083,049	28,330,175	27,188,089
Commercial	26,543,116	25,687,987	23,911,681	22,371,689	21,077,615
Industrial	4,064,905	4,200,205	4,131,648	3,962,222	3,999,496
Other sales to public authorities	1,126,718	1,095,502	1,036,461	983,172	970,070
Increase (decrease) in energy delivered to retail customers but not billed	(414,198)	488,327	45,750	295,325	(260,442)
Total retail energy sales	64,808,667	63,780,054	59,208,589	55,942,583	52,974,828
Other electric utilities	853,524	876,772	728,372	936,550	993,464
Total energy sales	65,662,191	64,656,826	59,936,961	56,879,133	53,968,292

Item 6. Selected Financial Data (Continued).

	Years Ended December 31,				
	1990	1989	1988	1987	198[illegible]
Number of customers (average for period):					
Residential	2,801,210	2,715,993	2,618,097	2,519,694	2,419,770
Commercial	337,134	327,279	314,364	299,634	283,543
Industrial	16,659	17,643	17,924	17,826	17,373
Other sales to public authorities	3,808	3,518	3,282	3,046	2,858
Total retail	3,158,811	3,064,433	2,953,667	2,840,200	2,723,544
Other electric utilities	12	13	14	14	19
Total customers	3,158,823	3,064,446	2,953,681	2,840,214	2,723,563
Average annual energy sales per customer (kwh)	20,787	21,099	20,292	20,026	19,815
Average annual revenue from energy sales per customer	$1,533.57	$1,554.98	$1,555.01	$1,491.57	$1,480.69
Revenue from energy sales per kwh (cents)	7.46	7.43	7.76	7.41	7.56
Approximate 60-minute net peak served—mw:					
Summer season	13,754	13,425	12,382	12,394	11,022
Winter season (2)	13,988	12,876	12,372	10,779	12,139

(1) Excludes interchange power sales which are reported as a reduction of Energy generated and interchanged, under Interchanges—out.

(2) The winter season generally represents January through March of the current year plus November and December of the prior year.

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

Results of Operations

FPL's results of operations are affected primarily by the rates it is permitted to charge by regulatory agencies (principally the FPSC), the amount of electrical energy actually delivered to customers and the costs incurred in providing electric service to customers. In approving FPL's rates and charges, the FPSC reviews costs incurred in providing electric service and has the power to disallow recovery of costs which it considers excessive or imprudently incurred. See "Item 1. Business–Retail Ratemaking."

Substantially all of FPL's operating revenues are derived from base and cost recovery clause rates. Cost recovery clause rates are designed to pass through substantially all fuel and purchased power and certain other costs. Although cost recovery clauses affect revenues and certain expenses, they do not significantly impact net income. Base rates are designed to recover the costs of providing electrical service (other than costs recoverable through cost recovery clauses), including a reasonable return on invested capital. In this discussion the term "base" preceding the words revenues or expenses will denote items relevant to base rates. The term "clause" will be used to refer to such items relevant to cost recovery clauses. All comparisons are with the corresponding period of the prior year.

Cost recovery clause rates are adjusted every six months to reflect changes in costs while base rates are only changed through a rate proceeding which occurs at irregular intervals. FPL's base rates were last established by the FPSC in a general rate proceeding based on estimated costs for 1985. In January 1990 FPL's base rates were reduced due to a reduction in federal corporate income tax rates resulting in a reduction of 1990 base revenues by approximately $42 million.

In 1990 FPL filed financial information with the FPSC in connection with a review of FPL's rates. In December 1990 the FPSC concluded that no prospective reduction in FPL's rates was appropriate. However up to $26 million in 1990 revenues are still held subject to refund pending a review of 1990 financial data by the FPSC. FPL has not recorded a provision for refund of such revenues because it is not expected that any of the revenues ultimately will be required to be refunded.

The information filed in 1990 with the FPSC indicated that FPL's regulatory rate of return on common equity for 1991 will be below the range determined to be appropriate by the FPSC (11.8% to 13.8%). Management is evaluating possible actions to improve operating results. Such actions could include seeking a change in rates through a general rate proceeding.

Net income in 1990 decreased because of lower energy consumption per customer and slightly higher maintenance costs. In 1989 net income increased slightly reflecting increased energy sales due to higher energy consumption per customer and increases in the average number of customers offset by higher operating costs.

Operating Revenues

Operating revenues for 1990 reflect significantly higher revenues under the Fuel clause resulting from higher fuel prices due in part to the Persian Gulf crisis. Also 1990 operating revenues reflect significantly lower revenues under the Oil-backout clause due to the full recovery in 1989 of substantially all the costs of certain 500 kv transmission lines. Base revenues averaged approximately 56% of total operating revenues in each year presented. Base revenues for 1990 increased slightly due to a 3.1% increase in the average number of customers partially offset by a 1.5% decrease in energy consumption per customer. The increase in the average number of customers reflects population growth in FPL's service area while the decrease in energy consumption per customer reflects mild weather primarily during the normally cooler months. The rate reduction implemented in 1990 as a result of the decrease in income tax rates largely offsets the provision for revenue refunds recorded in 1989 under the tax savings rule.

In 1989 approximately two-thirds of the increase in operating revenues was due to higher energy sales reflecting a 3.8% increase in the average number of customers and a 4.0% increase in energy consumption per customer. The increase in the number of customers reflected population growth in FPL's service area while the increase in customer usage reflected unusually warm weather.

The FPSC's tax savings rule, which was repealed for 1990, facilitated refunds to customers resulting from lowering of income tax rates. Provisions for refunds to customers of approximately $10 million, $39 million and $38 million in 1990, 1989 and 1988, respectively, were recorded pursuant to this rule. The 1990 amount represents adjustments to the provisions relating to 1989 and 1988. The 1989 refund is subject to FPSC review and approval which is scheduled for 1991. Proceedings related to the review of the 1988 refund amount were concluded in May 1990. The adjustment to the 1988 refund and the total 1989 refund are being credited to customers' bills over a six-month period which began in October 1990.

Operating Expenses

Fuel, purchased power and interchange costs increased in both 1990 and 1989 primarily due to higher fossil fuel prices, the increase in energy sales and additional capacity charges. Another factor contributing to increases in these expenses in 1989 was decreased production from the nuclear units which have a lower fuel cost. The increase in these costs in 1989 was

partially offset by the inclusion in 1988 of a substantial portion of a one-time $81 million permanent disposal fee for certain spent nuclear fuel. Any differences between fuel clause revenues and expenses are deferred and collected from or refunded to customers with interest in subsequent periods. The net effect of such deferrals/recoveries was to increase fuel, purchased power and interchange expense $54 million in 1990 and decrease such expense $158 million in 1989.

The slight increase in other operations expenses in 1990 is composed of higher costs recoverable under cost recovery clauses and higher nuclear costs due to the extension of scheduled outages at St. Lucie Unit No. 1, preparation for the dual-unit outage at the Turkey Point nuclear units and higher NRC licensing fees. This was partially offset by lower administration and general expenses due to management efforts to reduce such expenses. The 1990 increase in maintenance expenses is primarily due to costs at distribution facilities for continuing system availability and flexibility improvements.

The 1989 increase in other operations expenses is primarily due to higher nuclear operating and employee benefits expenses. The increase in nuclear operating expenses primarily reflects staffing increases to provide improved engineering support, security and training. A substantial portion of the increase in employee benefits expenses is due to higher costs under the medical and disability plans. Maintenance expenses increased in 1989 primarily due to costs incurred on distribution facilities to improve system availability by reducing service interruptions.

The absence of accelerated depreciation recorded under the Oil-backout clause was the primary cause of lower depreciation in 1990. Depreciation expense in 1989 and 1988 reflects the recording of approximately $154 million and $72 million, respectively, of accelerated depreciation on certain 500 kv transmission lines. These lines, which were eligible for the accelerated depreciation under the Oil-backout clause, were fully depreciated in September 1989. Higher utility plant in service balances caused increases in base depreciation expense in 1990 and 1989. In 1989 the FPSC approved revised nuclear decommissioning rates which increased 1989 depreciation expense by approximately $19 million.

The decrease in income tax expenses in 1990 reflects lower pre-tax book income and includes a nonrecurring tax benefit due to a settlement with the Internal Revenue Service.

In 1990 taxes other than income taxes increased due to higher revenue-related taxes reflecting higher gross receipt tax rates. Also in both 1990 and 1989 taxes other than income taxes increased as the result of higher real and personal property taxes due to higher assessed values and higher tax rates.

Other Income–Net

The increase in other–net in 1990 reflects the amortization, over a five-year period, of interest received from the Internal Revenue Service as a result of a settlement. The change in other–net in 1989 is primarily due to lower interest income on cash and temporary investments reflecting lower available cash balances during 1989 and nonrecurring accruals not recoverable under base rates. Certain permanent tax differences, primarily the allowance for equity funds used during construction and tax exempt interest, caused the effective income tax rate on other income to be lower than the statutory income tax rate.

Interest Expenses

The 1990 increase in first mortgage bond interest reflects higher outstanding principal balances. The decrease in 1989 of first mortgage bond interest is due to the refunding of higher cost first mortgage bonds as reflected in the decrease of the weighted-average interest rate on FPL's first mortgage bonds from 9.35% for 1988 to 9.17% for 1989. These rates were calculated including the amortization of debt reacquisition cost, which is included in other interest charges. Other interest expense decreased in 1990 and increased in 1989 primarily as a result of fluctuations in outstanding commercial paper balances.

Allowance for Funds Used During Construction

Total AFUDC was higher in 1990 due primarily to an increase in construction activity. In 1990 and 1989 changes in debt-equity ratios resulted in shifts in the recording of AFUDC between equity and borrowed funds.

Financial Condition, Liquidity and Capital Resources

For information concerning FPL's capitalization, see the "Consolidated Statements of Capitalization" and for information on rate and regulatory matters with the FPSC, see "Note 5."

Cash Flows

Cash flows from operations for the years 1988-90 combined were approximately $3.1 billion. Cash raised from external sources for the same period was approximately $1.5 billion, consisting of $816 million principal amount of FPL first mortgage bonds (including bonds issued to refinance higher interest rate bonds), $50 million of FPL preferred stock and $635 million in capital contributions from FPL Group.

Operating cash flows in 1990 benefited from a closer matching of cash receipts and disbursements under cost recovery clauses. Operating cash outflows in 1990 reflect a build-up in fossil fuel stock due to lower than expected generation demand and efforts to ensure adequate supply during the Persian Gulf crisis. Operating cash receipts include approximately $100 million for one-time refunds of prior years' income taxes and related interest. Cash flows from operations in 1989 were affected favorably by the accelerated recovery, under the Oil-backout clause, of a portion of costs of certain 500 kv transmission lines. These lines became fully depreciated in September 1989.

The primary capital requirements consist of expenditures under the construction program. FPL's total construction expenditures for the years 1988-90 were approximately $2.5 billion, including net nuclear fuel additions and the allowance for borrowed funds used during construction. Total capital expenditures for the period 1991-95 are estimated to be approximately $7.2 billion. Included in this amount are the costs associated with FPL's intended purchase of an ownership interest in Georgia Power Company's Scherer Unit No. 4. It is anticipated that these expenditures will be financed with cash flows from operating activities, the issuance of long-term debt and preferred stock, capital contributions from FPL Group and, from time to time, short-term borrowings. Including equity contributions from FPL Group, it is expected that FPL will seek to finance externally approximately 45% of the estimated $1.4 billion 1991 capital expenditures. Estimates of total capital expenditures assume that FPL will construct all new generating units other than Scherer Unit No. 4. FPL continues to explore alternative financing and ownership strategies.

Under a proposed agreement FPL expects to receive, in the second quarter of 1991, a cash inflow of approximately $200 million for the sale-leaseback of certain nuclear fuels. Debt maturities will require cash outflows of approximately $140 million through 1995. FPL anticipates that it will be able to meet its cash needs for the foreseeable future.

Dividend Restrictions

The Charter and Mortgage contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to FPL Group. However given FPL's current financial condition and level of earnings, these restrictions do not currently limit FPL's ability to pay dividends to FPL Group. FPL presently pays as dividends to FPL Group its net income available to FPL Group on a one-month lag basis. FPL also periodically receives capital contributions from FPL Group.

First Mortgage Bonds

There are no significant current limitations under FPL's Charter on the amount of secured debt that can be issued. The issuance of first mortgage bonds by FPL is limited by provisions of FPL's Mortgage concerning earnings coverage and the amount of unfunded

property additions. Based primarily on unfunded property additions, excluding nuclear fuel, FPL would have been permitted to issue approximately $4 billion of additional first mortgage bonds as of December 31, 1990.

Preferred Stock

FPL's Charter prohibits the issuance of shares of FPL's $100 par value preferred stock and 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 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, 1990 was 2.05.

Available Bank Credit

FPL's available bank lines of credit aggregated approximately $405 million at December 31, 1990. FPL has used and expects to continue to use short-term borrowings, including bank borrowings and commercial paper, to finance temporarily portions of its construction program and for other corporate purposes.

FPL's Charter limits the amount 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, 1990, FPL could issue approximately $1.4 billion of additional unsecured debt.

Income Taxes

The required implementation date of SFAS No. 96, "Accounting for Income Taxes," is currently the first quarter of 1992. However the FASB is reviewing certain provisions of SFAS No. 96 and FPL is awaiting resolution of these matters before deciding how and when it will be adopted. SFAS No. 96 is not expected to have a material impact on the results of operations, since any adjustment to the deferred tax balance would be recorded as a regulatory liability. If SFAS No. 96 had been adopted in 1990 the principal impact would be to decrease deferred tax liabilities approximately $400 million and establish a corresponding regulatory liability. This regulatory liability would be amortized over the remaining life of the related electric utility plant.

Postretirement Benefits

In December 1990 the FASB issued SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions." This Statement will require recognition of the costs of providing postretirement benefits other than pensions (PBOP), such as health

care and life insurance benefits, during the years employees provide services. FPL currently expenses the costs of these benefits on a pay-as-you-go (cash) basis. Assuming no changes in plan benefits, adoption of SFAS No. 106 is expected to substantially increase PBOP costs. FPL will seek to recover any increase in costs through base rates. The impact of SFAS No. 106 on FPL's results of operations and cash flows is dependent on the provisions of FPL's postretirement benefit plans when SFAS No. 106 is adopted and the regulatory treatment permitted by the FPSC. The required implementation date of SFAS No. 106 is the first quarter of 1993. The FPSC is currently studying the ratemaking implications of SFAS No. 106 and whether utilities should be required to fund these obligations.

Item 8. **Financial Statements and Supplementary Data.**

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We have audited the consolidated financial statements of Florida Power & Light Company and subsidiaries, listed in the accompanying index as Item 14(a)1 of this Annual Report (Form 10-K) to the Securities and Exchange Commission for the year ended December 31, 1990. Our audits also comprehended the consolidated supplemental schedules of Florida Power & Light Company and subsidiaries, listed in the accompanying index as Item 14(a)2. These financial statements and supplemental schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Florida Power & Light Company and subsidiaries at December 31, 1990 and 1989 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1990 in conformity with generally accepted accounting principles. Also, in our opinion, such consolidated supplemental schedules, when considered in relation to the basic consolidated financial statements, present fairly in all material respects the information shown therein.

DELOITTE & TOUCHE
Certified Public Accountants

Miami, Florida
February 15, 1991

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31, 1990	1989	1988
	Thousands of Dollars		
OPERATING REVENUES (Notes 1 and 5)	$4,987,690	$4,946,291	$4,627,278
OPERATING EXPENSES (Note 1):			
Operations:			
Fuel, purchased power and interchange	1,927,233	1,775,557	1,692,305
Other	835,506	832,320	790,061
Maintenance	408,077	385,472	372,758
Depreciation and amortization	491,169	625,465	490,724
Income taxes	181,691	210,346	204,017
Taxes other than income taxes	450,237	407,000	381,038
Total operating expenses	4,293,913	4,236,160	3,930,903
OPERATING INCOME	693,777	710,131	696,375
OTHER INCOME (DEDUCTIONS):			
Allowance for other funds used during construction (Note 1)	10,744	6,381	6,351
Income taxes (Note 1)	(896)	5,483	29
Other—net	9,368	(7,605)	8,232
Other income—net	19,216	4,259	14,612
INCOME BEFORE INTEREST CHARGES	712,993	714,390	710,987
INTEREST CHARGES:			
Interest on first mortgage bonds	262,169	248,203	252,047
Other interest	40,700	44,544	33,081
Allowance for borrowed funds used during construction (Note 1)	(14,680)	(15,242)	(9,761)
Interest charges—net	288,189	277,505	275,367
NET INCOME	424,804	436,885	435,620
PREFERRED STOCK DIVIDEND REQUIREMENTS	43,600	43,782	45,518
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 381,204	$ 393,103	$ 390,102

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31,	
	1990	1989
	Thousands of Dollars	
ELECTRIC UTILITY PLANT (Notes 1, 7 and 8):		
At original cost	$11,696,048	$11,012,974
Less accumulated depreciation	4,245,797	3,848,019
Net	7,450,251	7,164,955
Construction work in progress	476,279	299,705
Nuclear fuel—net	282,341	292,450
Electric utility plant—net	8,208,871	7,757,110
INVESTMENTS:		
Nuclear decommissioning reserve funds (Note 1)	180,372	136,269
Storm and property insurance reserve fund (Note 1)	62,172	55,166
Other	17,123	29,083
Total investments	259,667	220,518
CURRENT ASSETS:		
Cash and temporary investments (Note 1)	2,737	2,343
Accounts receivable:		
Customers—net (Note 1)	413,786	443,753
Income taxes	36,514	23,547
Employees and miscellaneous	25,894	35,608
Materials and supplies—at average cost	265,347	229,610
Fossil fuel stock—at average cost	162,600	55,799
Prepaid expenses	32,646	28,956
Other	10,561	10,455
Total current assets	950,085	830,071
DEFERRED DEBITS:		
Unamortized debt reacquisition costs (Note 1)	146,841	150,088
Deferred litigation items (Note 5)	119,371	125,065
Deferred pension cost (Note 4)	45,918	19,251
Deferred costs under cost recovery clauses (Note 1)	34,125	42,963
Other	55,673	36,946
Total deferred debits	401,928	374,313
Total	$ 9,820,551	$ 9,182,012

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

CAPITALIZATION AND LIABILITIES

	December 31, 1990	December 31, 1989
	Thousands of Dollars	
CAPITALIZATION:		
(See Consolidated Statements of Capitalization)		
Common shareholder's equity (Note 1)	$3,189,653	$2,756,599
Preferred stock without sinking fund requirements	346,250	346,250
Preferred stock with sinking fund requirements	165,950	164,250
Long-term debt (Note 1)	3,109,360	2,962,004
Total capitalization	6,811,213	6,229,103
OTHER NONCURRENT LIABILITIES:		
Capital lease obligations (Note 7)	74,887	84,609
Revenues to be refunded (Note 5)	2,835	38,849
Storm and other property insurance reserve (Note 1)	62,172	55,166
Other	18,382	18,166
Total other noncurrent liabilities	158,276	196,790
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock	11,417	18,643
Short-term borrowings (Note 2)	3,000	92,300
Accounts payable—trade	234,110	179,614
Customers' deposits	188,373	185,354
Income taxes (Note 1)	4,951	26,610
Other taxes	66,629	45,643
Interest	94,813	87,334
Tax collections payable	50,483	48,405
Purchased power and interchange (Note 6)	61,993	50,855
Other (Note 5)	112,027	97,077
Total current liabilities	827,796	831,835
DEFERRED CREDITS:		
Accumulated deferred income taxes (Note 1)	1,425,107	1,365,161
Unamortized investment tax credits (Note 1)	406,251	430,351
Other (Notes 1 and 4)	191,908	128,772
Total deferred credits	2,023,266	1,924,284
COMMITMENTS AND CONTINGENCIES (Notes 1, 4, 5, 6 and 7)		
Total	$9,820,551	$9,182,012

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION

			December 31, 1990	December 31, 1989
			Thousands of Dollars	
COMMON SHAREHOLDER'S EQUITY (1):				
Common stock, no par value, 1,000 shares authorized, issued and outstanding (Note 1)			$1,373,069	$1,373,069
Additional contributed capital (Note 3)			895,128	445,191
Retained earnings (Note 3)			921,456	938,339
Total common shareholder's equity			3,189,653	2,756,599
PREFERRED STOCK—Cumulative, $100 Par Value, authorized 18,685,000 shares at December 31, 1990 and 19,168,000 shares at December 31, 1989 (2) (3):				
	December 31, 1990 Shares Outstanding	December 31, 1990 Redemption Price		
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	102.93	60,000	60,000
7.40% Series G	400,000	102.53	40,000	40,000
9.25% Series H	500,000	102.00	50,000	50,000
8.70% Series K	750,000	104.00	75,000	75,000
8.84% Series L	500,000	105.42	50,000	50,000
8.50% Series P	350,000	108.50	35,000	35,000
Total preferred stock without sinking fund requirements	3,462,500		346,250	346,250
Preferred stock with sinking fund requirements (4):				
10.08% Series J (5)	187,500	104.00	18,750	26,250
8.70% Series M (6)	365,000	104.14	36,500	38,300
11.32% Series O (7)	195,000	106.04	19,500	58,500
6.84% Series Q (8)	500,000	106.84	50,000	50,000
8.625% Series R (9)	500,000	108.63	50,000	-
Total preferred stock with sinking fund requirements	1,747,500		174,750	173,050
Less current maturities			(8,800)	(8,800)
Preferred stock with sinking fund requirements excluding current maturities			165,950	164,250

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION (Continued)

	December 31, 1990	December 31, 1989
	Thousands of Dollars	
LONG-TERM DEBT (10):		
First Mortgage Bonds (11):		
Maturing through 1995—4-1/2% to 5%	$ 140,000	$ 140,000
Maturing 1996 through 2005—6% to 10-1/8%	921,289	796,289
Maturing 2006 through 2015—9-1/8% to 11.30%	300,000	300,000
Maturing 2016 through 2019—9% to 10-1/4%	1,125,000	1,125,000
Medium Term Notes:		
Maturing 1998 through 2000—8.80% to 9.50%	30,000	15,000
Maturing 2009 through 2019—9.28% to 9.45%	50,000	50,000
Pollution Control and Industrial Development Series:		
Maturing in 1990—7-3/4% and 7-7/8%	-	8,325
Maturing 2008 through 2020—6.10% to 11-3/8%	468,770	458,935
Installment Purchase and Security Contracts— 5.40% to 6.15% due 2004 through 2007	91,090	91,590
Promissory Notes—7-1/2% to 9-1/8% due various dates to 1998	8,798	8,566
Unamortized premium and discount—net	(22,970)	(21,858)
Total long-term debt	3,111,977	2,971,847
Less current maturities	(2,617)	(9,843)
Long-term debt excluding current maturities	3,109,360	2,962,004
Total capitalization	$6,811,213	$6,229,103

(1) The Restated Articles of Incorporation of FPL, as amended (Charter) and Mortgage and Deed of Trust contain provisions which, under certain conditions, restrict the payment of dividends and other distributions to FPL Group, Inc. There are no restrictions in effect that currently limit FPL's ability to pay dividends to FPL Group, Inc.

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

(3) In 1990 FPL issued 500,000 shares of the 8.625% Series R preferred stock. There were no issuances of preferred stock in 1989 or 1988.

(4) Minimum annual sinking fund requirements on preferred stock are approximately $9 million for each of the years 1991 and 1992 and $10 million for each of the years 1993 through 1995. In the event that FPL should be in arrears on its sinking fund obligations, FPL may not pay dividends on common stock.

[Notes are continued on next page]

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION (Concluded)

(5) 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. In accordance with the sinking fund provisions of this series, 75,000 shares were retired in each of the years 1990, 1989 and 1988. For 1991 FPL has called 75,000 shares for redemption on April 1, 1991.

(6) Entitled to a sinking fund to retire a minimum of 18,000 shares and a maximum of 45,000 shares annually through 1999 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. In accordance with the sinking fund provisions of this series, 18,000 shares were retired in each of the years 1990, 1989 and 1988.

(7) Entitled to a sinking fund to retire a minimum of 32,500 shares and a maximum of 65,000 shares annually through 2008 at $100 per share plus accrued dividends. In accordance with the sinking fund provisions of this series, 65,000 shares were retired in 1990 and in 1989. In addition FPL redeemed and retired 325,000 shares in 1990 at a redemption price of $106.79 per share plus accrued dividends. For 1991 FPL has called 65,000 shares for redemption on April 1, 1991.

(8) Entitled to a sinking fund to retire a minimum of 15,000 shares and a maximum of 30,000 shares annually from 1993 through 2026 at $100 per share plus accrued dividends.

(9) Entitled to a sinking fund to retire a minimum of 25,000 shares and a maximum of 50,000 shares annually from 1996 through 2015 at $100 per share plus accrued dividends.

(10) Annual maturities and sinking fund requirements of long-term debt are approximately $3 million in 1991, $26 million in 1992, $2 million in 1993, $37 million in 1994 and $86 million in 1995.

(11) In June 1990 FPL entered into separate loan agreements with Martin County and St. Lucie County to support the issuance of $76.3 million of Martin County 7.30% Pollution Control Revenue Refunding Bonds, Series 1990 due 2020, and $9.835 million of St. Lucie County 7.50% Solid Waste Disposal Revenue Bonds, Series 1990 due 2020. In October 1990 FPL redeemed $26.3 million and $50 million principal amount of Martin County 9.60% and 9.90% Pollution Control Revenue Bonds, Series 1980, due 2000 and 2015, respectively. In August 1990 FPL sold $15 million principal amount of secured medium-term notes at a rate of 9.5% due August 15, 2000. In November 1990 FPL sold $125 million principal amount of First Mortgage Bonds, 9-5/8% Series due November 1, 2000.

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Temporary Investments

	Years Ended December 31,		
	1990	1989	1988
	Thousands of Dollars		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 424,804	$ 436,885	$ 435,620
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	491,169	625,465	490,724
Amortization of nuclear fuel assemblies	61,483	51,431	74,845
Net increase (decrease) in deferred income taxes	59,946	(23,711)	(49,382)
Decrease in deferred investment tax credits	(24,100)	(23,096)	(17,936)
Allowance for other funds used during construction	(10,744)	(6,381)	(6,351)
Write-off of disposal fee for spent nuclear fuel	1,757	2,342	76,670
Provision for 1988 revenues related to the tax savings rule (Note 5)	6,518	199	37,692
Provision for 1989 revenues related to the tax savings rule (Note 5)	3,739	38,650	-
Refund of revenues related to the tax savings rule (Note 5)	(22,960)	(37,692)	(53,253)
Deferrals under cost recovery clauses (1)	(10,483)	(117,340)	211,328
Deferral of interest on tax settlement	44,091	-	-
(Increase) decrease in accounts receivable	53,686	(24,129)	(85,852)
Increase in materials and supplies	(35,737)	(44,446)	(17,168)
(Increase) decrease in fossil fuel stock	(106,801)	(5,001)	17,987
Increase in accounts payable—trade	59,717	50,572	10,247
Decrease in income taxes	(40,909)	(18,822)	(32,921)
Increase (decrease) in purchased power and interchange	11,138	13,930	(165)
Other current items—net	20,888	7,791	11,348
Other adjustments	33,956	36,674	(7,195)
Net cash—operating activities	1,021,158	963,321	1,096,238
CASH FLOWS FROM INVESTING ACTIVITIES:			
Construction expenditures (2)	(960,470)	(755,986)	(614,902)
Nuclear fuel expenditures (2)	(78,269)	(80,507)	(39,217)
Sale of nuclear fuel	75	47,399	18,974
Additions to nuclear decommissioning reserve funds	(44,103)	(32,547)	(26,585)
Other investing activities	2,435	(2,698)	(3,637)
Net cash—investing activities	(1,080,332)	(824,339)	(665,367)

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
Increase (Decrease) in Cash and Temporary Investments

	Years Ended December 31,		
	1990	1989	1988
	Thousands of Dollars		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Retirement of long-term debt and preferred stock	$(139,276)	$(179,844)	$(310,387)
Issuance of preferred stock	50,000	-	-
Sale of first mortgage bonds and issuance of other long-term debt	226,073	213,542	370,625
Dividends on preferred stock	(43,685)	(43,920)	(45,636)
Dividends to FPL Group, Inc.	(395,565)	(398,075)	(401,524)
Reimbursement by trustee for construction expenditures	1,321	4,715	19,728
Increase (decrease) in short-term borrowings	(89,300)	92,300	(83,000)
Capital contributions from FPL Group, Inc.	450,000	115,000	70,000
Net cash—financing activities	59,568	(196,282)	(380,194)
Net increase (decrease) in cash and temporary investments (3)	394	(57,300)	50,677
Cash and temporary investments at the beginning of the year	2,343	59,643	8,966
Cash and temporary investments at the end of the year	$ 2,737	$ 2,343	$ 59,643
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest (net of amount capitalized)	$274,060	$271,000	$249,950
Federal income taxes	$205,596	$209,950	$308,000
State income taxes	$34,774	$61,650	$23,200
Supplemental schedule of non-cash investing activities:			
Additions to capital lease obligations	$14,091	$49,405	$1,602

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(1) Represents effect on cash flows from operating activities of the net amounts deferred or recovered under the fuel and purchased power, the oil-backout and the energy conservation cost recovery clauses.

(2) Excluding allowance for other funds used during construction.

(3) FPL classifies, as temporary investments, highly liquid short-term investments which are readily convertible to known amounts of cash.

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SCHEDULE OF TAXES

INCOME TAXES

	Years Ended December 31, 1990	1989	1988
	Thousands of Dollars		
FEDERAL:			
Charged to operating expenses:			
Current	$105,475	$217,140	$229,977
Deferred—net:			
Depreciation and related items	66,224	(11,450)	30,834
Cost recovery clauses	3,368	37,700	(74,215)
Unbilled revenues	(10,003)	(17,249)	(7,317)
Revenues to be refunded	-	-	20,156
Spent nuclear fuel settlement	24,721	(754)	(24,822)
Nuclear decommissioning reserve	(12,459)	(12,459)	17,322
Other	(5,885)	(17,053)	(6,424)
Deferred investment tax credits	980	1,923	6,492
Amortization of investment tax credits	(25,080)	(25,019)	(24,428)
Total	147,341	172,779	167,575
Charged to other income:			
Current	15,923	(4,550)	(4,167)
Deferred—net:			
Deferral of tax settlement interest	(13,860)	-	-
Other	(1,819)	(564)	3,702
Total federal	147,585	167,665	167,110
STATE:			
Charged to operating expenses:			
Current	22,060	39,417	45,358
Deferred—net:			
Depreciation and related items	11,286	(1,236)	6,115
Cost recovery clauses	577	6,454	(11,623)
Unbilled revenues	(1,302)	(2,543)	(1,163)
Revenues to be refunded	-	-	2,936
Spent nuclear fuel settlement	4,219	(129)	(4,249)
Nuclear decommissioning reserve	(1,545)	(1,545)	47
Other	(945)	(2,851)	(979)
Total	34,350	37,567	36,442
Charged to other income:			
Current	3,283	(340)	136
Deferred—net:			
Deferral of tax settlement interest	(2,373)	-	-
Other	(258)	(29)	300
Total state	35,002	37,198	36,878
Total income taxes	$182,587	$204,863	$203,988

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

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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,					
	1990		1989		1988	
	Thousands of Dollars					
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Computed at statutory rate	$206,513	34.0%	$218,194	34.0%	$217,466	34.0%
Increases (reductions) in income taxes resulting from:						
Allowance for other funds used during construction	(4,975)	(0.8)	(4,340)	(0.7)	(3,031)	(0.5)
State income taxes—net of federal income tax benefit	23,102	3.8	24,550	3.8	24,339	3.8
Amortization of investment tax credits	(25,080)	(4.1)	(25,019)	(3.9)	(24,428)	(3.8)
Other—net	(16,973)	(2.8)	(8,522)	(1.3)	(10,358)	(1.6)
Total income taxes	$182,587	30.1%	$204,863	31.9%	$203,988	31.9%

OTHER TAXES

	Years Ended December 31,		
	1990	1989	1988
	Thousands of Dollars		
Taxes other than federal and state income taxes:			
Federal and state payroll	$ 49,837	$ 45,200	$ 43,074
Real and personal property	117,726	108,732	95,703
State gross receipts	90,679	69,011	66,649
Franchise charges	192,035	181,834	176,194
Miscellaneous	34,328	37,194	32,737
Total other taxes	$484,605	$441,971	$414,357
Charged to:			
Operating expenses—other taxes	$450,237	$407,000	$381,038
Utility plant and other accounts	34,368	34,971	33,319
Total	$484,605	$441,971	$414,357

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 1990, 1989 and 1988

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 subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. FPL is a wholly-owned subsidiary of FPL Group, Inc. (FPL Group).

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. The consolidated financial statements have been prepared substantially in accordance with the FERC's Uniform System of Accounts.

Revenues, Rates and Receivables

Retail and wholesale utility rate schedules are approved by the FPSC and the FERC, respectively. FPL records the estimated amount of base revenues for energy delivered to customers but not billed. Such unbilled revenue is included in accounts receivable–customers and amounted to approximately $101 million and $125 million at December 31, 1990 and 1989, respectively.

Revenues include amounts resulting from cost recovery clauses which are designed to permit full recovery of certain costs and provide a return on certain assets utilized by these programs. Primarily all fuel and purchased power and interchange energy charges are recovered through the fuel and purchased power cost recovery clause (Fuel clause). In addition to the recovery of certain capacity charges, the oil-backout cost recovery clause (Oil-backout clause) permits the accelerated recovery of certain projects that displace oil-fired generation. Substantially all costs of certain 500 kilovolt transmission lines were fully recovered through the Oil-backout clause by September 1989. The energy conservation cost recovery clause is designed to recover costs associated with conservation programs. Cost

recovery clause factors are levelized monthly rates which are projected over each ensuing six-month period. The net under or over recovery of costs during a projection period, including interest and, for the Fuel clause, a plant performance incentive factor is used to adjust the rates in effect during the succeeding projection period. Revenues from cost recovery clauses are recorded when billed; FPL achieves matching of costs and related revenues by deferring the net under or over recovery. The net under or over recovery is classified on the balance sheet as either a deferred debit or credit.

Accounts receivable–customers is net of an allowance for uncollectible accounts of $10 million and $13 million at December 31, 1990 and 1989, respectively.

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 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.

All depreciation methods and rates are approved by the FPSC. Book depreciation of utility property, except for generating facilities and certain general plant accounts, is provided primarily on a straight-line average remaining life basis by FERC accounts. Book depreciation of generating facilities is provided on a straight-line remaining service-life basis, by location. Certain general plant accounts are amortized by vintage groups. Depreciation studies are performed at least every four years for substantially all utility property. The weighted annual composite depreciation rate was approximately 4.1%, 4.1% and 3.9% for the years 1990, 1989 and 1988, respectively. These rates exclude decommissioning expense and accelerated depreciation under the Oil-backout clause.

Depreciation expense includes a provision of $38 million, $38 million and $19 million for 1990, 1989 and 1988, respectively, for decommissioning costs of nuclear plants. Accumulated depreciation includes a nuclear decommissioning reserve aggregating $275 million and $222 million at December 31, 1990 and 1989, respectively.

The cost of nuclear fuel is amortized to fuel expense on a unit of production method. Fuel expense also includes a charge of 1 mill per kilowatt-hour of nuclear production for spent nuclear fuel disposal costs, which is paid quarterly to the U.S. Department of Energy.

These payments are recovered through the Fuel clause. Nuclear fuel is stated net of accumulated amortization of $206 million and $183 million at December 31, 1990 and 1989, respectively.

Substantially all electric utility plant is subject to the lien of the Mortgage and Deed of Trust, as supplemented, 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's construction work in progress and nuclear fuel in process and is capitalized as an additional cost. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of interest charges and the remainder is recorded as other income. The capitalization rate used in computing AFUDC was 8.36%, 8.56% and 8.50% in 1990, 1989 and 1988, respectively.

Storm and Property Insurance Reserve Fund

The storm and property insurance reserve fund provides coverage toward storm damage costs and possible retrospective 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. Deposits to the fund are made monthly. Securities held in the fund consist primarily of tax-exempt obligations and are carried at cost, which approximates market.

Nuclear Decommissioning Reserve Funds

The decommissioning reserve funds are restricted for the payment of the cost of decommissioning FPL's nuclear units. Contributions for any year may be made to either funds which are qualified in accordance with the Internal Revenue Code (qualified funds) or non-qualified (non-qualified funds). Securities held in the funds consist primarily of tax-exempt obligations and are carried at cost, which approximates market. Amounts equal to decommissioning expense, which are included in depreciation expense, are deposited in either qualified funds on a pre-tax basis or the non-qualified fund on a net of tax basis. Fund earnings, net of taxes, are reinvested in the funds.

The most recent decommissioning studies are based on the assumption that decommissioning of the Turkey Point nuclear units will commence in the year 2005 while decommissioning of the St. Lucie Units Nos. 1 and 2 will commence in 2014 and 2021, respectively. The actual date decommissioning will commence has not been determined. FPL's portion of the cost of decommissioning these units, expressed in 1990 dollars, is currently estimated to be approximately $809 million.

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. FPL is included in the consolidated federal income tax return filed by FPL Group. FPL determines its income tax provision on the "separate return method." See the "Schedule of Taxes."

The required implementation date of Statement of Financial Accounting Standards (SFAS) No. 96, "Accounting for Income Taxes," is currently the first quarter of 1992. However the Financial Accounting Standards Board (FASB) is reviewing certain provisions of SFAS No. 96 and FPL is awaiting resolution of these matters before deciding how and when it will be adopted. SFAS No. 96 is not expected to have a material impact on the results of operations, since any adjustment to the deferred tax balance would be recorded as a regulatory liability. If SFAS No. 96 had been adopted in 1990 the principal impact would be to decrease deferred tax liabilities approximately $400 million and establish a corresponding regulatory liability. This regulatory liability would be amortized over the remaining life of the related electric utility plant.

Long-Term Debt

Discount, premium and expense on long-term debt are amortized over the life of each debt issue. Any difference between the cost of reacquiring debt and the net carrying value of that debt is deferred and amortized to expense ratably over the remaining life of the original issue.

Temporary Investments

FPL classifies as temporary investments highly liquid short-term investments which are readily convertible to known amounts of cash.

Reclassifications

For comparative purposes certain amounts included in prior years' consolidated financial statements have been reclassified to conform with the 1990 presentation.

2. Short-Term Borrowings

Available bank lines of credit aggregated approximately $405 million at December 31, 1990.

3. Additional Contributed Capital and Retained Earnings

The changes in additional contributed capital and retained earnings are shown below:

	Additional Contributed Capital	Retained Earnings
	Thousands of Dollars	
Balances, January 1, 1988	$260,052	$955,386
Contributions from FPL Group	70,000	-
Net income available to FPL Group	-	390,102
Dividends to FPL Group	-	(401,524)
Other changes	44	(308)
Balances, December 31, 1988	330,096	943,656
Contributions from FPL Group	115,000	-
Net income available to FPL Group	-	393,103
Dividends to FPL Group	-	(398,075)
Other changes	95	(345)
Balances, December 31, 1989	445,191	938,339
Contributions from FPL Group	450,000	-
Net income available to FPL Group	-	381,204
Dividends to FPL Group	-	(395,565)
Costs incurred on the public offering of Series R preferred stock	(437)	-
Other changes	374	(2,522)
Balances, December 31, 1990	$895,128	$921,456

In 1990, 1989 and 1988 FPL paid, as dividends to FPL Group, its net income available to FPL Group on a one-month lag basis.

4. Employee Retirement Benefits

Substantially all employees of FPL are covered by a noncontributory defined benefit pension plan (Plan). Plan benefits are generally based on employees' years of service and compensation during the last years of employment. Effective January 1, 1989 vesting was reduced from 10 years to 5 years. Plan assets consist primarily of bonds, common stocks and short-term investments.

FPL's policy is to fund the pension cost calculated under the entry age normal level percentage of pay actuarial cost method, provided that this amount satisfies the Employee Retirement Income Security Act minimum funding standards and is not greater than the maximum tax deductible amount for the year. No contributions were required under this policy for 1990, 1989 or 1988.

During 1988 FPL offered a Special Voluntary Retirement Program (SVRP) to nonbargaining unit employees. This program was offered to bargaining unit employees in 1989. Approximately 750 employees or 75% of those eligible elected to retire under this program. Those eligible were employees who had attained the age of 55 and had ten or more years of accredited service. The program, among other things, added 5 additional years to an employee's age and to years of accredited service for the determination of benefits to be received by eligible employees. The benefits are being paid from the pension trust fund. The cost of the SVRP as determined under the provisions of SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" was $12.9 million in 1989 and $50.2 million in 1988.

In 1988 pension assets and liabilities relating to employees of FPL Group and its non-utility affiliates previously included in the Plan, were transferred to a separate FPL Group pension plan (Transfer). The Transfer resulted in a $3.5 million reduction in prepaid pension cost as determined under the provisions of SFAS No. 87, "Employers' Accounting for Pensions" and SFAS No. 88.

The components of pension cost for 1990, 1989 and 1988, as determined under the provisions of SFAS No. 87, are as follows:

	Years Ended December 31,		
	1990	1989	1988
	Millions of Dollars		
Benefits earned during the year	$ 33.0	$ 30.4	$ 27.2
Interest cost on projected benefit obligation	55.3	53.1	39.5
Actual loss (income) on Plan assets	40.2	(234.2)	(162.1)
Net amortization and deferral	(155.1)	138.4	72.7
SFAS No. 87 negative pension cost	(26.6)	(12.3)	(22.7)
Effect of SVRP	-	12.9	50.2
Reduction in prepaid pension cost due to Transfer	-	-	3.5
Regulatory adjustment	26.6	(.6)	(31.0)
Pension cost recognized in the Consolidated Statements of Income	$ -	$ -	$ -

A regulatory adjustment, as shown above, is made to reflect in the results of operations the pension cost calculated under the actuarial cost method currently used for ratemaking purposes. At December 31, 1990 and 1989 the cumulative amount of these regulatory adjustments included in other deferred credits was $45.9 million and $19.3 million, respectively.

A reconciliation of the funded status of the Plan under SFAS No. 87 to the amounts recognized in the Consolidated Balance Sheets is presented below:

	December 31, 1990	December 31, 1989
	Millions of Dollars	
Fair market value of Plan assets	$1,278.9	$1,355.5
Actuarial present value of benefits for services rendered to date:		
Accumulated benefits based on salaries to date, including vested benefits of $626.9 million and $590.6 million for 1990 and 1989, respectively	634.8	598.1
Additional benefits based on estimated future salary levels	194.8	191.4
Projected benefit obligation	829.6	789.5
Plan assets in excess of projected benefit obligation	449.3	566.0
Prior service cost not recognized in net periodic pension cost	68.7	72.5
Unrecognized net asset at January 1, 1986 being amortized over 19 years–net of accumulated amortization	(323.5)	(346.6)
Unrecognized net gain	(148.6)	(272.6)
Prepaid pension cost included in other deferred debits	$ 45.9	$ 19.3

As of December 31, 1990 and 1989 the weighted-average discount rate used in determining the projected benefit obligation was 7.25%; the assumed rate of increase in future compensation levels at those respective dates was 6.50%. The expected long-term rate of return on Plan assets used in determining the SFAS No. 87 pension cost for 1990, 1989 and 1988 was 7.0%.

Certain postretirement benefits other than pensions (PBOP) such as 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. The benefits provided 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. PBOP are administered through insurance companies whose premiums are based on the benefits paid during the year and the maintenance of a required reserve. FPL recognizes the cost of providing these benefits by expensing the annual insurance premiums on a pay-as-you-go basis. The cost, as recognized, of providing PBOP was not material.

In December 1990 the FASB issued SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions." This Statement will require recognition of the costs of providing PBOP over the years an employee provides services. Assuming no changes in plan benefits, adoption of SFAS No. 106 is expected to substantially increase PBOP costs. FPL will seek to recover any increases in costs through base rates. The impact of SFAS No. 106 on FPL's results of operations and cash flows is dependent on the provisions of FPL's postretirement benefit plans when SFAS No. 106 is adopted and the regulatory treatment permitted by the FPSC. The required implementation date of SFAS No. 106 is the first quarter of 1993. The FPSC is currently studying the ratemaking implications of SFAS No. 106 and whether utilities should be required to fund these obligations.

5. Rate Matters

In 1986 the FPSC permitted FPL to include in rate base certain plant in service costs which the FPSC had excluded from rate base in previous rate orders, pending the outcome of litigation concerning replacement of steam generators at Turkey Point. In addition the FPSC determined that accrued AFUDC and deferred depreciation expense (collectively, Accumulated Deferred Costs), associated with these costs, were to be recovered over five years commencing with the effective date of new base rates to be established in the next general ratemaking proceeding for FPL. At December 31, 1990 and 1989 the Accumulated Deferred Costs comprise substantially all of the deferred debits–deferred litigation items.

The FPSC's tax savings rule, which was repealed for 1990, facilitated refunds to customers resulting from lowering of income tax rates. Provisions for refunds to customers of approximately \$10 million, \$39 million and \$38 million in 1990, 1989 and 1988, respectively, were recorded pursuant to this rule. The 1990 amount represents adjustments to the provisions relating to 1989 and 1988. The 1989 refund is subject to FPSC review and

approval which is scheduled for 1991. Proceedings related to the review of the 1988 refund amount were concluded in May 1990. The adjustment to the 1988 refund and the total 1989 refund are being credited to customers' bills over a six-month period which began in October 1990. The amounts to be refunded have been included in current liabilities–other. A January 1990 rate reduction which decreased 1990 retail base revenues by approximately $42 million was in essence a permanent reduction in base rates to reflect a reduction in corporate income taxes. At December 31, 1990 FPL is holding up to $26 million of revenues subject to refund pending a review of 1990 financial data by the FPSC. FPL has not recorded a provision for refund of such revenues because it is not expected that any of the revenues ultimately will be required to be refunded.

6. Commitments and Contingencies

Construction Program and Capital Commitments

FPL has made certain commitments in connection with its construction program. FPL's construction expenditures and capital commitments, including net nuclear fuel additions and AFUDC, for the years 1991-95 are currently estimated at $7.2 billion. Actual expenditures may vary from these estimates. FPL is considering alternatives to conventional construction, ownership and financing of new generating facilities which could lower these estimates. These estimates reflect the impact of FPL's intended purchase of an aggregate 76% undivided ownership interest in Georgia Power Company's Scherer Unit No. 4. The FPSC approved in February 1991 the inclusion of the total purchase price of approximately $614 million in FPL's rate base. This transaction is subject to other regulatory approvals.

Insurance Coverage

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. The coverage limits under these programs currently total approximately $2.0 billion, above which FPL is self-insured. The terms of these programs provide that 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. Nuclear Regulatory Commission (NRC) regulations require that nuclear plant license-holders maintain not less than $1.06 billion of property insurance and use the proceeds of that insurance to place a plant in a safe and stable condition and to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration. In conjunction with

its property insurance programs, FPL also has coverage for a shortfall in its nuclear decommissioning reserve funds resulting from the premature decommissioning of one or more of its plants. The coverage is not effective until a plant has experienced at least $500 million of insured property damage and it is subject to the same priority for decontamination and clean-up costs as is the property insurance. The premature decommissioning coverage limits for the Turkey Point and St. Lucie nuclear plants are $121 million and $137 million, respectively.

FPL is a member of a replacement power insurance program which provides coverage for its nuclear generating plants in the event that one or more of the plants is out of service for more than twenty-one weeks as a result of an accident. Thereafter the insurers will make weekly payments of 100% of the estimate of the plant's replacement power costs stated in the policy declarations (Base Payments) for up to fifty-two weeks, following which payments will be made for up to an additional fifty-two weeks at 67% of the Base Payments and then for up to an additional fifty-two weeks at 33% of the Base Payments.

Under both the property and replacement power insurance programs, FPL could be assessed retrospective premiums for losses in current or prior policy years. FPL could be assessed a maximum of approximately $57 million under policies in effect on December 31, 1990 in the event of major accidents at nuclear plants of the utilities participating in these programs (including FPL).

FPL is subject to the Price-Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. As the first layer of financial protection FPL has purchased $200 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan FPL is subject to an assessment of up to $252 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $40 million per incident.

FPL's contingent liability for retrospective premium assessments is partially offset by the storm and property insurance reserve fund. At December 31, 1990 the balance of the fund was approximately $62 million.

Purchased Power Contracts

FPL has contracts with certain of the generating companies of The Southern Company system to receive, subject to certain contingencies, approximately 2,300 megawatts of coal-fired power with declining amounts through mid-2010. Under the terms of these contracts FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $410 million in 1991, $405 million in 1992, $295 million in 1993, $210 million in 1994 and $165 million in 1995 with declining amounts from 1996 through 2010. Capacity charges for 1990, 1989 and 1988 totaled approximately $359 million, $339 million and $290 million, respectively; energy charges for those respective periods amounted to $332 million, $327 million and $245 million. Capacity and energy charges are recovered through the Oil-backout clause and the Fuel clause, respectively.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership and operation of two coal-fired units and a coal terminal at St. Johns River Power Park (SJRPP). FPL owns 20% of the project and a purchased power arrangement with the JEA entitles FPL to receive an additional 30% of the output of the SJRPP units. Under the terms of the agreement with the JEA, FPL is obligated to the JEA, on a take-or-pay basis for capacity costs for these units which are estimated to be $90 million for 1991, $95 million for 1992, $95 million for 1993, $100 million for 1994 and $100 million for 1995, with varying amounts thereafter through 2020. Capacity charges for 1990, 1989 and 1988 totaled approximately $87 million, $86 million and $65 million, respectively; energy charges for those respective periods amounted to $54 million, $46 million and $37 million. Capacity charges are recoverable through base rates and energy charges are recovered through the Fuel clause.

Natural Gas Contracts

FPL entered into two fifteen-year agreements, one with Florida Gas Transmission Company and the other with Citrus Trading Corp., for the transportation and supply, respectively, of natural gas. Under the terms of these agreements, FPL will be required to make on a take-or-pay basis, subject to certain contingencies, payments which are estimated to be $325 million for 1991 and $345 million for each of the years 1992 through 1995, based on the actual average prices for the twelve months ended December 31, 1990. For 1990 there was no significant difference between scheduled and actual deliveries under these contracts.

Antitrust Litigation

In 1988 two antitrust suits were filed against FPL. One suit alleges, among other matters, that through a territorial agreement, FPL and Florida Power Corporation (Florida Power) have conspired to eliminate competition, thereby unreasonably restraining trade and commerce in violation of the Sherman Antitrust Act (Sherman Act). The other suit alleges that FPL and certain of its affiliates have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators and that the defendants' actions constitute monopolization and conspiracy in restraint of trade in violation of the Sherman Act and unlawful discrimination in prices, services or facilities in violation of the Clayton Act. The first suit seeks treble damages of unspecified amounts. The second suit claims damages of $45 million to $80 million and seeks an award of three times such damages as well as compensatory and punitive damages under Florida law. Motions have been filed for summary judgment in both suits, which are pending. FPL believes that its actions are lawful and is vigorously defending these suits.

In connection with the first suit, in 1989 the FPSC granted FPL's request for a declaratory statement affirming that a request that FPL wheel power contravened the territorial agreement between FPL and Florida Power and was inconsistent with the state law and public policy. As a result the FPSC ordered FPL not to wheel power under such circumstances.

7. Leases

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 fuel expense, for the years ended December 31, 1990, 1989 and 1988 were $30 million, $48 million and $44 million, respectively. Included in these payments was an interest component of $5 million, $6 million and $5 million in 1990, 1989 and 1988, respectively. Under the terms of the lease, the lessor buys nuclear fuel materials from FPL and from third parties. There were no significant purchases from FPL during 1990; during 1989 and 1988 purchases were $47 million and $19 million, respectively. FPL has full responsibility for management of the fuel. Under certain circumstances of lease termination, FPL is required to purchase, within 270 days, all nuclear fuel in whatever form at a purchase price designed to allow the lessor to recover its net investment cost in the fuel. For ratemaking purposes this lease has been classified as an operating lease. For financial reporting purposes this lease is recorded as a capital lease based on the amount due in the event of lease termination. Recording this

lease as a capital lease had no income statement impact to FPL. Excluding the nuclear fuel lease, the amount of assets and capitalized lease obligations for other capital leases is not material.

At December 31, 1990 minimum annual rental commitments under noncancelable operating leases, primarily for real property and equipment, are approximately $30 million for 1991, $20 million for 1992, $10 million for 1993 and $10 million thereafter.

8. Jointly-Owned Facilities

FPL owns 85.1% of the St. Lucie Nuclear Unit No. 2 and 20% of the SJRPP units and coal terminal. FPL is responsible for its share of the operating costs, which are included in the appropriate expense captions in the Consolidated Statements of Income, as well as providing its own financing. At December 31, 1990 FPL's investment in St. Lucie Unit No. 2 was $953 million, net of accumulated depreciation of $239 million; the investment in the SJRPP units and coal terminal was $279 million, net of accumulated depreciation of $50 million. At December 31, 1990 there was no significant balance of construction work in progress on these facilities.

9. Transactions with Related Parties

FPL provides certain services to FPL Group, the costs of which are charged to FPL Group on a "full cost" method of allocation. Such costs were not material in any year. FPL Group provides certain services to all its subsidiaries, including FPL. The full cost of such services is charged directly to FPL and to the other subsidiaries of FPL Group. In addition certain common costs of FPL Group are allocated to all subsidiaries, including FPL, based primarily on each subsidiary's equity. Such costs were not material in any year. The balances outstanding at December 31, 1990 and 1989 for such services were not significant. See "Note 1–Income Taxes" and "Note 4."

10. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information for 1990 and 1989 is as follows:

	December 31	September 30	June 30	March 31
	Thousands of Dollars			
1990				
Operating revenues	$1,230,158	$1,465,412	$1,246,375	$1,045,745
Operating income	$116,215	$271,480	$184,520	$121,562
Net income	$48,204	$204,207	$118,697	$53,696
1989				
Operating revenues	$1,159,490	$1,453,175	$1,241,856	$1,091,770
Operating income	$139,857	$247,195	$181,099	$141,980
Net income	$65,240	$175,719	$113,156	$82,770

In the opinion of FPL all adjustments, which consist 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 the operations of FPL, 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 timing of certain projects, outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

DIRECTORS (1)

James L. Broadhead. Age 55. Director since 1989. Chairman of the Board, President and Chief Executive Officer, FPL Group. Chairman of the Board and Chief Executive Officer, FPL. Formerly President, Telephone Operating Group, and President, Communications Services Group, both of GTE Corporation, a telecommunications company. Director, FPL Group, FPL Group Capital Inc, Barnett Banks, Inc., Delta Air Lines, Inc. and The Pittston Company.

Wayne H. Brunetti. Age 48. Director since 1990. Executive Vice President, FPL. Formerly Group Vice President, FPL.

Dennis P. Coyle. Age 52. Director since 1990. General Counsel, FPL. Vice President and General Counsel, FPL Group. Formerly partner, Steel Hector & Davis, a law firm.

Stephen E. Frank. Age 49. Director since 1990. President and Chief Operating Officer, FPL. Formerly Executive Vice President and Chief Financial Officer, TRW Inc., a diversified, high-technology, multi-national company and Vice President and Controller, GTE Corporation, a telecommunications company. Director, FPL Group and Arkwright Mutual Insurance Company.

Jerome H. Goldberg. Age 59. Director since 1990. Executive Vice President, FPL and President, Nuclear Division, FPL. Formerly Group Vice President-Nuclear, Houston Lighting & Power Company, an electric utility.

Joe L. Howard. Age 49. Director since 1990. Vice President and Chief Financial Officer, FPL. Vice President and Chief Financial Officer, FPL Group. Formerly Vice President and Chief Financial Officer, FPL. Director, FPL Group Capital Inc, Arkwright Mutual Insurance Company and Energy Insurance Mutual Company.

Lawrence J. Kelleher. Age 43. Director since 1990. Chief Human Resources Officer, FPL. Vice President, FPL Group. Formerly Director of Corporate Development, FPL Group and Director of Management Services, FPL.

C. O. Woody. Age 52. Director since 1990. Executive Vice President, FPL. Formerly Group Vice President and Vice President, FPL.

Michael W. Yackira. Age 39. Director since 1990. Chief Planning Officer, FPL. Vice President, FPL Group. Formerly Vice President, GTE Florida, a telecommunications company and Assistant Controller, GTE Service Corp., a telecommunications company. Director, FPL Group Capital Inc.

FPL Group Capital Inc is a subsidiary of FPL Group.

(1) Directors are elected annually and serve until their resignation, removal or until their respective successors are elected. Includes each director's business experience during the past five years.

EXECUTIVE OFFICERS (1)

Name	Age	Position	Effective Date
J. L. Broadhead	55	Chairman of the Board and Chief Executive Officer	January 15, 1990
S. E. Frank	49	President and Chief Operating Officer	August 13, 1990
W. H. Brunetti	48	Executive Vice President	November 16, 1987
D. P. Coyle	52	General Counsel	March 12, 1990
J. H. Goldberg	59	Executive Vice President and President, Nuclear Division	September 13, 1989
J. L. Howard	49	Vice President and Chief Financial Officer	March 12, 1990
L. J. Kelleher	43	Chief Human Resources Officer	May 8, 1990
M. W. Yackira	39	Chief Planning Officer	May 8, 1990
C. O. Woody	52	Executive Vice President	November 16, 1987

(1) Executive officers are elected annually by, and serve at the pleasure of, FPL's Board of Directors.

Item 11. Executive Compensation.

The following table sets forth, on an accrual basis, all compensation paid or distributed during 1990 by FPL to (i) each of the five most highly compensated executive officers of FPL, in all capacities in which they served, and to (ii) all executive officers of FPL in the aggregate.

Cash Compensation Table

Name of individuals or number of persons in group	Capacities in which served	Cash Compensation(1)(2)(3)(4)
J. L. Broadhead	Chairman of the Board and Chief Executive Officer	$732,421
J. H. Goldberg	Executive Vice President and President, Nuclear Division	$517,975
S. E. Frank	President and Chief Operating Officer	$374,432
W. H. Brunetti	Executive Vice President	$302,921
C. O. Woody	Executive Vice President	$284,611
All executive officers in the aggregate, including those listed above (10 persons).		$3,293,224

(1) Cash Compensation has not been reduced by the amounts charged to FPL Group and its non-utility subsidiaries. See "Note 9."

(2) Includes amounts paid only for the period served as executive officer(s).

(3) FPL maintains an Annual Incentive Plan for FPL executive officers. Under the plan participants may be awarded annual cash or deferred bonuses based upon both individual and corporate performance during each year measured against pre-established performance goals. The plan is administered and controlled by the Compensation Committee of the FPL Group Board of Directors (the Compensation Committee). Bonus awards paid during 1991 for services rendered in 1990 are reflected in the Cash Compensation Table.

(4) Executive officers of FPL and its affiliates may defer receipt of all or a portion of their compensation. Amounts deferred bear interest at the prime rate or are treated as if invested in FPL Group Common Stock (Common Stock) and, in either case, are included in the Cash Compensation Table.

Director Compensation

As of January 1, 1990 all directors of FPL are salaried employees of FPL or FPL Group and do not receive any additional compensation for serving as a director.

Directors and executive officers are eligible to be covered by a travel-accident insurance policy, a supplemental medical insurance plan and a dental plan and directors are provided with $10,000 of life and accidental death insurance at no cost to them. The premiums attributable to the group of directors participating in the foregoing plans were $18,996 for 1990.

Compensation Pursuant To Plans

Thrift Plan: FPL maintains a thrift plan for the benefit of its officers and full-time employees (Thrift Plan). Eligible employees may contribute a percentage of their earnings to the Thrift Plan and have their employer match a portion of such contribution. Participant contributions are invested in one or more funds, including an FPL Group Common Stock fund (Company Account), an income fund and an equity fund, as directed by each participant. Employer contributions are invested entirely in Common Stock. The Thrift Plan was amended to add a leveraged employee stock ownership plan feature (LESOP). With the proceeds of a loan from FPL Group Capital Inc, a subsidiary of FPL Group, the Thrift Plan trustee purchased approximately 12.4 million shares of newly-issued FPL Group Common Stock to fulfill all or a portion of the employer matching contributions under the Thrift Plan and the FPL Group Thrift Plans. As the loan is repaid, LESOP shares will be allocated to participants' accounts. Dividends paid by FPL Group to the trustee on the LESOP shares may be used to repay the loan. If dividends on LESOP shares allocated to participants' accounts are used to repay the loan, participants' accounts will be credited with an equivalent amount of FPL Group Common Stock. Under the Thrift Plan participants have the right to vote shares allocated to their accounts and their pro rata portion of unallocated LESOP shares held by the trustee. During 1990 for the period during which each was an executive officer, the following amounts were paid as employer contributions for the following executive officers listed in the Cash Compensation Table: J. H. Goldberg - $7,801, W. H. Brunetti - $8,307, C. O. Woody - $8,307, and all executive officers of FPL as a group - $32,603.

Long-Term Incentive Plan of 1985 (Long-Term Plan): The Long Term Plan provides for the grant to officers and key employees of FPL Group and its subsidiaries, including FPL, of stock options, stock appreciation rights (SARs), restricted stock and performance shares, all of which relate to Common Stock, at the discretion of the Compensation Committee.

Stock options ordinarily are granted in tandem with SARs and become exercisable in four equal annual installments beginning one year after grant. The exercise price of an option may be paid in cash, shares of Common Stock or both. Upon exercise of a SAR the holder may receive cash, shares of Common Stock or both, as determined by the Compensation Committee. The exercise of a tandem option cancels any related SAR and vice versa.

Awards of restricted stock are subject to forfeiture if the recipient's employment terminates within a specified period, with pro rata forfeitures for termination for retirement, death or disability.

Awards of performance shares, each of which is the equivalent of one share of Common Stock, are paid at the end of two and four year periods based on the achievement of performance measures for such period, as determined by the Compensation Committee. Performance shares do not entitle participants to dividend, voting or other rights as a shareholder unless and until the award is earned and credited in the form of Common Stock.

Upon a change in control of FPL Group, all stock options are immediately exercisable in full, all SARs are exercisable in full for cash for a period of sixty days, all options as to which no SARs have been granted acquire rights equivalent to SARs, all restrictions on restricted stock terminate and all performance shares become immediately payable in cash. The Long Term Plan was amended to provide that upon the sale of a subsidiary, the Compensation Committee has the discretion, subject to certain limitations, to accelerate, in whole or in part, and preserve the exercisability of all Long Term Plan awards previously granted to employees of that subsidiary. There were no grants of options, SARs or restricted stock made to executive officers under the Long-Term Plan in 1990. On February 15, 1991 5,644 shares of restricted stock were granted to S. E. Frank under the Long-Term Plan. Of the performance shares granted in 1989 the Compensation Committee awarded in 1991 the following to executive officers listed in the Cash Compensation Table, to be paid seventy percent in stock and thirty percent in cash: J. L. Broadhead, 9,892 shares; J. H. Goldberg, 1,403 shares; J. L. Howard, 2,028 shares; and for all executive officers of FPL as a group, 23,018 shares. During 1990 24,000 performance shares were granted. Additionally no options and/or SARs were exercised in 1990.

Retirement Plans: FPL maintains a non-contributory defined benefit pension plan (Pension Plan) covering substantially all employees. FPL maintains a benefit restoration plan (Benefit Restoration Plan) which provides certain officers an amount equal to the difference, if any, between the benefits they would have been entitled to receive under their Pension Plan, the Thrift Plan and the ESOP, but for certain limitations imposed by the Internal Revenue Code, and the benefits they actually receive from those plans. The compensation covered by the Pension Plan includes basic wages, salaries and compensation deferred under the Thrift Plan and pre-tax contributions for certain other benefits provided to FPL employees. Benefits accrued through December 31, 1989 are based on each member's years of credited service, average monthly base pay, and primary social security benefits (as such terms are defined in the Pension Plan). For participants in the Pension Plan after December 31, 1989 benefits are the higher of benefits accrued through December 31, 1989, or benefits based on each member's participating years of service times average monthly base pay, and reduced by a reduction factor set forth in the Pension Plan. The Pension Plan provides that upon certain terminations, transfers of assets and other circumstances following a change in control of FPL Group, no reversion to the employer of excess plan assets over the present value of accrued benefits is permitted and any such excess shall be applied to increase employee benefits under the plans.

The following table shows the estimated annual benefits, computed on a straight life annuity basis without offset for Social Security benefits, payable under the Pension Plan (supplemented, as necessary, by the Benefit Restoration Plan) to officers in various compensation classifications upon retirement in 1990 at age 65 after the indicated years of service.

Estimated Annual Pension
Based on Participating Years of Service

Compensation (1)	10	20	30	35	40
$100,000	$19,205	$38,410	$47,615	$48,768	$50,918
$150,000	29,205	58,410	72,615	74,393	77,168
$200,000	39,205	78,410	97,615	100,018	103,418
$250,000	49,205	98,410	122,615	125,643	129,668
$300,000	59,205	118,410	147,615	151,268	155,918
$350,000	69,205	138,410	172,615	176,893	182,168
$400,000	79,205	158,410	197,615	202,518	208,418
$450,000	89,205	178,410	222,615	228,143	234,668
$500,000	99,205	198,410	247,615	253,768	260,918
$550,000	109,205	218,410	272,615	279,393	287,168

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(1) Eligible average annual compensation.

Participating years of service through January 1, 1991 for the executive officers listed in the Cash Compensation Table are as follows: J. H. Goldberg - 1 year (current covered compensation - $395,300), W. H. Brunetti - 26 years (current covered compensation - $257,700), C. O. Woody - 34 years (current covered compensation - $237,400).

Medical and Insurance Plans: Directors and executive officers of FPL are eligible for supplemental medical coverage that provides up to 100% coverage of medical expenses. Officers and directors are covered at no cost to themselves by travel-accident insurance and officers may participate in a comprehensive personal liability insurance program. During 1990, for the period during which each was an executive officer, amounts paid to or for the executive officers listed in the Cash Compensation Table pursuant to the foregoing plans were: J. H. Goldberg - $2,138, W. H. Brunetti - $2,654, C. O. Woody - $2,196, S. E. Frank - $1,412, and for all executive officers of FPL as a group - $9,444.

Employment Agreements: FPL has entered into employment agreements with certain of its officers, including the individuals named in the Cash Compensation Table, other than J. L. Broadhead, to become effective in the event of a change in control of FPL Group, which is defined as the acquisition of beneficial ownership of 20% of the voting power of FPL Group, certain changes in FPL Group's Board, or approval by the shareholders of certain mergers or consolidations or of certain transfers of FPL Group's assets. These agreements are intended to assure FPL of the continued services of key executives. The agreements provide that each executive shall be employed by FPL in his or her then current position, with compensation and benefits at least equal to the then current base and incentive compensation and benefit levels for an employment period of four, and in certain cases five, years after a change in control occurs.

In the event that the executive's employment is terminated (except for death, disability or cause) or if the executive terminates his or her employment because of a reduction in position, responsibility, salary or for any other good reason, as defined in the agreement, the executive is entitled to severance benefits in the form of monthly installments or a lump sum, at the option of the executive, for the remainder of the employment period or for two years, whichever is longer. Such benefits will be based upon the executive's then base compensation plus a maximum bonus and the maximum amount of employer contributions made to his or her account under the Thrift Plan and the Benefit Restoration Plan (relating to the Thrift Plan). The executive is also entitled to continued participation in all benefit plans (or if barred, payment by the employer), additional supplemental retirement benefits and immediate vesting of incentive stock awards. Any tax penalty incurred by the executive as the result of his or her severance payments will be reimbursed by the employer.

Other Compensation

With respect to any named individual, the aggregate amount of other non-cash compensation did not exceed the lesser of $25,000 or 10% of the compensation reported in the Cash Compensation Table for such person.

With respect to the group, the aggregate amount of other non-cash compensation did not exceed the lesser of $25,000 times the number of persons in the group or 10% of the compensation reported in the Cash Compensation Table for the group.

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

FPL Group owns 100% of FPL's common stock.

The table below sets forth, as of March 8, 1991, the number of shares of common stock beneficially owned by the directors of FPL and all directors and executive officers of FPL as a group.

Name	Shares Beneficially Owned
James L. Broadhead	15,973 (1)
Wayne H. Brunetti	14,833 (2)
Dennis P. Coyle	1,723
Stephen E. Frank	6,644
Jerome H. Goldberg	1,446 (3)
Joe L. Howard	19,887 (4)
Lawrence J. Kelleher	10,372 (5)
C. O. Woody	13,305 (6)
Michael W. Yackira	3,085
All directors and executive officers in the aggregate, including those listed above (10 persons)	111,366 (7)

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(1) Includes 8,019 shares held in FPL Group's Thrift Plan.

(2) Includes 10,708 shares held in FPL's Thrift Plan and 112 shares held in FPL's ESOP.

(3) Includes 460 shares held in FPL's Thrift Plan.

(4) Includes 5,647 shares held in FPL Group's Thrift Plan and 3,644 shares held in FPL's ESOP. Also includes 100 shares held beneficially by a relative of Mr. Howard with whom he shares investment power and to which he disclaims any beneficial ownership.

(5) Includes 1,545 shares held in FPL's Thrift Plan and 2,320 shares held in FPL's ESOP.

(6) Includes 6,172 shares held in FPL's Thrift Plan and 3,925 shares held in FPL's ESOP.

(7) Less than 1% of the class. Includes 31,853 shares subject to currently exercisable stock options, 51,742 shares held in the Thrift Plans and ESOP and 9,094 shares of restricted stock, which includes 5,644 shares granted to Mr. Frank on February 15, 1991.

Item 13. Certain Relationships and Related Transactions.

FPL has a lease with Cutler Ridge Regional Center, a partnership in which David Blumberg, an ex-director of FPL, has an interest. The rent is $3,900 per month, increasing with changes in property taxes, operating expenses and the Consumer Price Index. The lease expires on September 30, 1995. FPL believes these terms are at least as favorable as could have been obtained elsewhere for similar facilities.

In September 1990 two interest-free loans of $200,000 and $7,320 were made to Stephen E. Frank in connection with his relocation to Florida after being elected President and Chief Operating Officer of FPL. The loan of $200,000 was repaid in full in November 1990. The loan of $7,320 was repaid in full in February 1991. These loans were made in connection with FPL's employee relocation program.

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, 1990, 1989 and 1988:

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, XIII and XIV.

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

(a)3. Exhibits including those Incorporated by Reference

Exhibits Filed Herewith

Exhibit Number	Description
12(a)	Computation of Ratio of Earnings to Fixed Charges.
12(b)	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
24	Consent of Deloitte & Touche.

Exhibits Incorporated by Reference

Exhibit Number	Description
3(a)	Bylaws of FPL, as amended February 22, 1988 (filed as Exhibit 3(a) to Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-3545).
3(b)	Restated Articles of Incorporation of FPL dated March 23, 1987 (filed as Exhibit 4(a), File No. 33-12891).
3(c)	Amendment to FPL's Restated Articles of Incorporation dated September 10, 1987 (filed as Exhibit 4(b) to Form 10-Q for the quarter ended September 30, 1987, File No. 1-3545).
3(d)	Amendment to FPL's Restated Articles of Incorporation dated June 21, 1989 (filed as Exhibit 4(b) to Form 8-K dated July 6, 1989, File No. 1-3545).
3(e)	Amendment to FPL's Restated Articles of Incorporation dated January 29, 1990 (filed as Exhibit 4(b) to Form 8-K dated January 22, 1990, File No. 1-3545).
3(f)	Amendment to FPL's Restated Articles of Incorporation dated November 28, 1990 (filed as Exhibit 4(a) to Form 8-K dated November 28, 1990, File No. 1-3545).

Exhibit Number	Description
4	Mortgage and Deed of Trust dated as of January 1, 1944, and Seventy-four Supplements thereto between FPL and Bankers Trust Company and The Florida National Bank of Jacksonville (now First Union National Bank of Florida), 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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545; Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 15, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated August 19, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated February 16, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated July 13, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated October 25,

Exhibit Number	Description
	1988, File No. 1-3545; Exhibit 4(a) to Form 8-K dated July 6, 1989, File No. 1-3545; Exhibit 4(e) to Form 8-K dated August 22, 1989, File No. 1-3545; Exhibits 4(a) and 4(b) to Form 8-K dated June 15, 1990, File No. 1-3545; Exhibit 4 to Form 8-K dated November 1, 1990, File No. 1-3545; and Exhibit 4 to Form 8-K dated January 22, 1991, File No. 1-3545).

(b) Reports on Form 8-K

A report on Form 8-K dated October 24, 1990 was filed October 31, 1990 relating to two events under Item 5. Other Events.

A report on Form 8-K dated November 1, 1990 was filed November 6, 1990 relating to one event under Item 5. Other Events and filing two exhibits under Item 7 - Financial Statements and Exhibits.

A report on Form 8-K dated November 28, 1990 was filed December 21, 1990 filing one exhibit under Item 7 - Financial Statements and Exhibits.

SCHEDULE V

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance Beginning of Year	Additions at Cost (1)	Retirements (2)	Other Changes— Add (Deduct)	Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1990					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 2,056,570	$ 100,181	$ (14,305)	$ (3)	$ 2,142,443
Nuclear	3,029,405	68,023	(22,098)	6	3,075,336
Other	296,952	4,447	(1,043)	-	300,356
Total production plant	5,382,927	172,651	(37,446)	3	5,518,135
Transmission plant	1,491,301	63,392	(8,258)	(388)	1,546,047
Distribution plant	3,524,553	405,915	(33,364)	1,184	3,898,288
General plant	561,164	119,003	(24,410)	(170)	655,587
Intangible plant	4,653	13,537	-	-	18,190
Total electric plant in service	10,964,598	774,498	(103,478)	629	11,636,247
Held for future use	48,376	12,009	-	(584)	59,801
Total electric plant	11,012,974	786,507	(103,478)	45	11,696,048
Construction work in progress	299,705	178,321	-	(1,747)	476,279
Nuclear fuel	475,422	66,402	(38,668)	(15,028)	488,128
Total electric utility plant	$11,788,101	$1,031,230	$(142,146)	$(16,730)	$12,660,455
For the Year Ended December 31, 1989					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 1,983,006	$ 93,034	$ (19,513)	$ 43	$ 2,056,570
Nuclear	2,936,895	113,160	(20,923)	273	3,029,405
Other	294,110	4,395	(1,553)	-	296,952
Total production plant	5,214,011	210,589	(41,989)	316	5,382,927
Transmission plant	1,446,264	53,373	(4,543)	(3,793)	1,491,301
Distribution plant	3,201,798	355,447	(32,336)	(356)	3,524,553
General plant	454,755	128,705	(26,240)	3,944	561,164
Intangible plant	3,647	1,006	-	-	4,653
Total electric plant in service	10,320,475	749,120	(105,108)	111	10,964,598
Held for future use	39,688	8,764	-	(76)	48,376
Total electric plant	10,360,163	757,884	(105,108)	35	11,012,974
Construction work in progress	297,925	2,547	-	(767)	299,705
Nuclear fuel	532,143	67,677	(90,717)	(33,681)	475,422
Total electric utility plant	$11,190,231	$828,108	$(195,825)	$(34,413)	$11,788,101

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT (Concluded)

Column A Classification	Column B Balance Beginning of Year	Column C Additions at Cost (1)	Column D Retirements (2)	Column E Other Changes— Add (Deduct)	Column F Balance End of Year
	Thousands of Dollars				
For the Year Ended December 31, 1988					
Electric utility plant, at original cost:					
Electric plant:					
Production plant:					
Steam	$ 1,851,536	$148,977	$ (17,908)	$ 401	$ 1,983,006
Nuclear	2,866,065	86,306	(15,369)	(107)	2,936,895
Other	293,277	4,793	(3,960)	-	294,110
Total production plant	5,010,878	240,076	(37,237)	294	5,214,011
Transmission plant	1,358,975	93,716	(5,245)	(1,182)	1,446,264
Distribution plant	2,967,682	266,995	(28,559)	(4,320)	3,201,798
General plant	422,276	47,679	(20,785)	5,585	454,755
Intangible plant	2,846	733	-	68	3,647
Total electric plant in service	9,762,657	649,199	(91,826)	445	10,320,475
Held for future use	37,936	2,197	-	(445)	39,688
Total electric plant	9,800,593	651,396	(91,826)	-	10,360,163
Construction work in progress	329,841	(32,965)	-	1,049	297,92[illegible]
Nuclear fuel	549,009	52,928	(46,932)	(22,862)	532,143
Total electric utility plant	$10,679,443	$671,359	$(138,758)	$(21,813)	$11,190,231

(1) Substantially all additions are originally charged to construction work in progress and transferred to electric plant accounts upon completion. Additions at cost give effect to such transfers.

(2) 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 SUBSIDIARIES

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 (2)	Retirements	Other Changes— Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1990						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 812,484	$ 93,267	$ 262	$ (22,776)	$ -	$ 883,237
Nuclear	903,781	168,083	-	(21,838)	-	1,050,026 (3)
Other	202,840	7,032	-	(1,133)	-	208,739
Total production plant	1,919,105	268,382	262	(45,747)	-	2,142,002
Transmission plant	694,558	32,199	-	(7,292)	(1,140)	718,325
Distribution plant	1,107,843	153,288	-	(38,636)	1,140	1,223,635
General plant	125,725	43,216	9,668	(21,102)	-	157,507
Intangible plant	788	3,540	-	-	-	4,328
Total electric plant	3,848,019	500,625	9,930	(112,777)	-	4,245,797
Accumulated provision for amortization of nuclear fuel assemblies	182,972	-	61,483	(38,668)	-	205,787
Total	$4,030,991	$500,625	$71,413	$(151,445)	$ -	$4,451,584
For the Year Ended December 31, 1989						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 746,746	$ 92,036	$ 262	$ (26,499)	$ (61)	$ 812,484
Nuclear	761,774	163,670	-	(21,973)	310	903,781 (3)
Other	184,795	19,189	-	(1,227)	83	202,840
Total production plant	1,693,315	274,895	262	(49,699)	332	1,919,105
Transmission plant	506,969	190,533	-	(1,410)	(1,534)	694,558
Distribution plant	1,006,625	136,511	-	(35,991)	698	1,107,843
General plant	110,667	30,324	8,940	(24,710)	504	125,725
Intangible plant	2,681	(1,893)	-	-	-	788
Total electric plant	3,320,257	630,370	9,202	(111,810)	-	3,848,019
Accumulated provision for amortization of nuclear fuel assemblies	222,258	-	51,431	(90,717)	-	182,972
Total	$3,542,515	$630,370	$60,633	$(202,527)	$ -	$4,030,991

SCHEDULE VI

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT (Concluded)

Column A	Column B	Column C		Column D	Column E	Column F
		Additions Charged to Costs and Expenses				
Description	Balance Beginning Year	Depreciation	Clearing and Other Accounts (2)	Retirements	Other Changes— Add (Deduct)	Balance End of Year
	Thousands of Dollars					
For the Year Ended December 31, 1988						
Accumulated provision for depreciation of electric utility plant (1):						
Production plant:						
Steam	$ 675,495	$ 90,249	$ 262	$ (19,262)	$ 2	$ 746,746
Nuclear	645,492	131,821	-	(15,476)	(63)	761,774 (3)
Other	180,780	7,966	-	(3,959)	8	184,795
Total production plant	1,501,767	230,036	262	(38,697)	(53)	1,693,315
Transmission plant	399,451	109,488	-	(1,853)	(117)	506,969
Distribution plant	913,819	124,849	-	(31,649)	(394)	1,006,625
General plant	96,433	25,996	8,059	(20,385)	564	110,667
Intangible plant	543	2,138	-	-	-	2,681
Total electric plant	2,912,013	492,507	8,321	(92,584)	-	3,320,257
Accumulated provision for amortization of nuclear fuel assemblies	194,345	-	74,845	(46,932)	-	222,258
Total	$3,106,358	$492,507	$83,166	$(139,516)	$ -	$3,542,515

(1) This reserve is maintained for all depreciable property. The amount in the retirements column is net of removal costs and salvage.

(2) Depreciation of transportation equipment is charged to various accounts based on the use of such equipment. Amortization of nuclear fuel assemblies is charged to fuel, purchased power and interchange expense.

(3) Includes decommissioning reserve and related interest of $274.8 million, $222.1 million and $174.3 million at December 31, 1990, 1989 and 1988, respectively.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

SHORT-TERM BORROWINGS

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 (1)	Column E Weighted 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, 1990					
Lines of credit	$3,000	7.5%	$35,000	$5,939	7.6%
Commercial paper	-	-	$133,500	$52,617	8.2%
For the Year Ended December 31, 1989					
Commercial paper	$92,300	9.0%	$295,500	$110,557	9.4%
For the Year Ended December 31, 1988					
Commercial paper	-	-	$26,000	$17,812	7.1%

(1) Represents the maximum amount outstanding at any month end.

(2) Computed by dividing the sum of the daily ending balances by the number of days in the year.

(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 14, 1991

By S. E. FRANK
S. E. Frank *(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
JAMES L. BROADHEAD James L. Broadhead *(Chairman of the Board)*	Principal Executive Officer and Director	
J. L. HOWARD J. L. Howard *(Chief Financial Officer)*	Principal Financial Officer and Director	
K. M. DAVIS K. M. Davis *(Comptroller)*	Principal Accounting Officer	
WAYNE H. BRUNETTI Wayne H. Brunetti		March 14, 1991
DENNIS P. COYLE Dennis P. Coyle		
JEROME H. GOLDBERG Jerome H. Goldberg	Directors	
LAWRENCE J. KELLEHER Lawrence J. Kelleher		
C. O. WOODY C. O. Woody		
MICHAEL W. YACKIRA Michael W. Yackira		

EXHIBIT 12(a)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended December 31,				
	1990	1989	1988	1987	1986
	Thousands of Dollars				
Earnings, as defined:					
Net income	$424,804	$436,885	$435,620	$426,193	$ 431,123
Income taxes	182,587	204,863	203,988	266,040	336,201
Fixed charges, as below	312,812	305,509	297,247	299,537	325,017
Total earnings, as defined	$920,203	$947,257	$936,855	$991,770	$1,092,341
Fixed charges, as defined:					
Interest on first mortgage bonds	$262,169	$248,203	$252,047	$255,136	$282,984
Interest on other long-term debt	6,085	6,044	6,214	6,181	5,998
Other interest charges	34,615	38,500	26,867	27,048	24,962
Rental interest factor	5,192	6,604	7,198	6,444	5,592
Fixed charges included in nuclear fuel cost	4,751	6,158	4,921	4,728	5,481
Total fixed charges, as defined	$312,812	$305,509	$297,247	$299,537	$325,017
Ratio of earnings to fixed charges	2.94	3.10	3.15	3.31	3.36

EXHIBIT 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	Twelve Months Ended December 31,				
	1990	1989	1988	1987	1986
	Thousands of Dollars				
Earnings, as defined:					
Net income	$424,804	$436,885	$435,620	$426,193	$ 431,123
Income taxes	182,587	204,863	203,988	266,040	336,201
Fixed charges, as below	312,812	305,509	297,247	299,537	325,017
Total earnings, as defined	$920,203	$947,257	$936,855	$991,770	$1,092,341
Fixed charges, as defined:					
Interest on first mortgage bonds	$262,169	$248,203	$252,047	$255,136	$282,984
Interest on other long-term debt	6,085	6,044	6,214	6,181	5,998
Other interest charges	34,615	38,500	26,867	27,048	24,962
Rental interest factor	5,192	6,604	7,198	6,444	5,592
Fixed charges included in nuclear fuel cost	4,751	6,158	4,921	4,728	5,481
Total fixed charges, as defined	312,812	305,509	297,247	299,537	325,017
Non-tax deductible preferred stock dividend requirements	43,600	43,783	45,518	48,295	47,667
Ratio of income before income taxes to net income	1.430	1.469	1.468	1.624	1.780
Preferred stock dividend requirements before income taxes	62,348	64,317	66,820	78,431	84,847
Combined fixed charges and preferred stock dividend requirements	$375,160	$369,826	$364,067	$377,968	$409,864
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.45	2.56	2.57	2.62	2.67

EXHIBIT 24

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We hereby consent to the incorporation by reference in Registration Statement No. 33-12891 on Form S-3, Registration Statement No. 33-24653 on Form S-3, Registration Statement No. 33-30360 on Form S-3 and Registration Statement No. 33-38641 on Form S-3 of our report dated February 15, 1991 appearing in this Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 1990.

DELOITTE & TOUCHE
Certified Public Accountants

Miami, Florida
March 14, 1991

EXHIBIT II

FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1991

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 1-3545

FLORIDA POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

Florida	59-0247775
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

700 Universe Boulevard, Juno Beach, Florida 33408
(Address of principal executive offices) (Zip Code)

(407) 694-4646
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 1991
Common Stock, No Par Value	1,000 Shares

PART I – FINANCIAL INFORMATION
FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Thousands of Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	1991	1990	1991	1990	1991	1990
OPERATING REVENUES:	$ 1,503,706	$ 1,465,412	$ 3,998,699	$ 3,757,532	$ 5,228,857	$ 4,917,022
OPERATING EXPENSES:						
Operations:						
Fuel, purchased power and interchange	562,372	555,303	1,516,478	1,427,007	2,016,705	1,867,286
Other	209,829	199,581	636,066	598,874	872,697	826,682
Maintenance	91,278	89,941	279,761	294,726	393,112	394,463
Depreciation and amortization	135,065	116,765	381,300	359,087	513,382	487,674
Income taxes	99,178	107,519	159,527	169,224	171,994	196,551
Taxes other than income taxes	133,432	124,823	365,504	331,052	484,689	426,946
Restructuring	–	–	90,008	–	90,008	–
Total operating expenses	1,231,154	1,193,932	3,428,644	3,179,970	4,542,587	4,199,602
OPERATING INCOME	272,552	271,480	570,055	577,562	686,270	717,420
ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	3,642	2,770	12,491	7,389	15,846	8,282
OTHER INCOME - NET	2,578	2,091	5,839	6,622	7,689	2,609
INCOME BEFORE INTEREST CHARGES	278,772	276,341	588,385	591,573	709,805	728,311
INTEREST EXPENSE	77,713	75,925	233,113	225,045	310,938	299,100
ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION	(3,541)	(3,791)	(12,706)	(10,073)	(17,315)	(12,630)
NET INCOME	204,600	204,207	367,978	376,601	416,182	441,841
PREFERRED STOCK DIVIDEND REQUIREMENTS	10,211	10,623	31,045	32,977	41,669	43,854
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 194,389	$ 193,584	$ 336,933	$ 343,624	$ 374,513	$ 397,987

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 6 through 9 herein and the Notes to Consolidated Financial Statements appearing in FPL'S 1990 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
ASSETS

(Thousands of Dollars)

	September 30, 1991 (Unaudited)	December 31, 1990
ELECTRIC UTILITY PLANT:		
At original cost	$ 12,490,984	$ 11,696,048
Less accumulated depreciation and amortization	4,569,715	4,245,797
Net	7,921,269	7,450,251
Construction work in progress	463,155	476,279
Nuclear fuel — net	286,283	282,341
Electric utility plant — net	8,670,707	8,208,871
INVESTMENTS	291,188	259,667
CURRENT ASSETS:		
Cash and temporary investments	68,969	2,737
Accounts receivable — net	571,858	476,194
Materials and supplies — at average cost	282,722	265,347
Fossil fuel stock — at average cost	87,986	162,600
Prepaid expenses	44,017	32,646
Other	11,333	10,561
Total current assets	1,066,885	950,085
DEFERRED DEBITS:		
Unamortized debt reacquisition costs	149,366	146,841
Deferred litigation items	116,298	119,371
Deferred pension cost	52,218	45,918
Deferred costs under cost recovery clauses	—	34,125
Other	39,641	55,673
Total deferred debits	357,523	401,928
Total	$ 10,386,303	$ 9,820,551

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 6 through 9 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1990 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
CAPITALIZATION AND LIABILITIES

(Thousands of Dollars)

	September 30, 1991 (Unaudited)	December 31, 1990
CAPITALIZATION:		
Common shareholder's equity	$ 3,231,511	$ 3,189,653
Preferred stock without sinking fund requirements	346,250	346,250
Preferred stock with sinking fund requirements	150,150	165,950
Long-term debt	3,184,102	3,109,360
Total capitalization	6,912,013	6,811,213
OTHER NONCURRENT LIABILITIES	368,415	158,276
CURRENT LIABILITIES:		
Short-term borrowings	—	3,000
Accounts payable	306,288	346,586
Customers' deposits	192,811	188,373
Accrued interest and other taxes	270,443	161,442
Other	317,268	128,395
Total current liabilities	1,086,810	827,796
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,418,606	1,425,107
Unamortized investment tax credits	373,408	406,251
Deferred revenues under cost recovery clauses	30,716	5,329
Other	196,335	186,579
Total deferred credits	2,019,065	2,023,266
COMMITMENTS AND CONTINGENCIES		
Total	$ 10,386,303	$ 9,820,551

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 6 through 9 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1990 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)
(Unaudited)

	Nine Months Ended September 30, 1991	Nine Months Ended September 30, 1990
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 957,340	$ 906,410
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction expenditures (1)	(846,673)	(683,490)
Nuclear fuel expenditures (1)	(9,869)	(57,803)
Sale of nuclear fuel	235,476	75
Additions to nuclear decommissioning reserve funds	(28,099)	(35,217)
Other investing activities	12,383	44
Net cash – investing activities	(636,782)	(776,391)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Retirement of long-term debt and preferred stock	(125,229)	(55,901)
Issuance of preferred stock	–	50,000
Sale of first mortgage bonds and issuance of other long-term debt	201,169	102,292
First mortgage bond proceeds held for redemption	(6,143)	(75,840)
Dividends on preferred stock	(31,183)	(33,061)
Dividends to FPL Group, Inc.	(294,895)	(284,416)
Increase (decrease) in notes payable – commercial paper	(3,000)	41,200
Capital contribution from FPL Group, Inc.	–	125,000
Other financing activities	4,955	1,321
Net cash – financing activities	(254,326)	(129,405)
Net increase in cash and temporary investments (2)	66,232	614
Cash and temporary investments at the beginning of the year	2,737	2,343
Cash and temporary investments at the end of the period	$ 68,969	$ 2,957
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 218,631	$ 199,699
Federal income taxes	$ 61,750	$ 97,624
State income taxes	$ 21,400	$ 26,974
Supplemental schedule of non-cash investing activities:		
Additions to capital lease obligations	$ 259,577	$ 13,927

(1) Excluding allowance for other funds used during construction.
(2) FPL classifies, as temporary investments, highly liquid short-term investments which are readily convertible to known amounts of cash.

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements on Pages 6 through 9 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1990 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The accompanying consolidated financial statements should be read in conjunction with the 1990 Annual Report on Form 10-K of Florida Power & Light Company (FPL). In the opinion of FPL, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of September 30, 1991, the results of operations for the three, nine and twelve months ended September 30, 1991 and 1990 and the cash flows for the nine months ended September 30, 1991 and 1990. The results of operations for any interim period may not give a true indication of results for the calendar year because they are subject to periodic fluctuations due to such factors as timing of certain projects, outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers.

1. **Capitalization**

Capital Contribution

In October 1991 FPL received a capital contribution of $100 million from its parent, FPL Group, Inc.

Preferred Stock

The 1991 sinking fund requirements for the 10.08% Preferred Stock, Series J, the 8.70% Preferred Stock, Series M and the 11.32% Preferred Stock, Series O, were met by redeeming and retiring 75,000 shares, 18,000 shares and 65,000 shares, respectively, in April 1991. The Series J and Series O redemptions included the maximum number of optional shares. There are no additional sinking fund requirements for the remainder of 1991.

Long-Term Debt

In August 1991, FPL entered into separate loan agreements with St. Lucie County, Broward County and the Dade County Industrial Development Authority to support the issuance, on FPL's behalf, of $52 million aggregate principal amount of 7.15% Solid Waste Disposal Revenue Bonds, Series 1991 due February 1, 2023. FPL pledged an equivalent principal amount of its First Mortgage Bonds as collateral security. The proceeds from the issuance were used to finance the acquisition, construction and installation of certain sewage and/or solid waste disposal facilities at FPL's St. Lucie, Lauderdale, Turkey Point and Cutler facilities.

Also in August 1991, FPL sold $150 million principal amount of First Mortgage Bonds, $9^1/_8$% Series due August 1, 2021. The proceeds from this issuance were used, in September 1991, to redeem $100 million principal amount of First Mortgage Bonds, 11.30% Series due May 1, 2010. The remaining proceeds were used to repay short-term borrowings and to fund additional electric facilities.

From October 1991 through November 5, 1991, FPL sold a total of $64.5 million principal amount of First Mortgage Bonds at a weighted average interest rate of 8.7% with maturities ranging from 15 years to 30 years. The proceeds from these issuances are expected to be used, in December 1991, to redeem $61.3 million principal amount of First Mortgage Bonds, $10^1/_8$% Series due March 1, 2005.

2. **Commitments and Contingencies**

Construction Program and Capital Commitments

FPL has made certain commitments in connection with its construction program. FPL's construction expenditures and capital commitments, including the allowance for funds used during construction (AFUDC), for the years 1991-95 are currently estimated at $7.2 billion. Actual expenditures may vary from these estimates.

Insurance Coverage

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. The coverage limits under these programs currently total approximately $2.0 billion, above which FPL is self-insured. The terms of these programs provide that substantially all insurance proceeds must first be used to satisfy decontamination and clean-up costs before they can be used for repair or restoration of the plants. Nuclear Regulatory Commission (NRC) regulations require that nuclear plant license-holders maintain not less than $1.06 billion of property insurance and use the proceeds of that insurance to place a plant in a safe and stable condition and to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration. In conjunction with its property insurance programs, FPL also has coverage for a shortfall in its nuclear decommissioning reserve funds resulting from the premature decommissioning of one or more of its plants based on a study filed with the NRC. The coverage is not effective until a plant has experienced at least $500 million of insured property damage and it is subject to the same priority for decontamination and clean-up costs as is the property insurance. The premature decommissioning coverage limits for the Turkey Point and St. Lucie nuclear plants are $121 million and $137 million, respectively.

FPL is a member of a replacement power insurance program which provides coverage for its nuclear generating plants in the event that one or more of the plants is out of service for more than twenty-one weeks as a result of an accident. Thereafter the insurers will make weekly payments of 100% of the estimate of the plant's replacement power costs stated in the policy declarations (Base Payments) for up to fifty-two weeks, following which payments will be made for up to an additional fifty-two weeks at 67% of the Base Payments and then for up to an additional fifty-two weeks at 33% of the Base Payments.

Under both the property and replacement power insurance programs, FPL could be assessed retrospective premiums for losses in current or prior policy years. FPL could be assessed a maximum of approximately $59 million under policies in effect on September 30, 1991 in the event of major accidents at nuclear plants of the utilities participating in these programs (including FPL).

FPL is subject to the Price-Anderson Act which was enacted to provide financial protection for the public in the event of a nuclear power plant accident. As the first layer of financial protection FPL has purchased $200 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan FPL is subject to an assessment of up to $252 million per incident with provision for payment of such assessment to be made over time as necessary to limit the payment in any one year to no more than $40 million per incident.

FPL's contingent liability for retrospective premium assessments is partially offset by the storm and property insurance reserve fund. At September 30, 1991, the balance of the fund was approximately $64 million.

Purchased Power Contracts

FPL has contracts with certain of the generating companies of The Southern Company system to receive, subject to certain contingencies, approximately 2,200 megawatts (mw) of coal-fired power with declining amounts through mid-2010. Under the terms of these contracts FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $410 million in 1991 and 1992, $295 million in 1993, $210 million in 1994 and $165 million in 1995 with declining amounts from 1996 through 2010. Capacity charges for the three, nine and twelve months ended September 30, 1991 totaled approximately $97 million, $301 million and $399 million, respectively; energy charges for those respective periods amounted to $79 million, $233 million and $319 million. Capacity charges for the three, nine and twelve months ended September 30, 1990 totaled approximately $89 million, $263 million and $355 million, respectively; energy charges for those respective periods amounted to $93 million, $246 million and $324 million. Capacity and energy charges are recovered through the capacity cost recovery clause and the fuel and purchased power cost recovery clause (Fuel clause), respectively.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership and operation of two coal-fired units and a coal terminal at St. Johns River Power Park (SJRPP). FPL owns 20% of the project and a purchased power arrangement with the JEA entitles FPL to receive an additional 30% of the output of the SJRPP units. Under the terms of the agreement with the JEA, FPL is obligated to the JEA, on a take-or-pay basis, for capacity costs for these units which are estimated to be $90 million for 1991, $95 million for 1992, $95 million for 1993, $100 million for 1994 and $100 million for 1995, with varying amounts thereafter through 2020. Capacity charges for the three, nine and twelve months ended September 30, 1991 totaled approximately $20 million, $61 million and $85 million, respectively; energy charges for those respective periods amounted to $14 million, $40 million and $51 million. Capacity charges for the three, nine and twelve months ended September 30, 1990 totaled approximately $22 million, $64 million and $89 million, respectively; energy charges for those respective periods amounted to $14 million, $43 million and $55 million. Capacity charges are recoverable through base rates and energy charges are recovered through the Fuel clause.

Natural Gas Contracts

FPL has two agreements, one with Florida Gas Transmission Company and the other with Citrus Trading Corp., for the transportation and supply, respectively, of natural gas. Under the terms of these agreements, FPL will be required to make on a take-or-pay basis, subject to certain contingencies, payments which are estimated to be $295 million for 1991 and $315 million for each of the years 1992 through 1995, based on the actual average prices for the twelve months ended September 30, 1991. There have been no significant differences between scheduled and actual deliveries of natural gas under these contracts.

Antitrust Litigation

In 1988, two antitrust suits were filed against FPL. One suit alleges, among other matters, that through a territorial agreement, FPL and Florida Power Corporation (Florida Power) have conspired to eliminate competition, thereby unreasonably restraining trade and commerce in violation of the Sherman Antitrust Act (Sherman Act). The other suit alleges that FPL and certain of its affiliates have engaged in anti-competitive conduct intended to prevent and defeat competition from cogenerators and that the defendants' actions constitute monopolization and conspiracy in restraint of trade in violation of the Sherman Act and unlawful discrimination in prices, services or facilities in violation of the Clayton Act. The first suit seeks treble damages of unspecified amounts. The second suit claims damages of $45 million to $80 million and seeks an award of three times such damages as well as compensatory and punitive damages under Florida law. Motions have been filed for summary judgment in both suits, which are pending. FPL believes that its actions are lawful and is vigorously defending these suits.

In connection with the first suit, in 1989 the Florida Public Service Commission (FPSC) granted FPL's request for a declaratory statement affirming that a request that FPL wheel power contravened the territorial agreement between FPL and Florida Power and was inconsistent with the state law and public policy. As a result, the FPSC ordered FPL not to wheel power under such circumstances.

Qualifying Facilities Proceedings

FPL has received offers to sell energy and capacity from qualifying facilities in amounts far exceeding FPL's projected needs. Certain qualifying facilities that have not been selected to enter into power purchase contracts with FPL have taken exception to FPL's policies in this regard. Two such qualifying facilities have filed complaints with the FPSC. In general, each FPSC complaint challenges FPL's selection process and requests the FPSC to order FPL to enter into a contract for the purchase of firm energy and capacity with the complainant. FPL believes that its selection procedures are in accordance with applicable law and regulations and intends vigorously to defend these actions at the FPSC.

On October 31, 1991, Consolidated Minerals, Inc. (CMI), one of the qualifying facilities described above, filed a suit in the Circuit Court, Seventh Judicial Circuit, for St. Johns County, Florida, against FPL. The suit alleges that FPL misrepresented its intention to purchase power from CMI's cogeneration project and to negotiate in good faith with CMI for purposes of entering into a power purchase contract. The suit further

alleges that FPL's acts prevented CMI from negotiating a power purchase contract causing its cogeneration project to be halted. The suit seeks damages of unspecified amounts for CMI's pre-construction expenditures (alleged to be $25 million at May 25, 1990) and lost profits from its cogeneration project. FPL believes that its actions with regard to CMI were proper and intends vigorously to defend the suit.

3. Nuclear Fuel Lease

In April 1991, FPL expanded its nuclear fuel lease program to include the nuclear fuel for St. Lucie Unit No. 2 and Turkey Point Units Nos. 3 and 4. In connection with this expansion, in April 1991, FPL sold to a non-affiliated lessor and leased back approximately $220 million of nuclear fuel held in the reactors of these units as well as nuclear fuel in various stages of enrichment. The fuel was sold at book value. This expanded nuclear fuel lease program is substantially the same as the existing lease arrangement for St. Lucie Unit No. 1 nuclear fuel. For ratemaking purposes the leases encompassed within this expanded lease program will be classified as operating leases and for financial reporting purposes, they will be recorded as capital leases based on the amount due in the event of lease termination. This ratemaking and financial reporting treatment is the same as the previous treatment for the St. Lucie Unit No. 1 lease. This expanded nuclear fuel lease program will have no significant impact on FPL's results of operations.

Nuclear fuel is stated net of accumulated amortization of zero at September 30, 1991 and $206 million at December 31, 1990.

4. Restructuring Charge

In connection with a company-wide restructuring currently underway, a $90 million ($56 million after tax) restructuring charge was recorded in June 1991. The charge includes severance pay for employees expected to depart as well as relocation and facility modification expenditures that will be required to complete the reorganization.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with the Notes to Condensed Consolidated Financial Statements contained herein and Management's Discussion and Analysis of Financial Condition and Results of Operations in the 1990 Annual Report on Form 10-K of FPL.

FPL is of the opinion that results for the interim periods are not necessarily indicative of the results for the calendar year due to the seasonal nature of FPL's business and that such results are also subject to fluctuations due to such factors as timing of certain projects, outages of major generating units, actions of regulatory agencies, changes in weather conditions, customer usage and number of customers. The following includes a discussion of factors which had a significant effect on FPL's financial position as of September 30, 1991 and results of operations for the three, nine and twelve months ended September 30, 1991. All comparisons are with the corresponding period of the prior year.

FINANCIAL CONDITION

During the three and nine months ended September 30, 1991, FPL continued to make significant investments in electric utility plant, including the initial 150 mw increment purchase of Scherer Unit No. 4 from Georgia Power Company for $143 million in July 1991, to meet increased demand for energy due to increases in the number of customers served. For information concerning FPL's construction program and capital commitments, see "Note 2."

The decrease in fossil fuel stock reflects the use of inventory accumulated in anticipation of shortages during the Persian Gulf crisis. The increase in other noncurrent liabilities is primarily due to the expansion of FPL's nuclear fuel lease program. For additional information, see "Note 3."

In August 1991, the FPSC opened a generic docket to study the accounting for SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions", as it relates to utility companies. A final ruling is not scheduled to be completed until mid-1992.

RESULTS OF OPERATIONS

The increase in earnings for the three months ended September 30, 1991 is primarily due to higher energy sales, partially offset by higher depreciation and amortization expenses. The decrease in earnings for the nine and twelve months ended September 30, 1991 is primarily attributable to the costs associated with FPL's restructuring, partially offset by higher energy sales.

Operating Revenues

Base revenues represent approximately 59%, 58% and 56% of total operating revenues for the three, nine and twelve months ended September 30, 1991, respectively, compared to 59% for each of the respective periods ended September 30, 1990. Base revenues for the three months increased primarily due to higher energy sales resulting from an increase in the average number of customers. Base revenues for the nine and twelve months ended September 30, 1991 increased primarily as a result of higher energy sales due to an increase in the average number of customers as well as an increase in average energy consumption per customer. Also contributing to the increase in operating revenues for all periods was an increase in cost recovery clause revenues that do not significantly affect net income.

Operating Expenses

Fuel, purchased power and interchange costs for the three, nine and twelve months ended September 30, 1991 increased primarily due to an increase in energy sales, decreased production from the nuclear units which have a lower fuel cost and additional capacity charges. This increase was partially offset by lower fossil fuel

prices for all respective periods. Any differences between Fuel clause revenues and expenses are deferred and collected from, or refunded to, customers with interest in subsequent periods. The net effect of such deferrals/ recoveries was to increase fuel, purchased power and interchange expense $16 million, $21 million and $10 million for the three, nine and twelve months ended September 30, 1991.

In connection with a company-wide restructuring currently underway, a $90 million restructuring charge was recorded in June 1991. The charge includes severance pay for employees expected to depart as well as relocation and facility modification expenditures that will be required to complete the reorganization. It is anticipated that the restructuring will result in future savings and better prepare FPL to operate in the rapidly changing business environment of the electric utility industry.

Other operations and maintenance expenses combined increased in the three, nine and twelve months ended September 30, 1991 reflecting primarily higher costs associated with cost recovery clause-related items, which have no significant impact on net income, as well as the timing of operating expenditures.

Depreciation and amortization expenses increased in the three, nine and twelve months ended September 30, 1991 primarily due to higher plant in service balances, partially offset by the implementation in 1991 of lower depreciation rates, primarily for distribution facilities. FPL has filed a comprehensive depreciation study with the FPSC. A decision from the FPSC regarding any changes to the depreciation rates is expected in late 1991.

The decrease in income tax expense for all periods ended September 30, 1991 reflects lower pre-tax book income and the accelerated amortization of investment tax credits on oil-backout property, which has no effect on net income.

For the three, nine and twelve months ended September 30, 1991 the increase in taxes other than income taxes was primarily the result of higher revenue-related taxes reflecting higher gross receipts tax rates and higher property taxes.

Other Income - Net

The increase in other - net in the twelve months ended September 30, 1991 reflects the amortization, over a five year period, of interest received from the Internal Revenue Service as a result of a settlement.

Interest Charges

The increase in interest charges for the three, nine and twelve months ended September 30, 1991 reflects higher average outstanding principal balances of first mortgage bonds.

Allowance for Funds Used During Construction

Total AFUDC increased for the three, nine and twelve months ended September 30, 1991 reflecting increased construction activity. Changes in debt-equity ratios for the three, nine and twelve months ended September 30, 1991 resulted in shifts in the recording of AFUDC between equity and borrowed funds.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

(1) FPL has received offers to sell energy and capacity from qualifying facilities in amounts far exceeding FPL's projected needs. Certain qualifying facilities that have not been selected to enter into power purchase contracts with FPL have taken exception to FPL's policies in this regard. Two such qualifying facilities have filed complaints with the FPSC. In general, each FPSC complaint challenges FPL's selection process and requests the FPSC to order FPL to enter into a contract for the purchase of firm energy and capacity with the complainant. FPL believes that its selection procedures are in accordance with applicable law and regulations and intends vigorously to defend these actions at the FPSC.

On October 31, 1991, Consolidated Minerals, Inc. (CMI), one of the qualifying facilities described above, filed a suit in the Circuit Court, Seventh Judicial Circuit, for St. Johns County, Florida, against FPL. The suit alleges that FPL misrepresented its intention to purchase power from CMI's cogeneration project and to negotiate in good faith with CMI for purposes of entering into a power purchase contract. The suit further alleges that FPL's acts prevented CMI from negotiating a power purchase contract causing its cogeneration project to be halted. The suit seeks damages of unspecified amounts for CMI's pre-construction expenditures (alleged to be $25 million at May 25, 1990) and lost profits from its cogeneration project. FPL believes that its actions with regard to CMI were proper and intends vigorously to defend the suit.

ITEM 5. OTHER INFORMATION

(1) Reference is made to Item 1. Business – System Capability and Load in FPL's 1990 Annual Report on Form 10-K as modified by Item 5(2) of FPL's Form 10-Q for June 1991.

On August 12, 1991, FPL reached an all-time energy peak of 14,123 mw. Adequate resources were available at the time of the peak to meet customer demand.

FPL's Turkey Point Unit Nos. 3 and 4 returned to service from an extended outage on October 1, 1991 and October 29, 1991, respectively. During the outage, the plant's emergency power and security systems were upgraded.

(2) Reference is made to Item 1. Business - Nuclear Operations in FPL's 1990 Annual Report on Form 10-K.

St. Lucie Nuclear Unit No. 1 was removed from service on October 25, 1991 for a scheduled refueling and maintenance outage. The outage is anticipated to last approximately two months.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description
*4(a)	Restated Articles of Incorporation of FPL dated March 23, 1987 (filed as Exhibit 4(a), File No. 33-12891).
*4(b)	Amendment to FPL's Restated Articles of Incorporation dated September 10, 1987 (filed as Exhibit 4(b) to Form 10-Q for the quarter ended September 30, 1987, File No. 1-3545).
*4(c)	Amendment to FPL's Restated Articles of Incorporation dated June 21, 1989 (filed as Exhibit 4(b) to Form 8-K dated July 6, 1989, File No. 1-3545).

*4(d) Amendment to FPL's Restated Articles of Incorporation dated January 29, 1990 (filed as Exhibit 4(b) to Form 8-K dated January 22, 1990, File No. 1-3545).

*4(e) Amendment to FPL's Restated Articles of Incorporation dated November 28, 1990 (filed as Exhibit 4(a) to Form 8-K dated November 28, 1990, File No. 1-3545).

*4(f) Mortgage and Deed of Trust dated as of January 1, 1944, and Seventy-eight Supplements thereto between FPL and Bankers Trust Company and The Florida National Bank of Jacksonville (now First Union National Bank of Florida) 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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545; Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 15, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated August 19, 1987, File No. 1-3545; Exhibit 4 to Form 8-K dated February 16, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated July 13, 1988, File No. 1-3545; Exhibit 4 to Form 8-K dated October 25, 1988, File No. 1-3545; Exhibit 4(a) to Form 8-K dated July 6, 1989, File No. 1-3545; Exhibit 4(e) to Form 8-K dated August 22, 1989, File No. 1-3545; Exhibits 4(a) and 4(b) to Form 8-K dated June 15, 1990, File No. 1-3545; Exhibit 4 to Form 8-K dated November 1, 1990, File No. 1-3545; Exhibit 4(g) to Form 10-Q for the quarter ended June 30, 1991, File No. 1-3545; and Exhibits 4(a), 4(b), 4(c) and 4(d) to Form 8-K dated August 19, 1991, File No. 1-3545).

12(a) Computation of Ratio of Earnings to Fixed Charges.

12(b) Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.

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* Incorporated herein by reference

(b) Reports on Form 8-K

(1) A report on Form 8-K dated July 26, 1991 was filed July 26, 1991 reporting one event under Item 5 — Other Events.

(2) A report on Form 8-K dated August 19, 1991 was filed August 23, 1991 filing five exhibits under Item 7 — Financial Statements and Exhibits.

SIGNATURES

Pursuant to the requirements 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
(Registrant)

Date: November 6, 1991

/s/ J. L. HOWARD
J. L. Howard
Senior Vice President and
Chief Financial Officer

EXHIBIT 12(a)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Thousands of Dollars)

	Twelve Months Ended					
	September 30,	December 31,				
	1991	1990	1989	1988	1987	1986
Earnings, as defined:						
Net income	$ 416,182	$ 424,804	$ 436,885	$ 435,620	$ 426,193	$ 431,123
Income taxes	172,428	182,587	204,863	203,988	266,040	336,201
Fixed charges, as below	324,190	312,812	305,509	297,247	299,537	325,017
Total earnings, as defined	$ 912,800	$ 920,203	$ 947,257	$ 936,855	$ 991,770	$1,092,341
Fixed charges, as defined:						
Interest on first mortgage bonds	$ 272,441	$ 262,169	$ 248,203	$ 252,047	$ 255,136	$ 282,984
Interest on other long-term debt	6,038	6,085	6,044	6,214	6,181	5,998
Other interest charges	32,459	34,615	38,500	26,867	27,048	24,962
Rental interest factor	5,192	5,192	6,604	7,198	6,444	5,592
Fixed charges included in nuclear fuel cost	8,060	4,751	6,158	4,921	4,728	5,481
Total fixed charges, as defined	$ 324,190	$ 312,812	$ 305,509	$ 297,247	$ 299,537	$ 325,017
Ratio of earnings to fixed charges	2.82	2.94	3.10	3.15	3.31	3.36

EXHIBIT 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(Thousands of Dollars)

	Twelve Months Ended					
	September 30,	December 31,				
	1991	1990	1989	1988	1987	1986
Earnings, as defined:						
Net income	$ 416,182	$ 424,804	$ 436,885	$ 435,620	$ 426,193	$ 431,123
Income taxes	172,428	182,587	204,863	203,988	266,040	336,201
Fixed charges, as below	324,190	312,812	305,509	297,247	299,537	325,017
Total earnings, as defined	$ 912,800	$ 920,203	$ 947,257	$ 936,855	$ 991,770	$1,092,341
Fixed charges, as defined:						
Interest on first mortgage bonds	$ 272,441	$ 262,169	$ 248,203	$ 252,047	$ 255,136	$ 282,984
Interest on other long-term debt	6,038	6,085	6,044	6,214	6,181	5,998
Other interest charges	32,459	34,615	38,500	26,867	27,048	24,962
Rental interest factor	5,192	5,192	6,604	7,198	6,444	5,592
Fixed charges included in nuclear fuel cost	8,060	4,751	6,158	4,921	4,728	5,481
Total fixed charges, as defined	324,190	312,812	305,509	297,247	299,537	325,017
Non-tax deductible preferred stock dividend requirements	41,669	43,600	43,783	45,518	48,295	47,667
Ratio of income before income taxes to net income	1.414	1.430	1.469	1.468	1.624	1.780
Preferred stock dividend requirements before income taxes	58,920	62,348	64,317	66,820	78,431	84,847
Combined fixed charges and preferred stock dividend requirements	$ 383,110	$ 375,160	$ 369,826	$ 364,067	$ 377,968	$ 409,864
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.38	2.45	2.56	2.57	2.62	2.67

EXHIBIT 3

FLORIDA POWER & LIGHT COMPANY

Internal Cash Flow Excluding Retained Earnings

	Actual 12 Months Ended September 30, 1991	Projected 12 Months Ended September 30, 1992
	$ Millions	$ Millions
Depreciation and Amortization	$ 534	$ 544
Deferred Income Taxes and Investment Tax Credits	(43)	26
Internal Cash Flow Excluding Retained Earnings Applied Toward Requirements	$ 491	$ 569
Average Quarterly Cash Flow Excluding Retained Earnings	$123	$142
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%(1)
Maximum Total Contingent Liability	$ 40	$ 40

Certified by: *D. L. Samil*
D. L. Samil
Treasurer

(1) 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.

[illegible]

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, 1986 | 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)

Registrant's telephone number, including area code:
(305) 552-3552

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Preferred Stock, $100 Par Value
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 9, 1987 was zero.

As of March 9, 1987 there were issued and outstanding 1,000 shares of the registrant's common stock, without par value, all of which were held, beneficially and of record, by FPL Group, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

None

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
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
FPL Group	FPL Group, Inc.
FPSC	Florida Public Service Commission
Fuel adjustment clause	Fuel and Purchased Power Cost Recovery Clause
Holding Company Act	Public Utility Holding Company Act of 1935
IBEW	International Brotherhood of Electrical Workers
JEA	Jacksonville Electric Authority
kv	Kilovolt
kva	Kilovolt-ampere
kw	Kilowatt
kwh	Kilowatt-hour
mcf	Thousand cubic feet
Management's Discussion	Management's Discussion and Analysis of Financial Condition and Results of Operations
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
PCBs	Polychlorinated biphenyls
SEC	Securities and Exchange Commission
Southern Companies	Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company
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 FPL Group, a holding company which became FPL's corporate parent pursuant to a corporate restructuring effected on December 31, 1984. As a result of the restructuring, the common shareholders of FPL became instead the common shareholders of FPL Group. The corporate restructuring had no effect on FPL preferred stock and outstanding FPL debt securities. Substantially all of the preferred stock of FPL is held by non-affiliated persons.

FPL Group is a public utility holding company as defined in the Holding Company Act. In accordance with certain provisions of the Holding Company Act, FPL Group has claimed an exemption from substantially all of the provisions of the Holding Company Act. The SEC has the power to revoke or modify such an exemption if it finds the exemption "detrimental to the public interest or the interests of investors or consumers."

In recent years exempt public utility holding companies, including FPL Group, have diversified their operations by acquiring or developing non-utility businesses. In July 1986 FPL Group received a letter from the Division of Investment Management of the SEC noting that FPL Group's "non-utility activities comprise a material percentage of its total revenues and assets" and requesting that FPL Group submit to the SEC the rationale supporting FPL Group's exemption under the Holding Company Act. FPL Group responded to the SEC's request in September 1986. FPL Group believes that it is entitled to an exemption under the Holding Company Act and has no reason to believe the SEC will seek to revoke or modify such exemption.

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 6.0 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, 1986 FPL served approximately 2.8 million customers.

During 1986, 55% of FPL's operating revenues were derived from residential customers, 36% from commercial customers and 9% 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.

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 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.

For information regarding the financing of FPL's construction program in 1987, see "Item 7. Management's Discussion--Liquidity and Capital Resources" and "Item 2. Properties--Construction Program."

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."

During inspections of the steam generators at St. Lucie Unit No. 1 in 1981, 1984 and 1985 anomalies were detected in a small percentage of the pressurized water circulation tubes and certain of these tubes were plugged. In June 1986 St. Lucie Unit No. 1 was removed from service for two weeks for repair and maintenance of its two steam generators. During the outage a small number of additional tubes showing indications of anomalies were plugged. To date, less than 5% of the tubes in the unit's steam generators have been plugged. Analyses by FPL indicate that under the unit's NRC license, FPL can operate the unit with up to approximately 11% of the tubes plugged and that the unit's thermal output would not be reduced at such level. St. Lucie Unit No. 1 was taken off-line in February 1987 for a scheduled maintenance and refueling outage. FPL is in the process of reinspecting the steam generators during the outage.

During outages at St. Lucie Unit No. 2 for maintenance in 1985 and a scheduled refueling in 1986, certain of the pressurized water circulation tubes in the unit's steam generators were plugged. The plugging of the tubes was required primarily as a result of tube degradation caused by certain tube support strips wearing against the tubes. To date, approximately 2% of the tubes in the unit's steam generators have been plugged. Analyses by FPL indicate that under the unit's NRC license, FPL can operate the unit with up to approximately 7% of the tubes plugged and that the unit's thermal output would not be reduced at such level. Based on analyses conducted by the designer/manufacturer, it is expected that the support-strip problem is self-limiting and that no more than an additional 4 1/2% of the tubes will require plugging as a result of such problem. FPL continues to study the matter and plans to reinspect the steam generators during the unit's next maintenance and refueling outage, scheduled for October 1987.

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. Required modifications under the new fire regulations already have been made and implemented at St. Lucie Units Nos. 1 and 2. Required modifications were made at Turkey Point Unit No. 4 during the unit's scheduled 1986 refueling and maintenance outage; however, certain of the modifications cannot be implemented until similar modifications are made at Turkey Point Unit No. 3. All required modifications are scheduled to be completed at Turkey Point Unit No. 3 during the unit's current refueling and maintenance outage, which began in March 1987.

For information concerning the steam generators at Turkey Point Units Nos. 3 and 4, see "Note 5."

In 1986 FPL incurred expenditures of approximately $92 million on its four nuclear units to implement technical changes due to regulatory requirements occurring since the units were designed (retrofit), including modifications required by the new fire

regulations. Based on existing NRC regulations, FPL anticipates that it will incur approximately $145 million of additional retrofit expenditures over the three-year period 1987-89. 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 from time to time to implement such requirements. Any expenditures which may be required in order to comply with such evolving regulations cannot presently be determined and therefore are not included in FPL's 1987-89 construction program. For information regarding FPL's total projected construction expenditures, 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, Interchange 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, interchange and purchased power. FPL has a contract which expires in December 1987 with Tampa Electric Company to purchase power from a coal-fired unit. Under the contract, FPL purchased 214 mw in 1986 and anticipates receiving 107 mw in 1987. FPL also has a contract with the Southern Companies under which FPL will be able to make, subject to the occurrence of certain contingencies, purchases of up to approximately 2,000 mw of coal-fired unit power in each of the years 1987 through 1992, with declining amounts thereafter through mid-1995. Under this contract with the Southern Companies, FPL is, under certain circumstances, required to purchase minimum amounts of energy which could be more expensive than equivalent energy from alternative sources at the time. For information on the provisions of these contracts, see "Note 7--Purchased Power Contracts."

FPL has also entered into an agreement with JEA for the joint ownership, construction and operation of a coal-fired plant consisting of two 550 mw units in northeast Florida with scheduled in-service dates in April 1987 and October 1988. See "Item 2. Properties--Construction Program" and "Note 7--Construction Program."

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

	Years Ended December 31,		
	1986	1985	1984
Net Energy for Load (%):			
Residual Oil	27	13	26
Coal*	Nil	N/A	N/A
Natural Gas	16	16	19
Nuclear	32	35	32
Gas Turbines**	Nil	Nil	Nil
Combined Cycle--Oil & Gas	4	3	3
Net Interchange and Purchased Power***	21	33	20
Average Fuel Cost (mills/kwh):			
Residual Oil	22.97	42.02	45.09
Coal*	14.34	N/A	N/A
Natural Gas	21.02	34.47	36.04
Nuclear	8.13	7.01	6.63
Gas Turbines**	68.04	74.08	75.50
Combined Cycle--Oil & Gas	19.43	31.81	33.63
All Fuels (weighted)	16.50	21.46	27.33
Net Interchange and Purchased Power***	26.52	28.78	31.02
All Resources (weighted)***	18.60	23.87	28.09

* Represents test operations only for the JEA Unit No. 1 scheduled for commercial operation in April 1987.

** Distillate oil and natural gas.

*** Includes coal-fired power purchases from the Southern Companies and Tampa Electric Company. Average fuel cost excludes unit power capacity charges.

A substantial portion of FPL's oil requirements in 1987 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.

A firm supply of natural gas is obtained under a contract with Amoco which expires in June 1988. This contract provides for the receipt of the production of natural gas from certain wells, up to a maximum of 200,000 mcf per day. During 1986 the volume actually received from Amoco averaged 107,000 mcf per day. FPL also has a separate supply contract with FGT for interruptible natural gas, which expires in March 1989. These contracts provide for pricing based on FGT's average system gas cost plus pipeline transportation costs and capped by the price of oil in the Gulf of Mexico.

Transportation of the natural gas obtained from Amoco is provided by FGT on a firm basis under a 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. Any extension of, or amendment to, the transportation agreement will require FERC approval.

FPL has executed a letter of intent, and is currently negotiating a final contract, with FGT for increased natural gas transportation capacity beginning in early 1989 and extending for an initial term of 15 years. FPL would have the option to extend the contract for up to 15 more years. The contract would provide firm transportation capacity for FPL of up to 280,000 mcf per day during the October through April period and up to 430,000 mcf per day during the May through September period. Implementation of this contract will require the authorization of the FERC and is contingent upon the construction of new pipeline facilities by FGT to expand the total capacity of the FGT pipeline system.

FPL expects to purchase the natural gas to be transported under this contract from Enron Corp., one of the parent companies of FGT. A letter of intent has been executed, and negotiation is in progress for a final contract extending for a term of 15 years. The price for this natural gas would fluctuate to remain competitive with FPL's alternate fuels. Implementation of this contract is contingent on implementation of the new transportation contract being negotiated with FGT..

In February 1986 JEA entered into three long-term contracts with various coal suppliers which are expected to provide approximately 76% of the maximum coal requirements for the two coal-fired units currently being constructed by JEA and FPL. See "Item 2. Properties--Construction Program." FPL has the option of varying the amount of coal provided under these contracts within certain limits. The remaining coal requirements, if any, of these units would be obtained under additional contracts or on the open market.

FPL has a long-term uranium enrichment contract with the DOE for about 70% of the requirements for its four nuclear units to the year 1994. From time to time FPL may enter into other contracts to cover the balance of its needs for enrichment services. It also has various contracts covering the bulk of its uranium, nuclear fuel conversion services and nuclear fuel fabrication needs through 1992.

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. For a discussion regarding FPL's litigation with a supplier of nuclear fuel over removal of spent fuel, see "Note 7--Spent Nuclear Fuel." 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. The DOE estimates that its storage facilities will be completed by the year 2003. Currently, FPL is storing spent fuel on site and plans to provide adequate storage capacity for all its nuclear units beyond the year 2003, 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. Additionally, in May 1987 FPL intends to request the NRC to issue a license amendment to allow expansion of the spent fuel storage capacity at St. Lucie Unit No. 1. In 1985 the NRC granted a petition to intervene and request for hearing filed by certain parties opposed to the issuance of the license amendments for Turkey Point Units Nos. 3 and 4. However, the amendments remain in effect subject to the outcome of the proceeding. 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 and the

displacement of oil. Substantially all of 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 Fuel adjustment clause and energy conservation cost recovery clause, see "Note 1--Revenues and Rates."

In November 1986 the FPSC granted FPL's request to include certain plant in service costs which the FPSC had previously excluded from rate base in previous rate orders. See "Note 5."

In December 1986 Florida's Public Counsel filed a petition with the FPSC to reduce the rates and charges of FPL to reflect a proposed reduction in authorized return on equity. See "Note 5."

In December 1986 Florida's Public Counsel filed a petition with the FPSC to reduce the rates and charges of FPL to reflect the impact of the Tax Reform Act of 1986. In January 1987 the FPSC approved a return on equity of 13.6% for FPL and two other Florida utilities to be used solely for the 1987 application of the FPSC's rule related to the effect of tax rate changes on revenues. See "Note 5."

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, interchange and transmission services, wholesale sales to certain rural electric cooperatives and municipalities and wholesale purchases from investor-owned electric utilities, but not with respect to the issuance of securities.

Nuclear Regulatory Commission. FPL is subject to the jurisdiction of the NRC with respect to the operation of its four nuclear generating units. See "Nuclear 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. Beginning July 1, 1987 revised FDER regulations will apply secondary drinking water standards to existing ground water discharges in the State of Florida. Unless relief from this requirement is obtained, FPL will be required to upgrade its current ground water discharge systems at most of its facilities. Based on current estimates by FPL, the cost of upgrading the facilities is not expected to be material.

FPL has at certain times of the year found it impossible to comply with certain local water temperature standards at one of its generating facilities due to the ambient temperature of the water entering the facility. FPL anticipates that this issue will be resolved through either modification of the standard or the acquisition of a variance to the standard. However, in the event relief from this standard is not obtained, FPL may be required to make substantial capital investments and incur increased operating costs at its affected facility.

Toxic Substances and Hazardous Waste. For information concerning a suit filed against FPL and Pepper's Steel and Alloys, Inc. in regard to alleged contamination of a part of the Pepper's Steel property by PCBs, see "Item 3. Legal Proceedings--Environmental Suit."

Pursuant to authority granted by the Federal Superfund Statute, the EPA has named FPL as one of 137 parties potentially responsible for the contamination of property owned by the Peak Oil Company. FPL had in the past delivered waste oil from its

operations to the Peak Oil Company for recycling and disposal. As a result of Peak Oil Company's recycling and disposal of the waste oil from FPL (and other parties), contamination of its property allegedly occurred. FPL does not expect its share of any cleanup costs to be material.

Air. The opacity monitors at two of FPL's fossil-fired generating units indicate that from time to time the units have been unable to comply with visible emission limitations of the EPA and the FDER. It is anticipated that these issues will be resolved through ongoing discussions with the EPA and the FDER and by the results of emissions tests for these units. In the event they cannot be resolved, FPL may have to make changes in operating practices or unit design for these units. FPL is currently unable to predict whether the cost of any such changes would be material.

Land. The FDER is presently developing rules concerning electric and magnetic fields associated with new and existing transmission and distribution lines and substations. While FPL cannot predict the outcome of this rulemaking, in the event that the rules as finally adopted by the FDER require FPL to make significant changes in the way it constructs and operates transmission and distribution lines and substations, the cost of such changes would be material.

FPL endeavors to comply with all applicable valid regulatory requirements; however, because of the large number of facilities operated by FPL, and the increasing number of regulatory requirements imposed, it has from time to time found itself not in compliance with respect to certain matters. The applicable regulatory agencies have the authority to seek to impose fines on FPL or to shut down a generating unit, or both, until compliance is achieved, depending upon the severity of the situation. FPL has in the past, and intends in the future, to contest any requirements it deems unreasonable, impossible of compliance, invalid or contrary to the public interest.

Proposed changes to environmental regulations are currently being considered by the EPA, the FDER and various local authorities. FPL cannot predict the outcome of these proposed regulations. Unless relief from some of these proposed regulations is obtained, FPL may be required to make substantial capital investments and incur increased operating costs.

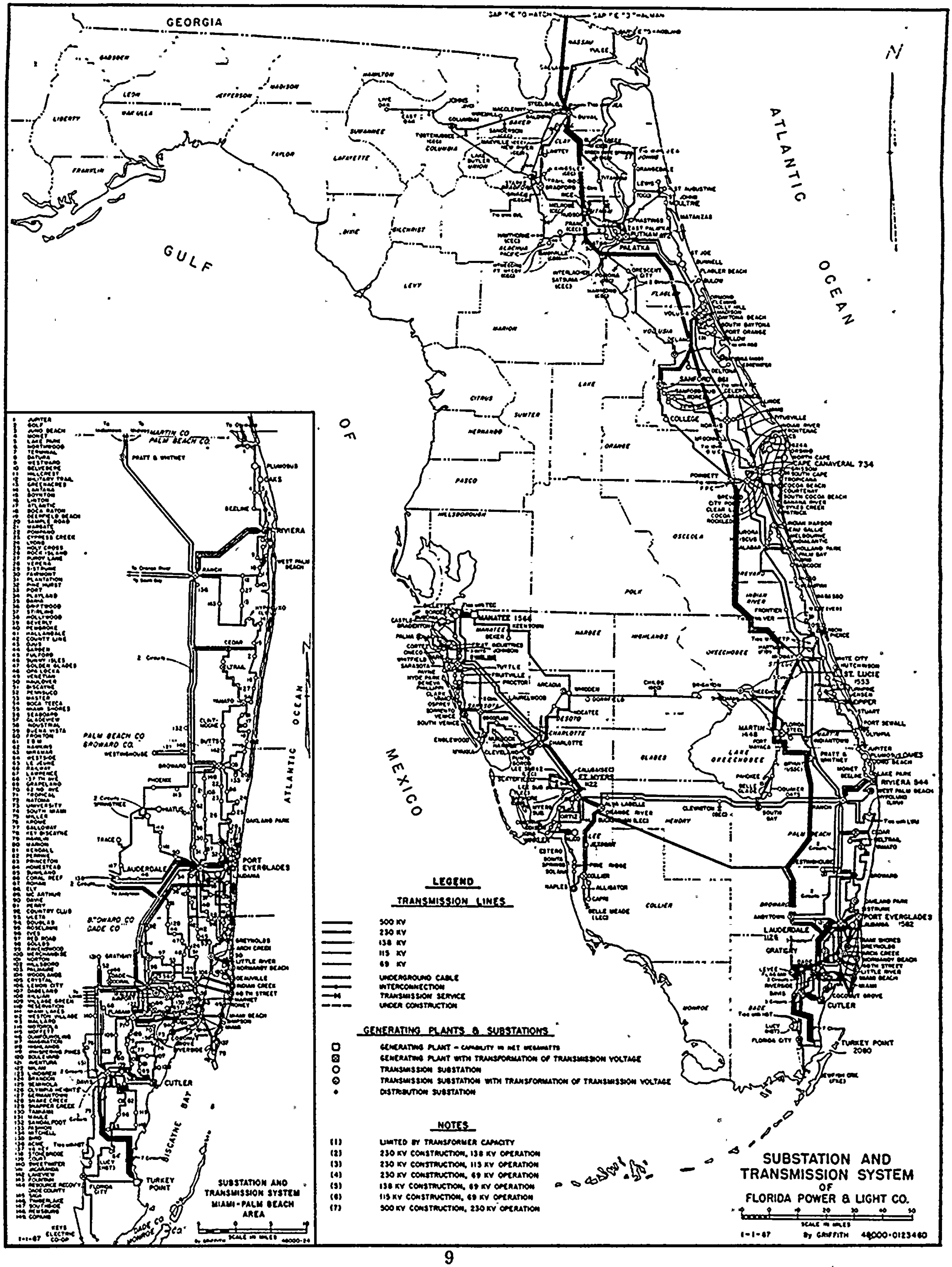
The ultimate requirements and resulting effect upon FPL's contracts, properties and operations of these and other federal, state and local authorities' environmental protection laws and regulations and proposed laws and regulations, as well as of the possible impact on FPL of the existence of several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

FPL's capital expenditures include substantial amounts expended as a result of environmental considerations. The construction program for 1986 included approximately $45 million to meet environmental requirements. For 1987, 1988 and 1989 construction expenditures required to meet environmental standards are estimated to be approximately $91 million, $84 million and $74 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, Interchange 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 seven counties in the State of Florida. These franchises have varying provisions and expiration dates. In general, FPL considers its franchises to be adequate for the conduct of its business.

Employee Relations. FPL had approximately 14,100 employees at December 31, 1986. The IBEW represents approximately 36% of FPL employees. The term of the current collective bargaining agreement between FPL and the IBEW extends through October 31, 1988.



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
1-1-87
By GRIFFITH
SUBSTATION AND TRANSMISSION SYSTEM MIAMI-PALM BEACH AREA
PALATKA
SANFORD
CAPE CANAVERAL 734
ST. LUCIE
MARTIN
RIVIERA 544
PORT EVERGLADES
LAUDERDALE
CUTLER
TURKEY POINT 2080
MANATEE 1564
FT MYERS

OPERATING STATISTICS

	Years ended December 31,				
	1986	1985	1984	1983	1982
Energy Generated and Interchanged (Thousands of kwh):					
Generated--net station output	46,043,044	37,524,573	42,241,488	43,416,701	45,331,942
Interchanges--in and purchased power	22,905,124	30,631,147	20,065,607	17,103,795	10,939,581
Total input	68,948,168	68,155,720	62,307,095	60,520,496	56,271,523
Interchanges--out	10,682,176	12,157,934	9,158,282	8,020,549	5,739,624
Lost--unaccounted for or used, etc.	3,990,458	4,563,363	3,797,576	3,911,170	3,458,948
Energy sold	54,275,534	51,434,423	49,351,237	48,588,777	47,072,951
Energy Sales (Thousands of kwh) (1):					
Residential	27,188,089	25,573,371	23,636,346	23,324,076	22,702,130
Commercial	21,077,615	19,734,050	18,396,769	17,423,200	16,745,176
Industrial	3,999,496	3,885,465	3,706,941	3,544,095	3,449,351
Other sales to public authorities	970,070	937,640	871,878	852,585	893,296
Total general business	53,235,270	50,130,526	46,611,934	45,143,956	43,789,953
Other electric utilities	1,040,264	1,303,897	2,739,303	3,444,821	3,282,998
Total energy sales	54,275,534	51,434,423	49,351,237	48,588,777	47,072,951
Number of Customers (Average for Period):					
Residential	2,419,770	2,329,678	2,246,834	2,170,686	2,110,357
Commercial	283,543	268,783	256,304	243,269	232,912
Industrial	17,373	16,431	14,892	13,333	12,530
Other sales to public authorities	2,858	2,652	2,470	2,368	2,339
Total general business	2,723,544	2,617,544	2,520,500	2,429,656	2,358,138
Other electric utilities	19	25	37	50	46
Total customers	2,723,563	2,617,569	2,520,537	2,429,706	2,358,184
Residential Services:					
Average annual energy sales per customer (kwh)	11,236	10,977	10,520	10,745	10,757
Average annual revenue from energy sales per customer	$911.17	$979.95	$904.96	$777.47	$743.67
Revenue from energy sales per kwh (cents)	8.11	8.93	8.60	7.24	6.91
Operating Revenues (Thousands of Dollars):					
Residential	$2,233,657	$2,282,964	$2,033,288	$1,687,645	$1,569,419
Commercial	1,463,553	1,536,491	1,403,036	1,111,034	1,062,955
Industrial	239,571	262,861	242,798	193,664	192,379
Other sales to public authorities	78,748	83,422	75,209	62,665	64,709
Total general business	4,015,529	4,165,738	3,754,331	3,055,008	2,889,462
Other electric utilities	62,921	86,845	172,882	158,147	150,975
Interchange power sales (2)	16,752	37,375	-	-	-
Total from energy sales	4,095,202	4,289,958	3,927,213	3,213,155	3,040,437
Deferred revenues	(53,899)	4,797	(18,694)	89,088	(73,233)
Revenues to be refunded (3)	-	(28,840)	-	-	-
Transition adjustment (4)	-	-	-	(11,026)	(48,109)
Miscellaneous electric revenues	45,900	71,603	31,410	61,318	21,738
Total operating revenues	$4,087,203	$4,337,518	$3,939,929	$3,352,535	$2,940,833
Approximate 60-minute net peak demand--kw (5)	12,139,000	12,533,000	10,270,000	10,676,000	10,919,000

(1) Excludes interchange power sales which are reported as a reduction of Energy Generated and Interchanged, under Interchanges--out.
(2) Prior to January 1985 revenues from interchange power sales were recorded as a reduction of interchange power purchases--expense.
(3) See "Note 5."
(4) Related to the adoption of a revised fuel adjustment clause in 1980.
(5) The highest 60-minute net peak demand 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 51%, 15%, 30% and 4%, respectively, of FPL's gross investment in electric plant and equipment in service.

Generating Facilities. As of December 31, 1986 FPL had the following generating facilities:

Facility	Location	No. of Units	Fuel	Net Warm Weather Capability (mw)	Plant Net Output for 1986 (%)
STEAM TURBINES (continuous capability)					
Cape Canaveral	Cocoa	2	Oil/Gas	734	4.7
Fort Myers	Fort Myers	2	Oil	504	5.7
Lauderdale	Dania	2	Oil/Gas	274	0.8
Manatee	Parrish	2	Oil	1,566	13.8
Martin	Indiantown	2	Oil/Gas	1,448	2.6
Port Everglades	Port Everglades	4	Oil/Gas	1,142	10.8
Riviera	Riviera Beach	2	Oil/Gas	544	4.8
St. Lucie	Hutchinson Island	2	Nuclear	1,553 *	28.1
Sanford	Lake Monroe	3	Oil/Gas	861	1.7
Turkey Point	Florida City	2	Oil/Gas	734	8.8
		2	Nuclear	1,332	13.3
COMBINED CYCLE (continuous capability)					
Putnam	Palatka	2	Oil/Gas	472	4.8
GAS TURBINES (peak capability)					
Fort Myers	Fort Myers	12	Oil	618	0.1
Lauderdale	Dania	24	Oil/Gas	852	Nil
Port Everglades	Port Everglades	12	Oil/Gas	426	Nil
DIESEL UNITS (peak capability)					
Port Everglades	Port Everglades	5	Oil	14	Nil
Turkey Point	Florida City	5	Oil	14	Nil
			TOTAL	13,088 **	100.0 ***

* This rating excludes Orlando Utilities Commission's and Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2.

** Riviera Unit No. 2 (69 mw) and Cutler Units Nos. 5 and 6 (197 mw) were placed on long-term reserve shutdown status in 1985.

[Notes are continued on next page.]

*** Additional resources of 2,017 mw and 1,939 mw of coal-fired unit power were available in 1985 and 1986, respectively, through a combination of purchased power contracts with the Southern Companies and Tampa Electric Company. These purchases are primarily designed to reduce oil usage. Additional resources of 2,415 mw of coal-fired unit power are expected to be available in 1987 through the same combination of purchased power contracts and beginning in April 1987, through a combination of joint ownership of and purchased power from two units under an agreement with JEA. For information on purchased power contracts, see "Item 1. Business--Fuel, Interchange and Purchased Power", "Note 7--Purchased Power Contracts" and "Construction Program."

Reference is made to "Item 1. Business--Nuclear Units" and "Note 7--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 demand to date of 12,533 mw during a period of extreme cold weather. The highest summer peak to date of 11,022 mw was reached on August 26, 1986. Based on its current load projections and construction plans, FPL's installed reserves are projected to be adequate to meet peak load for the next several years.

During 1986 FPL's plants operated at the following capacity factors based on net warm weather capability ratings: fossil-fired units, 35.3%; combined cycle units, 53.1%; nuclear units, 74.0%; and gas turbine units, 0.4%.

Transmission and Distribution. Electric transmission and distribution lines owned and in service as of December 31, 1986 are as follows:

Nominal Voltage	Overhead Lines Pole Miles	Trench and Submarine Cable Miles
500 kv	938 *	--
230 kv	2,016	31
138 kv	1,289	45
115 kv	601	--
69 kv	254	17
Less than 69 kv	34,388	11,934
Total Miles	39,486	12,027

*Includes approximately 80 miles owned jointly with JEA.

FPL owns and operates 386 substations with a total capacity of 83,016,200 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, 1986 construction expenditures (including AFUDC and net nuclear fuel additions) amounted to

$3.6 billion and retirements of property amounted to $224 million. During that period, total plant, including nuclear fuel, increased 48%.

Character of Ownership. Substantially all of FPL's properties are subject to the lien of its Mortgage. 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 $628 million during 1986. FPL estimates that such expenditures under its 1987-89 construction program will approximate $2.2 billion. It is estimated that FPL's construction expenditures for 1987 will approximate $810 million in the following categories: $332 million for generating facilities and nuclear fuel, $375 million for transmission and distribution and $103 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 "Item 1. Business--Nuclear Units, Energy and Conservation Matters and Environmental Matters" and to "Note 7--Construction Program."

FPL has an agreement with JEA for the joint ownership, construction and operation of a coal-fired plant in northeast Florida consisting of two 550 mw units and a terminal to handle coal transported to the site by ship. The total cost of the project is presently estimated to be approximately $1.6 billion, excluding AFUDC. Approximately $137 million (including AFUDC) is included in the 1987-89 construction program to cover FPL's 20% share of the project. At year-end 1986 FPL's share of the construction costs including AFUDC amounted to $254 million. The total cost of FPL's share is expected to be $391 million, including AFUDC. This projection of FPL's share of the aggregate cost of Units Nos. 1 and 2 is currently $26 million below the original budget. The first of the two 550 mw coal-fired units was electrically synchronized to the system in mid-December, 48 days ahead of schedule. Testing of the unit will continue until its scheduled April 1987 commercial operation date. The second unit remains on schedule with a commercial operation date targeted for October 1988.

Item 3. Legal Proceedings.

Alleged Discrimination Claim. 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.

FPL cannot predict the outcome of this claim 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 this claim will have a material adverse effect on the financial position of FPL is remote.

Turkey Point Steam Generator Suit. The steam generators at Turkey Point Units Nos. 3 and 4 were replaced and the units returned to service during 1982 and 1983, respectively. In May 1978 in the U.S. District Court for the Southern District of Florida, FPL filed suit for damages against Westinghouse, the supplier of the steam generators, seeking reimbursement of the steam generator replacement costs as well as the cost of replacement power. The cost to replace the steam generators in both units including removal costs totaled approximately $165 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 October 1984 the court denied Westinghouse's motion as to the express warranty claim, but granted Westinghouse's motion as to the negligence issue. FPL appealed the negligence ruling to the U.S. Court of Appeals for the Eleventh Circuit which certified the negligence question to the Florida Supreme Court. The appellate court found that under Florida law the question of whether recovery for economic loss in negligence is barred has not yet been decided and asked the Florida Supreme Court to decide that question and to determine whether a decision barring recovery may be applied retroactively. The matter is pending. In November 1986 the FPSC authorized FPL to place the replacement costs, including AFUDC accrued through December 31, 1986, in rate base effective January 1, 1987. See "Note 5--Rate Matters."

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 transformers and other materials from FPL. The suit seeks damages resulting from alleged contamination of a part of the Pepper's Steel property by PCBs. FPL cooperated with the FDER and the EPA concerning evaluation of the conditions present 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. In February 1986 FPL and EPA reached agreement on the technical clean-up process for the site, and the U.S. District Court for the Southern District of Florida is expected to approve a Consent Decree approving the agreement in March 1987. The Consent Decree will provide that FPL undertake the clean-up which will cost approximately $4.5 million; however, ultimate recovery of the majority of this cost is expected through insurance, the transformer manufacturers, and/or others.

Other Legal Proceedings. 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, see "Note 7--Spent Nuclear Fuel."

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

None

PART II

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

All of FPL's common stock is owned by FPL Group.

Item 6. Selected Financial Data.

	Years Ended December 31,				
	1986	1985	1984	1983	1982
	Thousands of Dollars				
Operating revenues	$4,087,203	$4,337,518	$3,939,929	$3,352,535	$2,940,833
Net income available to FPL Group	$383,456	$367,932	$305,085	$267,255	$263,708*
Total assets	$8,566,067	$8,193,532	$8,098,072	$7,679,916	$6,778,170
Long-term debt excluding current maturities	$2,833,258	$2,890,659	$2,960,538	$2,648,017	$2,547,987
Preferred stock with sinking fund requirements, excluding current maturities	$187,490	$195,150	$200,700	$206,250	$145,000

*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

Florida Power & Light Company's (FPL) financial performance continued to improve despite increased operation and maintenance expenses incurred primarily at FPL's nuclear generating units. The principal factors contributing to the improvement were a 5.5% increase in kilowatt-hour (kwh) energy sales and a $29 million reduction in pension expense, from 1985, due to a change in the actuarial method used to determine pension cost. See "Note 6 to Consolidated Financial Statements."

In November 1986 the Florida Public Service Commission (FPSC) ruled that the plant in service costs associated with the repair and enhancement of the Martin Plant reservoir and the replacement of the steam generators at Turkey Point Units Nos. 3 and 4, which were excluded from rate base in previous rate orders, should be placed in rate base January 1, 1986 and 1987, respectively. These costs, including accrued AFUDC, totaled approximately $272 million at December 31, 1986. The inclusion of such costs in rate base will not result in a change in base rates until the next, but presently undetermined, general ratemaking proceeding for FPL. The FPSC also ruled that the tax savings due to the reduction of the federal corporate income tax rate under the Tax Reform Act of 1986 (Tax Reform Act), not otherwise subject to refund pursuant to the Tax Savings Rule (explained below), will be sufficient to provide the revenue requirements related to the inclusion of such costs in FPL's rate base.

In January 1987 the FPSC and FPL agreed on a return on equity (ROE) of 13.60% solely for the 1987 application of the FPSC's rule related to the effect of corporate income tax rate changes on revenues (Tax Savings Rule). Under the FPSC's Tax Savings Rule a refund of revenues is required in the year following a reduction in the corporate income tax rate to the extent the earned ROE exceeds the midpoint of the ROE range. If FPL's 1987 jurisdictional ROE is at or above the agreed upon percentage (computed without consideration of the tax rate reduction), then the refund shall consist of all revenues associated with the tax rate reduction. If FPL's 1987 jurisdictional ROE is below the agreed upon percentage (computed without consideration of the tax rate reduction), then the refund shall consist of only those revenues which cause FPL to earn in excess of that percentage, after considering the tax rate reduction. The calculation of the earned ROE for purposes of the Tax Savings Rule will include in rate base the Martin Plant reservoir and Turkey Point steam generator replacement costs referred to above. Based on data filed with the FPSC, FPL estimates that the maximum potential amount of 1987 revenues subject to refund due to tax savings is approximately $70 million. However, the existence of any refund due to tax savings is dependent upon the actual level of earnings achieved by FPL in 1987, as measured by the provisions of the Tax Savings Rule.

In December 1986 a petition filed by the Florida Public Counsel (Public Counsel) requested a reduction in the rates and charges of FPL to reflect a reduced tax expense due to the lowering of the federal corporate income tax rates in accordance with the Tax Reform Act. In December 1986 Public Counsel filed another petition with the FPSC to reduce the rates and charges of FPL to reflect a proposed lowering of the authorized ROE to 12.25%. The annual impact on revenue requirements of the proposed reduction in authorized ROE was estimated by Public Counsel to be $54.1 million. In January 1987 FPL requested the FPSC to dismiss Public Counsel's petitions. For further discussion of these petitions, the Tax Savings Rule and the November 1986 FPSC ruling, see "Note 5 to Consolidated Financial Statements."

FPL is presently analyzing the impact of the Tax Reform Act on its operations. In addition to any effect related to the aforementioned Tax Savings Rule, the Tax Reform Act has other implications for FPL. The Tax Reform Act has eliminated the investment tax credit and, coupled with the lowering of the tax rate, cash flow derived from deferred income taxes will be reduced. In order to meet capital requirements it is anticipated that there will be an increased need for external financings in the future.

Liquidity and Capital Resources

Current capital requirements are met by both internally and externally generated funds. Internally generated funds for the years 1984-86 were $2.7 billion. External financings for the same period totaled $1.0 billion, consisting of $872 million principal amount of FPL first mortgage bonds (including bonds issued to refinance higher interest rate bonds), $35 million of FPL preferred stock and $104 million raised through the sale of FPL common stock (including common stock issued to the public and pursuant to the dividend reinvestment and common share purchase plan and FPL's employee benefit plans) prior to the corporate restructuring which occurred in December 1984. In addition FPL Group, Inc. made capital contributions to FPL totaling $102 million during 1986.

In FPL's continuing efforts to reduce interest expense, during 1986 FPL purchased or redeemed approximately $425 million principal amount of higher interest rate first mortgage bonds with funds obtained largely from the sale of $386.9 million principal amount of lower interest rate first mortgage bonds. FPL has called for redemption in March 1987 all $125 million of its First Mortgage Bonds, 16-1/2% Series due March 1, 2012.

The primary capital requirements consist of expenditures under FPL's construction program. FPL's total construction expenditures for the years 1984-86 were approximately $2.0 billion, including net nuclear fuel additions and Allowance for funds used during construction (AFUDC). FPL's planned construction expenditures for the period 1987-89 are estimated to be $2.2 billion. During this period, it is anticipated that FPL's construction expenditures will be financed through internally generated funds, the issuance of long-term debt and preferred stock by FPL, capital contributions from Group and, from time to time, short-term borrowings by FPL. In January 1987 FPL sold 500,000 shares of 6.84% Preferred Stock, Series Q, $100 Par Value. Pursuant to shelf registrations filed with the Securities and Exchange Commission, $200 million of FPL's first mortgage bonds and $15 million of FPL's preferred stock currently remain registered for issuance as market conditions and other factors warrant. See "Consolidated Statements of Capitalization."

There are no significant current limitations under FPL's Charter on the amount of debt securities that can be issued. Under its Mortgage and Deed of Trust, FPL could issue approximately $2.3 billion of additional first mortgage bonds based on unfunded property additions at December 31, 1986.

FPL's Charter prohibits the issuance of shares of FPL's $100 par value preferred stock and 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, 1986 was 2.02. The Charter also authorizes the issuance of preference stock for which there is no earnings test.

FPL's Charter limits the amount 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, 1986 FPL could issue approximately $1.2 billion of additional unsecured 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. FPL's unused available bank credit aggregated approximately $395 million at December 31, 1986. FPL anticipates that it will be able to meet its cash needs for the foreseeable future.

Results of Operations

Operating Revenues

The decrease in operating revenues in 1986 is primarily due to lower fuel adjustment revenues as a result of lower fuel costs. This decrease was partially offset by higher kwh energy sales attributable to an increase in the average number of customers as well as increased energy usage per customer. The increase in energy usage per customer reflects, among other factors, a decrease in the cost per kwh due to lower average fuel costs.

Increased operating revenues in 1985 reflect the impact of higher retail rates as well as increased kwh energy sales mainly attributable to an increase in the average number of customers.

Energy sales increased 5.5% for 1986 and 4.2% for 1985. The average number of customers increased 4.0% in 1986 and 3.8% in 1985. Energy usage per customer increased 1.4% in 1986 and 0.4% in 1985.

Operating Expenses

Fuel, Interchange and Purchased Power

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

	1986	1985	1984
	Thousands of Dollars		
Fuel expense	$ 759,817	$ 805,135	$1,154,646
Interchange	118,027	166,210	183,791
Purchased power	548,093	753,238	270,074
Deferred fuel costs	-	81,883	83,548
Total	$1,425,937	$1,806,466	$1,692,059

The decrease in fuel expense in 1986 was due to lower prices for natural gas and oil. The decrease was partially offset by increased consumption of oil which reflects FPL's decision to take advantage of the substantial decline in oil prices that occurred in 1986. In addition oil consumption increased due to refueling and maintenance outages at FPL's nuclear units. The decrease in fuel expense in 1985 was

principally due to increased purchases of coal-fired power, increased nuclear generation and lower prices for oil and natural gas.

The decrease in purchased power expense in 1986 is primarily the result of decreased purchases of coal-fired power from certain of the generating companies of The Southern Company system (Southern Companies) due to lower oil prices. The increase in purchased power in 1985 is mainly the result of increased purchases from the Southern Companies which reflects FPL's ability to purchase additional coal-fired power due to the completion, in 1985, of the 500 kilovolt transmission lines which extend to the Georgia-Florida border. See "Note 7 to Consolidated Financial Statements -- Purchased Power Contracts.".

The deferred fuel costs for 1985 and 1984 represent the recovery of costs deferred in a prior period. In 1986 fuel costs have been over recovered primarily due to lower than anticipated oil and natural gas prices.

Other Operating Expenses

Other production and maintenance expenses increased in 1986 primarily as a result of increased operations and maintenance expenses at FPL's four nuclear generating units, especially Turkey Point Units Nos. 3 and 4 which are older units. While the increases are principally attributable to expenses incurred during maintenance and refueling outages at Turkey Point Units Nos. 3 and 4, FPL has incurred and continues to incur increasing expenses at all four nuclear units for maintenance, operating improvements and employee training. Administrative and general expenses in 1986 reflect a reduction, compared to 1985, in net pension expense of approximately $29 million due to a change in the actuarial method used to determine pension cost. See "Note 6 to Consolidated Financial Statements." This reduction was partially offset by higher insurance and employment-related costs.

Depreciation expense in 1986 and 1985 reflects the recording of $12.5 million and $24.8 million, respectively, as depreciation expense related to a FPSC change in the ratemaking treatment of federal job development investment tax credits. Depreciation expense in 1986 and 1985 also reflects higher Electric utility plant in service balances.

Interest Charges

The weighted average interest rate on FPL's first mortgage bonds was 9.93% for 1986 compared to 10.42% for 1985 and 10.63% for 1984. The decrease in the weighted average interest rate in 1986 reflects the redemption of high interest rate bonds and the related issuance of lower interest rate bonds. During 1986 FPL purchased or redeemed approximately $425 million principal amount of first mortgage bonds with a weighted average interest rate of 15.30% and issued approximately $386.9 million principal amount of first mortgage bonds with a weighted average interest rate of 9.32%. The decrease in 1985 reflects the redemption of $125 million of first mortgage bonds and the issuance of lower interest rate pollution control bonds.

Allowance for Funds Used During Construction

The increase in AFUDC in 1986 is principally the result of higher Construction work in progress balances which reflect expenditures related to the joint construction with the Jacksonville Electric Authority of the 550 megawatt coal-fired units. AFUDC increased in 1985, reflecting the FPSC disallowance of all Construction work in

progress and nuclear fuel in process from inclusion in rate base in the 1984-85 rate order.

Inflation

The inflation rate was less than 2% in 1986. However, the inflationary economy of prior years produces a cumulative effect on FPL's Electric utility plant such that the cost to replace its plant, upon retirement, will exceed its historical cost. FPL believes, however, that it will be able to earn a return on the increased cost of its net investment when replacement of its facilities actually occurs.

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, 1986. 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, 1986 and 1985 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, 1986, in conformity with generally accepted accounting principles consistently applied during the period except for the change, with which we concur, in 1986 in the method of accounting for pension costs as described in Note 6 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 20, 1987

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS

Thousands of Dollars

	December 31, 1986	December 31, 1985
ELECTRIC UTILITY PLANT (Notes 1, 5 and 7):		
At original cost	$ 9,095,896	$ 8,621,412
Less accumulated depreciation	2,544,869	2,237,668
Net	6,551,027	6,383,744
Construction work in progress	524,989	461,399
Nuclear fuel (less accumulated amortization of $177,939 at December 31, 1986 and $125,021 at December 31, 1985)	255,463	279,569
Electric utility plant--net	7,331,479	7,124,712
INVESTMENTS:		
Storm and property insurance reserve fund (Note 1)	37,261	31,852
Pollution control construction account held by trustee	54,017	102,656
Nuclear decommissioning reserve fund (Note 1)	60,044	44,864
Other	7,509	8,390
Total investments	158,831	187,762
CURRENT ASSETS:		
Cash and temporary investments	86,479	4,672
Accounts receivable:		
Customers (less allowance for uncollectible accounts of $8,866 at December 31, 1986 and $8,191 at December 31, 1985) (Note 1)	339,453	352,529
Employees and miscellaneous	27,020	18,541
Materials and supplies--at average cost	165,906	156,544
Fossil fuel stock--at average cost	56,816	69,241
Prepaid expenses	34,131	34,414
Other	7,885	12,549
Total current assets	717,690	648,490
DEFERRED DEBITS:		
Deferred litigation items (Notes 5 and 7)	194,323	168,948
Other (Note 6)	163,744	63,620
Total deferred debits	358,067	232,568
Total	$ 8,566,067	$ 8,193,532

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

CAPITALIZATION AND LIABILITIES

Thousands of Dollars

	December 31, 1986	December 31, 1985
CAPITALIZATION (See Consolidated Statements of Capitalization):		
Common shareholder's equity (Note 1)	$ 2,430,179	$ 2,308,441
Preferred stock without sinking fund requirements	346,250	311,250
Preferred stock with sinking fund requirements	187,490	195,150
Long-term debt	2,833,258	2,890,659
Total capitalization	5,797,177	5,705,500
CURRENT LIABILITIES:		
Current maturities of long-term debt and preferred stock	21,154	36,109
Accounts payable--trade	119,870	136,837
Customers' deposits	173,376	161,294
Income taxes (Notes 1 and 7)	143,584	7,577
Other taxes	66,451	50,414
Interest accrued	92,784	87,272
Pension cost accrued (Note 6)	-	36,246
Tax collections payable	42,740	32,608
Interchange and purchased power (Note 7)	29,245	51,856
Other	75,785	58,007
Total current liabilities	764,989	658,220
DEFERRED CREDITS:		
Accumulated deferred income taxes (Note 1)	1,331,241	1,220,922
Unamortized investment tax credit (Note 1)	471,651	464,111
Deferred revenues (Note 1)	78,479	24,580
Other (Note 6)	68,765	43,545
Total deferred credits	1,950,136	1,753,158
OTHER NONCURRENT LIABILITIES:		
Storm and property insurance (Note 1)	37,261	31,852
Other	16,504	44,802
Total other noncurrent liabilities	53,765	76,654
COMMITMENTS AND CONTINGENCIES (Notes 5 and 7)		
Total	$ 8,566,067	$8,193,532

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

	December 31, 1986	December 31, 1985
	Thousands of Dollars	
COMMON SHAREHOLDER'S EQUITY:		
Common stock, no par value (Notes 1 and 4)	$ 1,373,069	$ 1,373,069
Additional contributed capital (Note 4)	95,873	(5,247)
Retained earnings	961,237	940,619
Total common shareholder's equity	2,430,179	2,308,441

PREFERRED STOCK -- Cumulative, $100 Par Value, authorized 19,944,500 shares at December 31, 1986 and December 31, 1985 (1) (Note 4):

	December 31, 1986 Shares Outstanding	December 31, 1986 Redemption Price	1986	1985
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	104.00	75,000	75,000
8.84% Series L	500,000	107.63	50,000	50,000
8.50% Series P	350,000	108.50	35,000	-
Total			346,250	311,250
Preferred stock with sinking fund requirements (2)(3):				
10.08% Series J (4)	487,500	108.00	48,750	52,500
8.70% Series M (5)	464,000	105.80	46,400	48,200
14.38% Series N (6)	328,900	114.38	32,890	35,000
11.32% Series O (7)	650,000	111.32	65,000	65,000
Less current maturities			(5,550)	(5,550)
Total			187,490	195,150

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

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 -- (Continued)

	December 31, 1986	December 31, 1985
	Thousands of Dollars	
LONG-TERM DEBT (8):		
First Mortgage Bonds (9)(10)(11):		
Maturing through 1991--		
3-5/8% due April 1986	$ -	$ 15,000
4-3/8% due December 1986	-	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 1992 through 2001 -- 4-1/2% to 8%	580,000	580,000
Maturing 2002 through 2011 -- 7-1/2% to 11.3%	656,289	1,000,185
Maturing 2012 through 2016 -- 9% to 16-1/2%	1,006,177	700,000
Pollution Control and Industrial Development Series (12):		
Maturing through 1991--		
7-7/8% due April 1990	4,300	4,300
7-3/4% due October 1990	4,025	4,025
Maturing 2000 through 2020 -- 6.1% to 11-3/8%	458,935	458,935
Installment Purchase and Security Contracts 5.40% to 6.15% due 2004 through 2007	92,090	92,090
Promissory Notes 7-1/2% to 12% due various dates to January 2021	7,403	7,962
Unamortized premium and discount--net	(20,358)	(16,279)
Total long-term debt	2,848,861	2,921,218
Less current maturities	(15,603)	(30,559)
Long-term debt excluding current maturities	2,833,258	2,890,659
Total capitalization	$5,797,177	$5,705,500

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(2) Minimum annual sinking fund requirements are approximately $5.6 million for 1987, $7.4 million for 1988, $10.6 million each for 1989, 1990 and 1991. 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 requirement for Series J for 1986 was met by redeeming and retiring 37,500 shares during 1986. The sinking fund requirement for Series J for 1985 was met by purchasing and retiring 37,500 shares during 1984. The sinking fund requirements for Series M for 1986 and 1985 were met by redeeming and retiring 18,000 shares during 1986 and 1985, respectively. The sinking fund requirement for Series J and 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.

(3) In January 1987 FPL sold 500,000 shares of 6.84% Preferred Stock, Series Q, $100 Par Value. The stock is entitled to a sinking fund to retire a minimum of 15,000 shares and a maximum of 30,000 shares annually from 1993 through 2026 at $100 per share plus accrued dividends.

[Notes are continued on next page.]

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)

(4) 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.

(5) Entitled to a sinking fund to retire a minimum of 18,000 shares and a maximum of 45,000 shares annually 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.

(6) 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.

(7) 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.

(8) Annual maturities of long-term debt and sinking fund requirements are approximately $16 million in 1987, $20 million in 1988, $25 million in 1989, $9 million in 1990 and $1 million in 1991.

(9) In March 1986 FPL redeemed all $125 million of its First Mortgage Bonds, 15-7/8% Series due March 1, 2011; in May 1986 it redeemed the remaining $44 million of its First Mortgage Bonds, 17% Series due May 1, 2011; in June 1986 it redeemed all $75 million of its First Mortgage Bonds, 12-1/8% Series due November 1, 2009; in October 1986 it repurchased approximately $69 million of its outstanding $100 million principal amount First Mortgage Bonds, 16-3/8% Series due June 1, 2012; and in November 1986 it redeemed all $100 million of its First Mortgage Bonds, 15-3/4% Series due November 1, 2011. The excess of the reacquisition cost over book value on the retirement of these bonds amounted to approximately $60 million and increased the related unamortized balance to approximately $92 million at December 31, 1986.

(10) In February 1986 FPL sold $150 million of First Mortgage Bonds, 9-7/8% Series due February 1, 2016; in May 1986 it sold $100 million of First Mortgage Bonds, 9-1/8% Series due May 1, 2016; and in October 1986 it sold $125 million of First Mortgage Bonds, 9% Series due October 1, 2016.

(11) FPL has called for redemption in March 1987 all $125 million of its First Mortgage Bonds, 16-1/2% Series due March 1, 2012.

(12) In November 1986 FPL supported the issuance of $7.2 million of Dade County 7.30% Pollution Control Revenue Refunding Bonds, Series 1986 and $4.7 million of Dade County 7.30% Industrial Development Revenue Refunding Bonds, Series 1986. Such bonds are secured, in like principal amount, by a pledge of first mortgage bonds issued by FPL. The proceeds of the issuance were used to refund, in December 1986, an equal principal amount of the Dade County 13% Pollution Control Revenue Bonds, Series 1981 and the Dade County 13% Industrial Development Revenue Bonds, Series 1981.

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,		
	1986	1985	1984
	Thousands of Dollars		
OPERATING REVENUES (Notes 1 and 5)	$ 4,087,203	$ 4,337,518	$ 3,939,929
OPERATING EXPENSES:			
Operations:			
Fuel, interchange and purchased power (Note 1)	1,425,937	1,806,466	1,692,059
Other production	148,402	117,187	104,168
Transmission and distribution	105,933	103,334	96,976
Customers	140,016	132,589	122,173
Administrative and general	280,465	281,798	250,031
Maintenance	308,431	258,653	226,573
Depreciation (Notes 1 and 5)	334,797	331,656	286,177
Income taxes (Notes 1 and 7)	341,612	334,368	274,582
Taxes other than income taxes	336,086	320,430	294,447
Total operating expenses	3,421,679	3,686,481	3,347,186
OPERATING INCOME	665,524	651,037	592,743
OTHER INCOME (DEDUCTIONS):			
Allowance for other funds used during construction (Notes 1 and 5)	34,784	33,855	30,892
Income taxes (Note 1)	5,411	5,884	(1,780)
Other--net	(1,979)	(950)	7,689
Other income--net	38,216	38,789	36,801
INCOME BEFORE INTEREST CHARGES	703,740	689,826	629,544
INTEREST CHARGES:			
Interest on first mortgage bonds	282,984	290,602	288,719
Interest on other long-term debt	5,998	4,315	5,272
Other interest	24,962	16,914	17,545
Allowance for borrowed funds used during construction (Notes 1 and 5)	(41,327)	(36,352)	(33,761)
Interest charges--net	272,617	275,479	277,775
NET INCOME	431,123	414,347	351,769
PREFERRED STOCK DIVIDEND REQUIREMENTS	47,667	46,415	46,684
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 383,456	$ 367,932	$ 305,085

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,		
	1986	1985	1984
	Thousands of Dollars		
BALANCE AT BEGINNING OF YEAR	$ 940,619	$ 943,424	$ 930,019
NET INCOME	431,123	414,347	351,769
Total	1,371,742	1,357,771	1,281,788
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)	5,008	5,292	5,461
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)	4,076	4,232	4,350
14.38% Series N ($14.38 per share)	5,022	5,033	5,033
11.32% Series O ($11.32 per share)	7,358	7,358	7,358
8.50% Series P ($4.32 per share)	1,512	-	-
Common stock	-	-	214,307
Dividends and transfers to FPL Group, Inc.	362,838	370,737	73,463
Total dividends and transfers	410,327	417,165	334,485
Increase/(Decrease) in preferred stock dividends accrued	178	(13)	3,879
BALANCE AT END OF YEAR	$ 961,237	$ 940,619	$ 943,424

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 FPL Group, Inc. There are no restrictions in effect that currently limit FPL's ability to pay dividends to FPL Group, Inc.

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

	Years Ended December 31,		
	1986	1985	1984
	Thousands of Dollars		
SOURCE OF FUNDS:			
Operations:			
Net income	$ 431,123	$ 414,347	$ 351,769
Depreciation	334,797	331,656	286,177
Amortization of nuclear fuel assemblies	63,980	70,000	53,357
Deferred investment tax credit--net	7,540	9,915	65,421
Deferred income taxes	110,319	101,229	153,020
Gain on sales and transfers of property	(3,534)	(4,021)	(4,304)
Allowance for other funds used during construction	(34,784)	(33,855)	(30,892)
Total	909,441	889,271	874,548
Sale of first mortgage bonds	366,718	-	122,969
Issuance of pollution control bonds	11,829	-	187,243
Reimbursement by trustee from pollution control financings for construction expenditures	55,250	123,137	145,233
Issuance of common stock	-	-	103,571
Sale of preferred stock	35,000	-	-
Sale of nuclear fuel	37,341	222	20,524
Deferred fuel revenues	26,449	87,415	83,548
Deferred conservation and oil-backout revenues	27,450	2,574	18,694
Revenues to be refunded	-	28,840	-
Capital contribution from FPL Group, Inc.	102,000	-	-
Other sources	20,305	32,682	39,814
Decrease in working capital	37,569	217,494	-
Total	$ 1,629,352	$ 1,381,635	$ 1,596,144
APPLICATION OF FUNDS:			
Construction expenditures (1)	$ 570,862	$ 556,628	$ 595,287
Nuclear fuel (1)	72,522	94,698	67,623
Early retirement of long-term debt and preferred stock	482,315	140,801	99,119
Retirement and current maturities of long-term debt and preferred stock	21,154	36,109	2,462
Dividends paid	47,667	46,415	261,022
Dividends and transfers to FPL Group, Inc.	362,838	370,737	73,463
Refund of revenues from prior year	28,840	-	-
Pollution control construction account held by trustee	6,611	9,933	93,292
Nuclear decommissioning and spent fuel disposal reserve funds	15,180	13,676	11,902
Deferred spent fuel disposal costs--prior burned	-	69,585	-
Other applications	21,363	43,053	16,159
Increase in working capital	-	-	375,815
Total	$ 1,629,352	$ 1,381,635	$ 1,596,144
CHANGE IN WORKING CAPITAL EFFECTED BY:			
Increase (Decrease) in current assets:			
Cash and temporary investments	$ 81,807	$ (214,672)	$ 214,134
Accounts receivable	(4,597)	54,014	(3,993)
Income tax receivable	-	-	(53,400)
Materials and supplies	9,362	14,255	17,984
Fossil fuel stock	(12,425)	(14,817)	(39,465)
Other changes--net	(4,947)	(10,858)	(19,939)
Decrease (Increase) in current liabilities:			
Notes payable and current maturities of long-term debt and preferred stock	14,955	(33,647)	248,407
Pollution control bond anticipation note	-	-	105,000
Accounts payable	16,967	24,079	(54,122)
Customers' deposits	(12,082)	(19,224)	(17,638)
Income taxes	(136,007)	17,222	(22,561)
Other changes--net	9,398	(33,846)	1,408
INCREASE (DECREASE) IN WORKING CAPITAL	$ (37,569)	$ (217,494)	$ 375,815

(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 TAXES

INCOME TAXES

	Years Ended December 31,		
	1986	1985	1984
	Thousands of Dollars		
FEDERAL:			
Charged to operating expenses:			
Current	$187,940	$184,645	$ 31,324
Deferred			
Accelerated depreciation	124,169	129,497	132,536
Debt component of AFUDC	13,273	13,130	12,908
Repair allowance	12,896	14,849	53,590
Deferred fuel (revenues) costs	(26,455)	(9,778)	89,090
Other	(2,499)	12,901	5,106
Deferred in prior years			
Accelerated depreciation	(6,873)	(13,004)	(13,118)
Debt component of AFUDC	(4,362)	(3,475)	(4,697)
Repair allowance	(1,295)	(2,010)	(667)
Deferred fuel revenues (costs)	14,945	(28,397)	(125,600)
Nuclear fuel disposal costs	-	(28)	(653)
Other	(21,812)	(17,221)	(8,136)
Deferred investment tax credit (1)	32,484	31,487	89,413
Amortization of investment tax credit	(22,484)	(19,271)	(16,717)
Total	299,927	293,325	244,379
Charged to other income:			
Current	(770)	605	6,740
Deferred--net	(4,435)	(6,219)	(233)
Deferred investment tax credit--net	-	-	(4,999)
Total federal	294,722	287,711	245,887
STATE:			
Charged to operating expenses:			
Current	28,359	29,300	17,616
Deferred			
Accelerated depreciation	15,742	16,435	15,164
Debt component of AFUDC	1,682	1,664	1,477
Repair allowance	1,646	1,841	4,057
Deferred fuel (revenues) costs	(3,347)	(1,156)	10,193
Other	(572)	165	(1,155)
Deferred in prior years			
Accelerated depreciation	(635)	(1,349)	(1,442)
Debt component of AFUDC	(500)	(400)	(544)
Repair allowance	(148)	(230)	(79)
Deferred fuel revenues (costs)	1,919	(3,268)	(14,371)
Nuclear fuel disposal costs	-	(3)	(75)
Other	(2,461)	(1,956)	(638)
Total	41,685	41,043	30,203
Charged to other income:			
Current	353	488	321
Deferred--net	(559)	(758)	(49)
Total state	41,479	40,773	30,475
Total income taxes	$336,201	$328,484	$276,362

(1) Deferred investment tax credits include amounts payable to the Employee Stock Ownership Plan. These amounts for the years 1986, 1985 and 1984 were $2.5 million, $2.4 million and $2.2 million, respectively.

Deferred investment tax credit for 1984 includes $40.2 million investment tax credit carryforward from 1983. There was no investment tax credit carryforward at December 31, 1986, 1985 and 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,					
	1986		1985		1984	
	Thousands of Dollars					
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Computed at statutory rate	$352,969	46.0%	$341,702	46.0%	$288,940	46.0%
Increases (Reductions) in income taxes resulting from:						
Allowance for other funds used during construction	(20,779)	(2.7)	(18,235)	(2.5)	(16,148)	(2.6)
State income taxes -- net of federal income tax benefits	22,399	2.9	22,017	3.0	16,456	2.6
Amortization of investment tax credit	(22,484)	(2.9)	(19,271)	(2.6)	(16,515)	(2.6)
Other -- net	4,096	.5	2,271	.3	3,629	.6
Total income taxes	$336,201	43.8%	$328,484	44.2%	$276,362	44.0%

OTHER TAXES

	Years Ended December 31,		
	1986	1985	1984
	Thousands of Dollars		
Taxes other than federal and state income taxes:			
Federal and state payroll	$ 35,877	$ 32,445	$ 29,919
Real and personal property	92,003	67,187	60,845
State gross receipts	59,206	57,398	58,062
Franchise charges	164,432	163,742	145,911
Miscellaneous	20,929	22,724	26,506
Total other taxes	$372,447	$343,496	$321,243
Charged to:			
Operating expenses-other taxes	$336,086	$320,430	$294,447
Utility plant and other accounts	36,361	23,066	26,796
Total	$372,447	$343,496	$321,243

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARY

SCHEDULE OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC)

	Years Ended December 31,		
	1986	1985	1984
	Millions of Dollars		
Monthly average construction work in progress (CWIP)	$501.0	$405.9	$428.9
Less:			
Fixed amount included in rate base (1)	-	-	156.7
AFUDC capitalized and included in monthly average CWIP (2)	53.5	29.8	17.5
Other	59.5	57.7	20.1
CWIP base for computing AFUDC	388.0	318.4	234.6
Nuclear fuel base for computing AFUDC (1)	137.4	119.4	95.0
Total base for computing AFUDC	525.4	437.8	329.6
Capitalization rate (3)	10.30%	10.78%	13.44%
AFUDC charged to CWIP and nuclear fuel	54.1	47.2	44.3
AFUDC charged to suspended rate base items (Note 5)	22.0	23.0	20.4
Total AFUDC	76.1	70.2	64.7
Amounts credited to interest charges (4)	41.3	36.3	33.8
Amounts credited to other income (4)	$ 34.8	$ 33.9	$ 30.9

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(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 of 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 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 1986, 1985 and 1984

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 in consolidation.

FPL is a wholly-owned subsidiary of FPL Group, Inc. (FPL Group). FPL provides certain services to FPL Group, the cost of which is charged to FPL Group on a "full cost" method of allocation.

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 under cost recovery clauses by deferring the net over or under recovery, and under base rates, by recognizing the estimated amount of revenues for energy delivered but not billed.

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.

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 3.6%, 3.5% and 3.6% for the years 1986, 1985 and 1984, respectively. Such rate excludes depreciation expense related to nuclear decommissioning and the ratemaking treatment of federal job development investment tax credits (ITC).

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 7--Spent Nuclear Fuel.

Substantially all Electric 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's 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 charges and the remainder is recorded 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

The funded decommissioning reserve provides coverage toward the cost of decommissioning FPL's nuclear units. Amounts reflected in depreciation expense are deposited in the fund and 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.

Retirement of Long-Term Debt

The excess of the reacquisition cost over book value of long-term debt is deferred and amortized to expense ratably over the remainder of the life of the original issue.

2. 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. The purpose of LRIC is to increase the financing options beyond those permitted by FPL's Mortgage. The operations of LRIC are not material.

3. Short-Term Debt

Unused available bank credit was approximately $395 million at December 31, 1986. 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 certain of these credit lines arise in the normal course of business and are not material to the consolidated financial position and borrowing costs.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

4. Changes in Capital Accounts

The changes in Common stock and Additional contributed capital for 1984, 1985 and 1986 are shown below:

	Common Stock		Additional Contributed Capital
	Shares	Amount Thousands	
Balances, January 1, 1984	56,345	$1,269,497	$(5,210)
Sale (public offerings)	167	6,682	(78)
Issued to benefit plans	404	15,678	-
Issued under the dividend reinvestment and common share purchase plan	2,221	81,212	(195)
Other	-	-	249
Cancellation of outstanding shares*	(59,136)	-	-
Balances, December 31, 1984	1	1,373,069	(5,234)
Other	-	-	(13)
Balances, December 31, 1985	1	1,373,069	(5,247)
Contribution from FPL Group	-	-	102,000
Sale of preferred stock (public offering)	-	-	(442)
Other	-	-	(438)
Balances, December 31, 1986	1	$1,373,069	$95,873

*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.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The changes in each series of FPL preferred stock with sinking fund requirements for 1984, 1985 and 1986 are shown below:

	10.08% Series J		8.70% Series M	
	Shares	Amount	Shares	Amount
	Thousands			
Balances, January 1, 1984	563	$56,250	500	$50,000
Purchase (sinking fund)	(38)	(3,750)	-	-
Balances, December 31, 1984	525	52,500	500	50,000
Purchase (sinking fund)	-	-	(18)	(1,800)
Balances, December 31, 1985	525	52,500	482	48,200
Purchase (sinking fund)	(37)	(3,750)	(18)	(1,800)
Balances, December 31, 1986	488	$48,750	464	$46,400

	14.38% Series N		11.32% Series O	
	Shares	Amount	Shares	Amount
	Thousands			
Balances, January 1 and December 31, 1984 and December 31, 1985	350	$35,000	650	$65,000
Purchases	(21)	(2,110)	-	-
Balances, December 31, 1986	329	$32,890	650	$65,000

At December 31, 1986 FPL had outstanding 3,462,500 shares of preferred stock without sinking fund requirements.

5. Rate Matters

In June 1986 the FPSC approved a stipulation entered into by FPL and other parties regarding a change in the ratemaking treatment of ITC which resolved all outstanding issues related to ITC in FPL's 1982 and 1984-85 rate orders. The stipulation required FPL to record a total of $40.2 million as depreciation and interest expense to reflect the ratemaking treatment of ITC in accordance with the 1982 and 1984-85 rate orders. FPL had already recorded a total of $26.3 million as depreciation and interest expense in December 1985 and the remaining $13.9 million was recorded as depreciation and interest expense in 1986. In addition FPL will record a total of approximately $2 million per year as depreciation expense until the next ratemaking proceeding to reflect the application of the Internal Revenue Service (IRS) final regulations regarding the ratemaking treatment of ITC. The effect of these adjustments reduced Net income for 1986 and 1985 by approximately $7.6 million and $13.5 million, respectively.

In November 1986 the FPSC considered FPL's request to review certain plant in

service costs (Litigation Items) which the FPSC had excluded from rate base in previous rate orders. As a result of its consideration the FPSC ruled that: (1) The deferral of depreciation expense and the accrual of AFUDC (deferred depreciation expense and accrued AFUDC, hereinafter referred to as Accumulated Deferred Costs) shall cease effective January 1, 1986 on the costs associated with the repair and enhancement of the Martin Plant reservoir (Martin reservoir costs) and effective January 1, 1987 on the costs associated with the replacement of the steam generators at Turkey Point Units Nos. 3 and 4 (Turkey Point costs) (FPL had ceased accruing AFUDC and deferring depreciation expense on the Martin reservoir costs effective January 1, 1986); (2) The Martin reservoir costs and the Turkey Point costs, together with all associated Accumulated Deferred Costs, shall be placed in FPL's rate base effective January 1, 1986 and January 1, 1987, respectively; (3) The tax savings due to the reduction of the federal corporate income tax rate under the Tax Reform Act of 1986 (Tax Reform Act), not otherwise subject to refund pursuant to the current FPSC rule, will be sufficient to provide the revenue requirements related to the inclusion in FPL's rate base of the Litigation Items and the Accumulated Deferred Costs; and (4) The Accumulated Deferred Costs shall be amortized over five years commencing with the effective date of new base rates established in a general ratemaking proceeding for FPL. The Martin reservoir costs and the Turkey Point costs, including accrued AFUDC, totaled approximately $272 million at December 31, 1986. The Accumulated Deferred Costs totaled approximately $110 million at December 31, 1986. The FPSC indicated that the Martin reservoir costs and the Turkey Point costs were prudently incurred by FPL.

In December 1986 the Florida Public Counsel (Public Counsel) filed a petition with the FPSC to reduce FPL's authorized return on equity (ROE) from 15.60%, as allowed in FPL's most recent FPSC rate order, to 12.25%, and to reduce FPL's rates and charges to reflect the 12.25% ROE. The impact on revenue requirements of the proposed reduction in authorized ROE was estimated by Public Counsel to be $54.1 million on an annualized basis. As a result Public Counsel requested that FPL's rates and charges be reduced to reflect a proposed annualized revenue reduction of $54.1 million. In May 1986 Public Counsel had filed a petition seeking to reduce FPL's currently authorized return on equity to 13%. The May 1986 petition did not request a change in FPL's current rates but rather requested a change to the current AFUDC rate. The FPSC indicated that it will address the remaining issue in the docket initiated by Public Counsel's May 1986 petition and the issues created by the December 1986 petition in a single docket. In January 1987 FPL filed with the FPSC a Motion to Dismiss Public Counsel's December 1986 petition. In February 1987 Public Counsel filed a response requesting that the FPSC deny FPL's Motion. Oral argument is scheduled for late March 1987.

In January 1987 the FPSC and FPL agreed on a ROE of 13.6% for use in the application of the FPSC's rule related to the effect of tax rate changes on revenues (Tax Savings Rule). Under the Tax Savings Rule any jurisdictional earnings in excess of the midpoint of the previously authorized ROE range established by the FPSC in FPL's last rate case would be required to be refunded in the year following the change in the tax rate to the extent such earnings were generated by changes in tax rates. The 13.6% ROE will replace the 15.6% midpoint of the previously authorized ROE range established by the FPSC in FPL's last rate case, solely for the 1987 application of the Tax Savings

Rule. The FPSC indicated that in adopting a 13.6% ROE level for determining any tax savings refund obligation for FPL, it was neither establishing new ROE levels for the utility nor indicating its approval of an appropriate ROE level under current economic conditions. Based on data filed with the FPSC, FPL estimates that the maximum refund which could be required by the Tax Savings Rule is approximately $70 million, which is the revenue requirement associated with the total tax savings estimated to be realized in 1987. However, the existence of any tax savings refunds is dependent upon the actual level of earnings achieved by FPL in 1987, as measured by the provisions of the Tax Savings Rule. In January 1987 FPL filed with the FPSC a Motion to Dismiss a December 1986 Public Counsel petition to reflect reduced tax expense. Public Counsel's petition requested a reduction, on a prospective basis, in the rates and charges of FPL due to the phased-in change in federal corporate income tax rates from 46% to 34% as a result of the Tax Reform Act. Public Counsel's estimate of the impact on revenue requirements was a reduction of approximately $65.8 million for 1987 and also for 1988. FPL stated in the Motion that Public Counsel's petition conflicts with the Tax Savings Rule and with the FPSC's decision regarding the Litigation Items.

6. Employee Retirement Benefits

Substantially all employees of FPL and its subsidiary are covered by a noncontributory defined benefit pension plan (Plan). Plan benefits are generally based on years of service and employees' compensation during the last years of employment. FPL's policy is to fund the pension cost calculated under the entry age normal level percentage of pay actuarial cost method, provided that this amount is at least equal to the Employee Retirement Income Security Act minimum funding requirement and is not greater than the maximum tax deductible amount for the year.

FPL has elected to apply the provisions of Financial Accounting Standards Board Statement No. 87, "Employer's Accounting for Pensions" (FASB 87), as of January 1, 1986. The components of the 1986 pension cost are as follows (in millions):

Benefits earned during the year		$21.0
Interest cost on projected benefit obligation		32.5
Actual return on plan assets	$(158.0)	
Less amount deferred	99.5	
Expected return on plan assets		(58.5)
Amortization of unrecognized net asset at January 1, 1986		(23.4)
FASB 87 negative pension cost		(28.4)
Regulatory adjustment		28.4
Pension cost recognized in the consolidated statement of income		$ 0

A regulatory adjustment, as shown above, is made to the FASB 87 pension cost to reflect in the results of operations the pension cost calculated under the actuarial cost method currently used for ratemaking purposes. As a result of this regulatory adjustment, a deferred credit of $28.4 million has been recognized.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Pension cost for 1985 and 1984 was $36.2 million and $32.4 million, respectively. In 1986 FPL changed the actuarial cost method used for funding and ratemaking purposes from the entry age normal level dollar cost method to the entry age normal level percentage of pay cost method. This change resulted in no pension cost for 1986. Had this change not been made, 1986 pension cost would have been approximately $36 million.

A reconciliation of the funded status of the Plan under FASB 87 to the amounts recognized in the consolidated balance sheets is presented below:

	December 31,	
	1986	1985
	Millions of Dollars	
Fair market value of plan assets, invested primarily in equity and fixed income securities	$1,013.5	$831.2
Actuarial present value of benefits for services rendered to date:		
Accumulated benefits based on salaries to date, including vested benefits of $317.2 million and $247.9 million for 1986 and 1985, respectively	334.0	261.0
Additional benefits based on estimated future salary levels	231.2	162.7
Projected benefit obligation	565.2	423.7
Plan assets in excess of projected benefit obligation	448.3	407.5
Remaining unrecognized net asset existing at January 1, 1986, being amortized over 19 years (includes $36.2 million of unfunded accrued pension cost as of December 31, 1985)	(420.4)	(443.7)
Unrecognized net loss	.5	-
Prepaid/(Accrued) pension cost recognized in the consolidated balance sheets	$ 28.4	$ (36.2)

The weighted-average discount rate and the assumed rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation as of December 31, 1986 were 6.75% and 6.50%, respectively. The corresponding rates as of December 31, 1985 were 7.75% and 6.50%. The expected long-term rate of return on plan assets used in determining the FASB 87 pension cost for 1986 was 7.0%.

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. The benefits provided 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. Health care and life insurance benefits are administered through insurance companies whose premiums are based on the benefits paid during the year and the maintenance of a required reserve. FPL recognizes the cost of providing these benefits by expensing the annual insurance premiums. The cost, as recognized, of providing the post-retirement health care and life insurance benefits is not material.

7. Commitments and Contingencies

Construction Program

FPL has made certain commitments in connection with its continuous construction program. FPL's construction expenditures for the years 1987-89 are currently estimated at $2.2 billion, including $215 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 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, including AFUDC, totaled approximately $254 million through December 31, 1986. FPL's ownership interest, together with a purchase power arrangement with JEA, entitles FPL to receive 50% of the output of the units. Based on anticipated commercial operation in April 1987 for Unit No. 1, FPL is obligated to make capacity payments to JEA of approximately $32 million in 1988, $35 million in 1989, $37 million in 1990 and $38 million in 1991. As JEA commits funds to cover its share of the cost of constructing the remaining unit, FPL becomes obligated to make capacity payments to JEA under the purchase power arrangement even if the remaining unit is never completed. Based on the amount of proceeds committed to the construction of the remaining unit as of December 31, 1986, FPL is obligated to make annual capacity payments to JEA of approximately $14 million beginning as early as 1989.

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, 1986, 1985 and 1984 were $49.7 million, $45.7 million and $35.9 million, respectively. Under the terms of the lease, the lessor buys

nuclear fuel materials from FPL and from third parties. Purchases from FPL during 1986 and 1984 were $37 million and $21 million, respectively. FPL has full responsibility for management of the fuel. Under certain circumstances of lease termination, FPL is required to purchase, within 270 days, all nuclear fuel in whatever form. This purchase price is designed to allow the lessor to recover its net investment cost in the fuel and would have been approximately $84 million and $90 million at December 31, 1986 and 1985, respectively. 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 for financial reporting purposes at December 31, 1986 and 1985, additional nuclear fuel and a corresponding capitalized lease obligation would have been recorded for the amount that FPL would have been required to pay upon lease termination. In accordance with the effective date established by Financial Accounting Standards Board Statement No. 71, "Accounting for the Effects of Certain Types of Regulation," FPL will record this lease as a capital lease for financial reporting purposes beginning in 1987. Recording this lease as a capital lease will have no income statement impact on FPL.

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 $1.2 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 a participant under various property, replacement power and nuclear liability insurance programs covering FPL's nuclear generating sites. Under those programs FPL could be assessed a maximum of approximately $137 million in retroactive premiums, as of December 31, 1986, in the event of major accidents at nuclear units of covered utilities. Additional assessments could be made in subsequent years.

FPL is subject to the provisions of the Price-Anderson Act which was enacted in 1957 to provide financial protection for the public in the event of a nuclear power plant accident. The Price-Anderson Act has historically been renewed every ten year period and is scheduled to expire August 1, 1987. In 1986 the 99th Congress considered several proposals to extend and modify the Price-Anderson Act, most of which would have significantly increased FPL's post-accident liability limits. None of the proposals passed, and consequently extension legislation is expected to be an important item on the agenda of the 100th Congress. FPL cannot predict the outcome of pending legislation concerning the extension and modification of the Price-Anderson Act.

Nuclear Units

Turkey Point Units Nos. 3 and 4

The steam generators at Turkey Point Units Nos. 3 and 4 were replaced and the units returned to service during 1982 and 1983, respectively. FPL filed suit for damages against Westinghouse Electric Corporation (Westinghouse), the supplier of the steam

generators. The matter is pending. In November 1986 the FPSC authorized FPL to place the steam generator replacement costs, including AFUDC accrued through December 31, 1986, in rate base effective January 1, 1987. See Note 5.

Spent Nuclear Fuel

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 including interest, 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. Oral argument was held in June 1986. The matter is pending. FPL believes that the costs for which Westinghouse received a credit should be recoverable either under FPL's Fuel adjustment clause or through its base rates. Because Westinghouse has refused to accept financial responsibility for the spent fuel pending the outcome of its appeal, on June 27, 1985 FPL made a $69.6 million cash payment to the U.S. Department of Energy (DOE) for the spent fuel burned prior to April 7, 1983 for which the trial court ruled that Westinghouse is responsible. The FPSC has authorized FPL to recover, through the Fuel adjustment clause, interest relating to this payment until the conclusion of the litigation.

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 2003, pending removal by the DOE.

Purchased Power Contracts

FPL has a contract with certain of the generating companies of The Southern Company system (Southern Companies) to receive, subject to certain contingencies, varying amounts of coal-fired power through mid-1995. Under the terms of this contract, FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $345 million in 1987, $335 million in 1988, $425 million in 1989, $445 million in 1990 and $470 million in 1991. These estimates reflect reductions from the prior year's estimates primarily due to changes to the federal corporate income tax rate in accordance with the provisions of the Tax Reform Act and the refunding of high cost debt in 1986 by the Southern Companies. Purchases, which consist of capacity and energy charges, under this contract for 1986, 1985 and 1984 totaled approximately $490 million, $661 million and $259 million, respectively. Capacity charges associated with these purchases are recovered through the oil-backout cost recovery clause.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Concluded)

In 1985 FPL began purchasing coal-fired power under a three-year contract with ampa Electric Company. Under the terms of this contract, FPL is required to make, on take-or-pay basis, subject to certain contingencies, capacity payments which are stimated to be approximately $20 million in 1987. Purchases, which consist of capacity ınd energy charges, under this contract for 1986 and 1985 totaled approximately $51 million and $83 million, respectively.

Federal Income Taxes

The IRS has examined FPL's income tax returns for the years 1971 through 1980 and has raised the issue of the taxability of customer deposits. FPL has reached a tentative settlement with the IRS on this issue. The tentative settlement, which will have no material impact on the financial position of FPL, is pending approval by the Joint Committee on Taxation.

8. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information for 1986 and 1985 is as follows:

	December 31	September 30	June 30	March 31
	Thousands of Dollars			
1986				
Operating revenues	$978,013	$1,169,072	$998,168	$941,950
Operating income	$165,215	$218,228	$142,684	$139,397
Net income	$105,650	$162,792	$82,593	$80,088
1985				
Operating revenues	$1,028,448	$1,260,208	$1,059,452	$989,410
Operating income	$119,979	$207,275	$161,539	$162,244
Net income	$58,319	$148,064	$104,297	$103,667

In the opinion of FPL, all adjustments, which consist 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 the operations of FPL, 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 outages of major generating units, actions of regulatory agencies and changes in weather conditions, customer usage and number of customers.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

DIRECTORS (1)

M. P. ANTHONY, West Palm Beach, Florida. Age 67. Director since 1977. Retired. Formerly President, Anthony's, Inc., a chain of ladies apparel retail stores.

DAVID BLUMBERG, Miami, Florida. Age 61. Director since 1973. Chairman and CEO, Planned Development Company Ltd., a building and development firm. Formerly Chairman of the Board and Chief Executive Officer, FMI Financial Corporation. Director, Southeast Banking Corporation and its subsidiary, Southeast Bank N.A. Trustee, University of Miami. Chairman, Florida High Speed Rail Transportation Commission.

J. HYATT BROWN, Ormond Beach, Florida. Age 49. Director since 1986. President and Chief Executive Officer, Brown & Brown, Inc., an insurance agency. Director, Sun Banks of Volusia County, Sun Banks, Inc., SunTrust Banks, Inc., American Pioneer Corporation, Rock-Tenn Company, and Southern Bell Telephone and Telegraph Company. Member, Board of Regents of the State of Florida. Trustee, Stetson University.

JEAN McARTHUR DAVIS, Miami, Florida. Age 62. Director since 1977. President, McArthur Farms, Inc., a milk producer, and Chairman of the Board of McArthur Management Company. Director, Dean Foods Company and Barnett Banks of Florida, Inc. Trustee, University of Miami, and member of Board of Visitors of Fuqua Graduate School of Business, Duke University.

JOHN J. HUDIBURG, Miami, Florida. Age 58. Director since 1979. Chairman of the Board (since April 1986) and Chief Executive Officer of FPL (since April 1983); formerly President and Chief Operating Officer. Director, NCNB National Bank of Florida.

ROBERT B. KNIGHT, Coral Gables, Florida. Age 68. Director since 1977. Retired. Formerly Chairman of the Board, National Food Services, Inc., a restaurant management company.

JOHN M. McCARTY, Fort Pierce, Florida. Age 71. Director since 1973. Citrus grower and rancher. Retired attorney and judge. Director, Ace High Farms, Inc. and Emeritus Director, Barnett Bank of St. Lucie County.

MARSHALL McDONALD, Juno Beach, Florida. Age 68. Director since 1971. President and Chief Executive Officer of FPL Group, Inc. since September 1984. Formerly Chairman of the Board of Directors and Chief Executive Officer of FPL.

RICHARD W. OHMAN, Philadelphia, Pennsylvania. Age 46. Director since 1984. President, since July 1986, Colonial Penn Group, Inc. Formerly Senior Vice President, MetLife-State Street Investment Services, Inc. a wholly-owned subsidiary of State Street Management Co., an investment company; Senior Vice President, State Street Research and Management Co.; Vice Chairman and Chief Executive Officer, Fort Hill Investors Management Corporation, an investment company; Senior Vice President and Chief

Investment Officer, Home Insurance Company and Senior Vice President, Massachusetts Financial Services. Trustee, Gordon College, Wenham, Massachusetts.

EDGAR H. PRICE, JR., Bradenton, Florida. Age 69. Director since 1972. President, The Price Company, Inc., a consulting firm. Trustee, The Aurora Foundation.

ROBERT E. TALLON, Miami, Florida. Age 60. Director since April 1986. President of FPL since April 1986. Formerly Executive Vice President of FPL. Director, Bank of Palm Beach & Trust Co., Association of Edison Illuminating Companies, and The Community Television Foundation of South Florida, Inc. Chairman of the Board of Trustees, Florida Chamber of Commerce Foundation.

GENE A. WHIDDON, Ft. Lauderdale, Florida. Age 58. Director since 1979. President, Causeway Lumber Company, Inc., engaged in the sale of lumber and building materials. Director, Citizens & Southern Florida Corp., Citizens and Southern National Bank, Broward Community College Foundation and Palm Beach Atlantic College.

Colonial Penn Group, Inc. is a subsidiary of FPL Group Capital Inc. FPL Group Capital Inc is a subsidiary of FPL Group.

(1) All of the directors except for Mr. Brown and Mr. Tallon are directors of FPL Group. Each director will serve until the next annual meeting of shareholders, which is scheduled to be held on April 20, 1987, or until the election and qualification of a successor. Ages shown for directors are as of January 1, 1987.

EXECUTIVE OFFICERS

Name	Age as of January 1, 1987	Position	Effective Date of Election to Present Position
J. J. Hudiburg	58	Chairman of the Board of Directors and Chief Executive Officer	April 22, 1986
R. E. Tallon	60	President and Chief Operating Officer	April 22, 1986
E. A. Adomat	62	Executive Vice President	May 12, 1973
J. C. Collier, Jr.	52	Senior Vice President	September 15, 1986
R. J. Gardner	58	Senior Vice President	July 13, 1981
L. C. Hunter	61	Senior Vice President	February 7, 1978
J. C. Walden	61	Senior Vice President	September 15, 1986
D. K. Baldwin	49	Group Vice President	January 12, 1987
W. H. Brunetti	44	Group Vice President	April 24, 1984
J. W. Williams, Jr.	61	Group Vice President	April 24, 1984
C. O. Woody	48	Group Vice President	December 16, 1985
K. R. Beasley	56	Vice President	April 24, 1984
W. E. Coe	59	Vice President	March 11, 1985
H. J. Dager, Jr.	62	Vice President	September 13, 1976
T. E. Danese	49	Vice President	May 13, 1975
J. W. Dickey	42	Vice President	December 16, 1985
J. H. Francis, Jr.	58	Vice President	June 20, 1977
W. M. Klein	60	Vice President	May 23, 1973
O. F. Pearson	44	Vice President	September 15, 1986
J. T. Petillo	42	Vice President	September 15, 1986
J. S. Woodall	50	Vice President	November 1, 1985
H. P. Williams, Jr.	57	Comptroller	October 1, 1972
E. L. Hoffman	37	Treasurer	January 12, 1987
Astrid E. Pfeiffer	52	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 20, 1987.

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, 1982: Mr. Hudiburg was President and Chief Operating Officer prior to April 1, 1983 and President and Chief Executive Officer thereafter; Mr. Tallon was Executive Vice President; Mr. Collier was Vice President; Mr. Walden was Director of Project Management prior to March 1, 1983, Director of Power Resources prior to July 11, 1983 and Vice President thereafter; Mr. Baldwin was Vice President; Mr. Brunetti was Vice President; Mr. J. W. Williams, Jr. was Vice President; Mr. Woody was Director of Nuclear Energy prior to April 24, 1984 and Vice President thereafter; Mr. Beasley was Division Vice President for Western Division; Mr. Coe was Director of Power Supply; Mr. Dickey was Manager of Power Services prior to March 1, 1985 and Executive Assistant thereafter; Mr. Pearson was Director of Strategic Planning and Assistant Secretary prior to August 1, 1982, on Job Rotation prior to October 1, 1983, Director of Licensing and Assistant Secretary prior to April 9, 1985 and Executive Assistant thereafter; Mr. Petillo was Division Vice President for Western Division; Mr. Woodall was Director of Management Services and Budget prior to February

1, 1985 and Director of Management Control thereafter; Mr. Hoffman was Manager of Financial Analysis and Forecasts prior to December 1, 1985, Manager of Regulatory Accounting and Research prior to June 1, 1986 and Director of Finance and Assistant Treasurer thereafter.

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, in the aggregate, during 1986.

Cash Compensation Table

Name of individual or number of persons in group	Capacities in which served	Cash Compensation (1)
J. J. Hudiburg	Chairman of the Board of Directors and Chief Executive Officer (2)	$424,026
R. E. Tallon	President and Chief Operating Officer and Director (3)	$290,115
E. A. Adomat	Executive Vice President	$237,313
R. J. Gardner	Senior Vice President	$190,746
L. C. Hunter	Senior Vice President	$184,528
25 Executive Officers of FPL, in the aggregate, including those listed above		$3,984,212 (4)

(1) Cash Compensation has not been reduced by the amounts charged to FPL Group and its non-utility subsidiaries. See "Note 1--Basis of Consolidation."

(2) Mr. Hudiburg served as President and Chief Executive Officer until April 1986.

(3) Mr. Tallon served as Executive Vice President until April 1986.

(4) Includes amounts paid only for the period served as executive officers.

Director Compensation

Directors of FPL who are salaried employees of FPL or any of its affiliates do not receive any additional compensation for serving as a director or committee member. Non-employee directors of FPL and any of its affiliates receive one annual retainer of $14,000 and committee chairmen receive, in addition to the foregoing, an annual fee of $2,400. A fee of $700 is paid to such directors for one meeting of a board of directors or a committee attended on any given day. A fee of $400 is paid for each additional board or committee meeting attended on that day and for meetings conducted by teleconference call. Directors may defer compensation under the Director and Executive Compensation Deferral Plan described below.

FPL Group recently established a Retirement Benefits Plan under which a director who retires from the Board of FPL or FPL Group at or after age 65 and is designated by FPL Group's Board as Director Emeritus, will receive an annual retirement benefit equal to 100% of the annual retainer being paid to directors. The benefit will be paid for life, but only if the director continues to make himself or herself available for consultation with management and directors. The plan became effective as of January 1, 1987.

Directors and officers are also covered by a travel-accident insurance policy, a supplementary medical insurance plan and a dental plan and are provided with $10,000 of life and accidental death insurance at no cost. The premiums attributable to the group of directors participating in the foregoing plans were $15,403 for 1986.

Compensation Pursuant To Plans

Management Incentive Program: The Management Incentive Program provides annual incentive compensation to certain key employees of FPL at the discretion of FPL's Management Incentive Compensation Committee and to officers of FPL at the discretion of the Salary and Compensation Committee of FPL's Board of Directors. The incentive awards are based on the success of FPL and such individuals in meeting goals established in the Program. The two primary factors considered in the evaluation are a comparison of FPL's earnings on book value with other major investor-owned utilities and a cents-per-kilowatt-hour calculation relative to other major investor-owned utilities. Payments made under the Program are not considered for the purposes of computing employer contributions to any employee benefit programs. Amounts paid pursuant to the Program in 1986 for service to FPL in 1985 to Messrs. Tallon, Adomat, Gardner and Hunter and to all executive officers as a group are included in the Cash Compensation Table. After January 1, 1986 executive officers of FPL are no longer eligible to participate in the Program.

1986 Annual Incentive Plan for FPL Officers (Annual Incentive Plan): FPL maintains an Annual Incentive Plan for FPL officers, including Messrs. Adomat and Hunter. Under the Annual Incentive Plan, participants may be awarded annual bonuses (a portion of which must be deferred) based upon both individual and corporate performance during each year measured against pre-established performance goals. The Annual Incentive Plan is administered and controlled by the Salary and Compensation Committee of FPL's Board of Directors and the Salary and Compensation Committee of FPL Group's Board of Directors (Compensation Committee) and became effective on January 1, 1986. FPL Group maintains a similar Annual Incentive Plan in which Messrs. Hudiburg, Tallon and Gardner participate, under which annual cash or deferred bonuses may be awarded based on both individual performance and corporate performance of FPL Group.

No bonus awards were paid or accrued under either Annual Incentive Plan during 1986. Amounts to be paid in 1987 to each individual named in the Cash Compensation Table, and to all executive officers as a group, for services rendered in 1986, had not been determined as of March 13, 1987.

Director and Executive Compensation Deferral Plan: Under the Director and Executive Compensation Deferral Plan, directors and principal officers of FPL and its affiliates are eligible to irrevocably elect to defer receipt until they leave office 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. The Plan was not offered for 1987 deferrals.

Deferred Compensation Agreements: In 1986 FPL entered into various deferred compensation agreements with certain officers and directors, including Mr. Hunter, pursuant to which all or a portion of their 1987 compensation will be deferred for between one and four years. Amounts deferred will bear interest at the prime rate and are included in the Cash Compensation Table.

Employee Stock Ownership Plan (ESOP): Under the ESOP, employer contributions of shares of FPL Group Common Stock or cash for the purchase of such stock may be made to a trust for the benefit of employees of FPL and certain of its affiliates. The contribution is intended to be equivalent in amount to the maximum allowable tax credit permitted by the Internal Revenue Code of 1986 (Code). The permitted credit for calendar year 1986 was 1/2 of 1% of domestic employee compensation paid by the employer during that year. For calendar years after 1986 the tax credit has been eliminated. 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 may be reinvested to purchase additional Common Stock. During 1986 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, $10,861 was contributed.

Employee Thrift and Retirement Savings Plan (Thrift Plan): The Thrift Plan for non-bargaining unit employees provides employees who complete six months of service (including officers) a way to contribute and save a percentage of their earnings and have the employer match a portion of such contributions. The Thrift Plan offers a deferred compensation arrangement pursuant to Section 401(k) of the Code, under which federal income taxation of a participant's contributions may be deferred until such participant's account is distributed or withdrawn. Participant contributions are invested in one or more funds, including a FPL Group Common Stock fund, a fixed income fund and an equity fund excluding FPL Group securities, as directed by each participant. Employer contributions may be made in the form of FPL Group Common Stock (or cash used to purchase FPL Group Common Stock), which the Trustee credits to the participant's Company account and which vests in annual increments of 20% and is fully vested after five years of participation. During 1986 the following amounts were paid as matching contributions for the following executive officers listed in the Cash Compensation Table: J. J. Hudiburg - $16,627, R. E. Tallon - $10,672, E. A. Adomat - $8,680, R. J. Gardner - $6,560, L. C. Hunter - $6,800 and for all executive officers of FPL as a group - $133,872.

Long-Term Incentive Plan of 1985 (1985 Plan): The 1985 Plan provides for the grant to officers and key employees of FPL Group and its participating subsidiaries, including FPL, of the following types of incentive awards: incentive stock options, nonqualified stock options, stock appreciation rights (SARs), restricted stock and performance shares. The aggregate number of shares for which awards may be granted pursuant to the 1985 Plan is 4,000,000. The Compensation Committee has discretion 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, normal retirement or a change in the control of FPL Group, 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 descent and distribution.

Options, which include nonqualified stock options and incentive stock options, are rights to purchase a specified number of shares of FPL 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 or with other shares of FPL Group Common Stock, or a combination thereof. Options are exercisable at such time and in such installments as determined by the Compensation 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, FPL 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 Compensation Committee.

A Restricted Stock award is an award of shares of FPL Group Common Stock that are subject to certain restrictions during a period set by the Compensation Committee, which is not less than three years from the date the award is made. During such period of restriction, the employee has the right to vote the shares and to exercise other shareholder rights with respect to the Restricted Stock, except that FPL 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 FPL Group Common Stock and is valued at the fair market value of such Common Stock. At the time the award is made, the Compensation 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 Compensation Committee. The Compensation 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 if the respective participants have remained in the employ of FPL 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 was amended in 1986 to provide that upon a change in control of FPL Group: (a) all options are immediately exercisable in full for the remainder of their terms: (b) subject to a six month holding period for options and SARs by officers, all SARs are exercisable in full for cash for a period of sixty days following the change in control at the price specified in the 1985 Plan, and optionees may require FPL Group to purchase at such prices, options as to which no SARs have been granted for cash; (c) all restrictions on Restricted Stock expire; and (d) all performance shares become immediately payable in cash at the designated prices. In addition, for three years after a change in control, to the extent such options have not yet expired, all options remain exercisable for a period of 90 days following the termination of a participant's employment other than for cause (as defined), or resignation for good reason (as defined). The 1985 Plan is scheduled to terminate in December 1995.

The following awards were granted during 1986 to the individuals named in the Cash Compensation Table and to all executive officers as a group:

	Shares of Common Stock Subject to Nonqualified Options with Related SARs	Average Exercise Price Per Share	Shares of Restricted Stock
J. J. Hudiburg	28,333	$30.875	1,500
R. E. Tallon	16,800	$30.875	1,000
E. A. Adomat	10,850	$30.875	-0-
R. J. Gardner	8,200	$30.875	1,000
L. C. Hunter	8,500	$30.875	-0-
All executive officers as a group (23 persons).	182,406	$30.875	3,500

No options were issued without SARs and no options were exercised during 1986.

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 a straight-life annuity basis at age 65 to participants retiring in 1987, 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 Pension Plan was amended in 1986 to provide that upon certain terminations, transfers of assets and other circumstances following a change in control of FPL Group, no reversion to an employer of excess plan assets over the present value of accrued benefits is permitted and any such excess shall be applied to increase employee benefits under the plan. No employee is credited with years of service beyond age 65.

The following table is intended to relate to the compensation levels of the highest paid executive officers of FPL and therefore is not representative of compensation levels or retirement benefits of employees in general.

Estimated Annual Pension Benefits*

Salary**	10	20	30	40	50	60	70
	Participating Years of Service in the Plan						
$100,000	31,398	41,593	47,008	47,646	48,383	49,216	49,587
$150,000	48,898	64,093	72,008	72,646	73,383	74,216	74,587
$200,000	66,398	86,593	97,008	97,646	98,383	99,216	99,587
$250,000	83,898	109,093	122,008	122,646	123,383	124,216	124,587
$300,000	101,398	131,593	147,008	147,646	148,383	149,216	149,587
$350,000	118,898	154,093	172,008	172,646	173,383	174,216	174,587
$400,000	136,398	176,593	197,008	197,646	198,383	199,216	199,587
$450,000	153,898	199,093	222,008	222,646	223,383	224,216	224,587
$500,000	171,398.	221,593	247,008	247,646	248,383	249,216	249,587
$550,000	188,898	244,093	272,008	272,646	273,383	274,216	274,587

* FPL has adopted a benefit limitation policy for this plan consistent with Section 415 of the Internal Revenue Code. As a result, the current maximum annual benefit which may be earned under this plan is $90,000 a year.

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

Participating years of service through December 31, 1986, for the persons named in the Cash Compensation Table are as follows: J. J. Hudiburg - 36 years, R. E. Tallon - 13 years, E. A. Adomat - 37 years, R. J. Gardner - 33 years (current covered compensation $164,000) and L. C. Hunter - 37 years.

Benefit Restoration Plan: In 1986 FPL's Benefit Restoration Plan was amended and restated. Under the Benefit Restoration Plan, the Board of Directors may select certain executive officers to have benefits restored under the Pension Plan, the Thrift Plan and the ESOP that would otherwise be lost as a result of certain limitations imposed by Section 415 of the Code on annual pensions and on contributions that may be made to the Thrift Plan and the ESOP. In the event that benefits of participants (including Messrs. Hudiburg, Tallon, Adomat, Gardner and Hunter) are reduced by the operation of Section 415 of the Code, the Benefit Restoration Plan would provide for payment of the difference between the benefits to which the participants would be entitled if the statutory limitations did not apply (computed as if benefits were based on total base compensation, including all amounts deferred, but excluding any bonuses) and the amounts currently payable under the respective retirement plans. Benefits are generally payable at the same time and in the same manner as benefits under the plans to which they relate, but no benefits are payable unless the participant is fully vested in all underlying plans.

FPL may fund the plan through the establishment of a trust or trusts to retain assets set aside for payment of all or a portion of the benefits payable pursuant to the plan. Any benefits not paid from a trust are payable from FPL's general funds.

If a participant's employment is terminated as a result of death, disability or a change in control of FPL Group, benefits under the Benefit Restoration Plan become fully vested and payment thereof commences no later than three months from and after the occurrence of such event. Such benefits may otherwise be forfeited upon termination of employment. The following amounts were reserved in 1986 under the Benefit Restoration Plan for benefits lost under the Thrift Plan in 1985 and 1986 for the following executive officers listed in the Cash Compensation Table: J. J. Hudiburg - $36,149, R. E. Tallon- $2,678, E. A. Adomat - $3,961, R. J. Gardner - $1,000 and L. C. Hunter - $1,131 and for all executive officers of FPL as a group - $45,919. No amounts were reserved in connection with the ESOP.

Medical and Insurance Plans: Officers and directors of FPL 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 1986 amounts paid to or for the executive officers listed in the Cash Compensation Table pursuant to the foregoing plans were: J. J. Hudiburg - $1,698, R. E. Tallon - $1,582, E. A. Adomat - $1,405, R. J. Gardner - $1,366, L. C. Hunter - $1,661 and for all executive officers of FPL as a group - $31,300.

Employment Agreements: During 1986 FPL entered into employment agreements with certain of its officers, including the individuals named in the Cash Compensation Table, to become effective in the event of a change in control of FPL Group defined as: the acquisition of beneficial ownership of 20% of the voting power of FPL Group, certain changes in FPL Group's Board, or approval by the shareholders of certain mergers or consolidations or of certain transfers of FPL Group's assets. These agreements are intended to assure FPL of the continued services of key executives. The agreements provide that each executive shall be employed by FPL in his or her then current position, with compensation and benefits at least equal to then current base and incentive compensation and benefit levels for an employment period of four, and in certain cases five, years after a change in control occurs, subject to earlier expiration because of death, disability, or termination for cause as defined in the agreements.

In the event that the executive's employment is terminated (except for death, disability or cause) or if the executive terminates his or her employment because of a reduction in position, responsibility, salary or for any other good reason, as defined in the agreement, the executive is entitled to severance benefits in the form of monthly installments or a lump sum, at the option of the executive, for the remainder of the employment period or for two years, whichever is longer. Such benefits will be based upon the executive's then base compensation plus a maximum bonus and the maximum amount of employer contributions made to his or her account under the Thrift Plan and the Benefit Restoration Plan (relating to the Thrift Plan). The executive is also entitled to continued participation in all benefit plans (or if barred, payment by the employer), additional supplemental retirement benefits and immediate vesting of incentive stock awards. Any tax penalty incurred by the executive as the result of his or her severance payments will be reimbursed by the employer. The executive is not required to mitigate the amount of benefits under the agreements by seeking other employment.

Other Compensation

The aggregate amount of non-cash compensation with respect to the group of executive officers does not exceed the lesser of $25,000 times the number of persons in

the group or 10% of the compensation reported in the Cash Compensation Table for the group.

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

FPL Group owns 100% of FPL's voting securities.

The table below sets forth, as of February 19, 1987, the number of shares of equity securities of FPL Group and FPL beneficially owned by the directors of FPL and all directors and officers of FPL as a group.

Name	Class of Stock	Shares Beneficially Owned	
M. P. Anthony	FPL Group Common Stock	2,183	(1)
David Blumberg	FPL Group Common Stock	4,327	(2)
J. Hyatt Brown	FPL Group Common Stock	1,000	
	FPL Preferred Stock	995	(3)
Jean McArthur Davis	FPL Group Common Stock	2,733	
John J. Hudiburg	FPL Group Common Stock	16,725	(4)
Robert B. Knight	FPL Group Common Stock	1,251	
John M. McCarty	FPL Group Common Stock	1,400	(5)
Marshall McDonald	FPL Group Common Stock	39,704	(6)
Richard W. Ohman	FPL Group Common Stock	2,000	(7)(8)
Edgar H. Price, Jr.	FPL Group Common Stock	2,400	
Robert E. Tallon	FPL Group Common Stock	6,681	(9)
Gene A. Whiddon	FPL Group Common Stock	2,000	
All directors and officers in the aggregate (33 persons)	FPL Group Common Stock	182,242	(10)
	FPL Preferred Stock	995	(8)

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

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

(3) Beneficially owned by Brown & Brown, Inc., of which Mr. Brown is a majority shareholder.

(4) Includes 7,832 shares held in the Thrift Plan and 4,712 shares held in the ESOP as of December 31, 1986 and 1,500 shares of Restricted Stock over which Mr. Hudiburg has voting power, but not investment power.

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

(6) Includes 27,666 shares held in the Thrift Plan and 4,871 shares held in the ESOP as of December 31, 1986 and 6,000 shares of Restricted Stock over which Mr. McDonald has voting power, but not investment power.

(7) Includes 1,500 shares of Restricted Stock over which Mr. Ohman has voting power, but not investment power.

[Notes are continued on next page.]

(8) Does not include 49,200 shares of FPL Preferred Stock held by a subsidiary of Colonial Penn Group, Inc. over which Mr. Ohman shares investment power as a member of the Board of Directors of such corporation.

(9) Consists of 2,212 shares held in the Thrift Plan and 3,469 shares held in the ESOP as of December 31, 1986 and 1,000 shares of Restricted Stock over which Mr. Tallon has voting power, but not investment power.

(10) 0.14% of the class. Includes 11,000 shares of Restricted Stock over which no investment power is held by the executive officers to whom they were granted. No director or officer owns or has a beneficial interest in as much as 1/10 of 1% of any class of FPL 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 seventh year. FPL believes these terms are at least as favorable as could have been obtained elsewhere for similar facilities.

An interest-free loan was made during 1986 by FPL in the amount of $103,000 to Group Vice President C. O. Woody in connection with the relocation of Mr. Woody to FPL facilities at Juno Beach. As of January 1, 1987 the entire amount of the loan remained outstanding.

PART IV

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

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(a)	Restated Articles of Incorporation of FPL dated May 15, 1984 as amended through February 18, 1987.
3(b)	By-laws of FPL, as amended.
10(a)	FPL Group Long-Term Incentive Plan of 1985, as amended:
10(b)	Deferred Compensation Agreement between FPL and L. C. Hunter
10(c)	Employment Agreement between FPL and J. J. Hudiburg.
10(d)	Employment Agreement between FPL and R. E. Tallon.
10(e)	Employment Agreement between FPL and E. A. Adomat.
10(f)	Employment Agreement between FPL and R. J. Gardner.
10(g)	Employment Agreement between FPL and L. C. Hunter.
12(a)	Ratio of Earnings to Fixed Charges.
12(b)	Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
22	Subsidiary of the Registrant.
24	Consent of Deloitte Haskins & Sells.

Exhibits Incorporated by Reference

Exhibit Number	Description
4	Mortgage and Deed of Trust dated as of January 1, 1944, and Sixty-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 Number	Description
4	Continued
	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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545 and Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545).
10(h)	Director and Executive Compensation Deferral Plan, as amended (filed as Exhibit 10(c) to FPL's 1984 Annual Report on Form 10-K, File No. 1-3545).
10(i)	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 7, 1986 a Current Report on Form 8-K was filed relating to Item 7. Financial Statments and Exhibits.
	On November 5, 1986 a Current Report on Form 8-K was filed relating to Item 5. Other Events.
	On December 22, 1986 a Current Report on Form 8-K was filed relating to Item 5. Other Events.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT

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, 1986					
Electric utility plant, at original cost:					
Electric plant--					
Production plant:					
Steam	$ 1,618,312	$ 30,658	$ (8,669)	$ 46	$ 1,640,347
Nuclear	2,544,369	130,108	(1,761)	(6)	2,672,710
Other	289,066	1,801	(769)	(58)	290,040
Total production plant	4,451,747	162,567	(11,199)	(18)	4,603,097
Transmission plant	1,279,646	39,717	(4,254)	(688)	1,314,421
Distribution plant	2,539,858	238,457	(25,922)	176	2,752,569
General plant	310,979	85,039	(9,776)	188	386,430
Intangible plant	2,804	30	-	-	2,834
Total electric plant in service	8,585,034	525,810	(51,151)	(342)	9,059,351
Held for future use	36,378	(123)	-	290	36,545
Total electric plant	8,621,412	525,687	(51,151)	(52)	9,095,896
Construction work in progress	461,399	67,121	-	(3,531)	524,989
Nuclear fuel	404,590	78,971	(44,750)	(5,409)	433,402
Total electric utility plant	$ 9,487,401	$671,779	$ (95,901)	$ (8,992)	$ 10,054,287

Classification	Balance Beginning of Year	Additions at Cost (Note A)	Retirements (Note B)	Other Changes-- Add (Deduct)	Balance End of Year
For the Year Ended December 31, 1985					
Electric utility plant, at original cost:					
Electric plant--					
Production plant:					
Steam	$ 1,607,086	$ 14,903	$ (3,757)	$ 80	$ 1,618,312
Nuclear	2,469,862	83,755	(9,352)	104	2,544,369
Other	287,665	1,439	(95)	57	289,066
Total production plant	4,364,613	100,097	(13,204)	241	4,451,747
Transmission plant	1,198,117	84,858	(2,722)	(607)	1,279,646
Distribution plant	2,329,233	235,189	(25,041)	477	2,539,858
General plant	271,149	46,128	(5,848)	(450)	310,979
Intangible plant	2,385	350	-	69	2,804
Total electric plant in service	8,165,497	466,622	(46,815)	(270)	8,585,034
Held for future use	36,973	(790)	-	195	36,378
Total electric plant	8,202,470	465,832	(46,815)	(75)	8,621,412
Construction work in progress	355,937	110,380	-	(4,918)	461,399
Nuclear fuel	322,655	107,986	(18,171)	(7,880)	404,590
Total electric utility plant	$ 8,881,062	$684,198	$ (64,986)	$ (12,873)	$ 9,487,401

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT

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, 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

(A) Substantially all additions are originally charged to CWIP and transferred to electric 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.

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, 1986						
Accumulated provision for depreciation of electric utility plant (Note A):						
Production plant:						
Steam	$ 512,937	$ 56,128	-	$ (8,176)	$1,636	$ 562,525
Nuclear	422,084	108,898	$ 5,121	(4,125)	413	532,391 (C)
Other	158,672	15,534	-	(771)	(10)	173,425
Total production plant	1,093,693	180,560	5,121	(13,072)	2,039	1,268,341
Transmission plant	291,198	35,376	-	(3,467)	(2,007)	321,100
Distribution plant	742,506	103,089	-	(26,938)	(62)	818,595
General plant	83,626	10,347	9,455	(8,319)	30	95,139
Intangible plant	26,645	15,049	-	-	-	41,694
Total electric plant	2,237,668	344,421	14,576	(51,796)	-	2,544,869
Accumulated provision for amortization of nuclear fuel assemblies	125,021	-	62,026	(9,108)	-	177,939
Total	$ 2,362,689	$ 344,421	$ 76,602	$ (60,904)	$ -	$ 2,722,808
For the Year Ended December 31, 1985						
Accumulated provision for depreciation of electric utility plant (Note A):						
Production plant:						
Steam	$ 461,258	$ 54,875	$ 657	$ (4,014)	$ 161	$ 512,937
Nuclear	323,061	105,095	5,140	(11,185)	(27)	422,084 (C)
Other	143,321	15,433	-	(94)	12	158,672
Total production plant	927,640	175,403	5,797	(15,293)	146	1,093,693
Transmission plant	257,714	33,178	-	585	(279)	291,198
Distribution plant	677,654	95,555	-	(30,889)	186	742,506
General plant	71,608	8,298	8,367	(4,928)	281	83,626
Intangible plant	694	26,281	-	4	(334)	26,645
Total electric plant	1,935,310	338,715	14,164	(50,521)	-	2,237,668
Accumulated provision for amortization of nuclear fuel assemblies	73,364	-	70,000	(18,343)	-	125,021
Total	$ 2,008,674	$ 338,715	$ 84,164	$ (68,864)	$ -	$ 2,362,689

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 (C)
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

(A) This reserve is maintained for all depreciable property. The amount in the Retirements column is net of sale proceeds and 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, interchange and purchased power. Depreciation of items suspended from rate base is charged to Other deferred debits.

(C) Includes decommissioning reserve and related interest of $117.3 million, $87.6 million and $58.7 million at December 31, 1986, 1985 and 1984, respectively.

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, 1986					
Commercial Paper	-	-	- (4)	$ 602	7.6%
For the Year Ended December 31, 1985					
Commercial Paper	-	-	- (4)	$ 389	7.9%
For the Year Ended December 31, 1984					
Commercial Paper	-	-	$200,787	$67,684	10.5%
Pollution Control Bond Anticipation Note	-	-	$105,000	$73,525	7.0%

(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.

(4) No amounts were outstanding at any month end.

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 13, 1987 By R. E. TALLON
R. E. Tallon (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
J. J. HUDIBURG J. J. Hudiburg (Chairman of the Board)	Principal Executive Officer and Director	March 13, 1987
D. K. BALDWIN D. K. Baldwin (Group Vice President)	Principal Financial Officer	March 13, 1987
H. P. WILLIAMS, JR. H. P. Williams, Jr. (Comptroller)	Principal Accounting Officer	March 13, 1987
M. P. ANTHONY M. P. Anthony	Directors	March 13, 1987
DAVID BLUMBERG David Blumberg	Directors	March 13, 1987
J. Hyatt Brown	Directors	March 13, 1987
JEAN McARTHUR DAVIS Jean McArthur Davis	Directors	March 13, 1987
ROBERT B. KNIGHT Robert B. Knight	Directors	March 13, 1987
JOHN M. McCARTY John M. McCarty	Directors	March 13, 1987
MARSHALL McDONALD Marshall McDonald	Directors	March 13, 1987
RICHARD W. OHMAN Richard W. Ohman	Directors	March 13, 1987
ED H. PRICE, JR. Ed H. Price, Jr.	Directors	March 13, 1987
ROBERT E. TALLON Robert E. Tallon	Directors	March 13, 1987
GENE A. WHIDDON Gene A. Whiddon	Directors	March 13, 1987

Exhibit 12(a)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended December 31,				
	1986	1985	1984	1983	1982
	Thousands of Dollars				
Earnings, as defined:					
Income before cumulative effect of change in accounting method	$ 431,123	$ 414,347	$351,769	$313,963	$266,720
Income taxes	336,201	328,485	276,363	238,576	165,817
Fixed charges, as below	319,556	317,704	319,376	304,080	294,399
Total earnings, as defined	$1,086,880	$1,060,536	$947,508	$856,619	$726,936
Fixed Charges, as defined:					
Interest on first mortgage bonds	$282,984	$290,602	$288,719	$274,349	$239,213
Interest on other long-term debt	5,998	4,315	5,272	9,881	14,859
Other interest charges	24,962	16,914	17,545	17,374	28,428
Rental interest factor	131	171	180	55	66
Fixed charges included in nuclear fuel cost	5,481	5,702	7,660	2,421	11,833
Total fixed charges, as defined	$319,556	$317,704	$319,376	$304,080	$294,399
Ratio of earnings to fixed charges	3.40	3.34	2.97	2.82	2.47

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	Twelve Months Ended December 31,				
	1986	1985	1984	1983	1982
	Thousands of Dollars				
Earnings, as defined:					
Income before cumulative effect of change in accounting method	$ 431,123	$ 414,347	$351,769	$313,963	$266,720
Income taxes	336,201	328,485	276,363	238,576	165,817
Fixed charges, as below	319,556	317,704	319,376	304,080	294,399
Total earnings, as defined	$ 1,086,880	$ 1,060,536	$947,508	$856,619	$726,936
Fixed Charges, as defined:					
Interest on first mortgage bonds	$ 282,984	$ 290,602	$288,719	$274,349	$239,213
Interest on other long-term debt	5,998	4,315	5,272	9,881	14,859
Other interest charges	24,962	16,914	17,545	17,374	28,428
Rental interest factor	131	171	180	55	66
Fixed charges included in nuclear fuel cost	5,481	5,702	7,660	2,421	11,833
Total fixed charges, as defined	319,556	317,704	319,376	304,080	294,399
Non-tax deductible preferred stock dividend requirements	47,667	46,415	46,684	46,708	37,362
Ratio of income before income taxes to net income	1.780	1.793	1.786	1.760	1.622
Preferred stock dividend requirements before income taxes	84,847	83,222	83,378	82,206	60,601
Combined fixed charges and preferred stock dividend requirements	$ 404,403	$ 400,926	$402,754	$386,286	$355,000
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.69	2.65	2.35	2.22	2.05

SUBSIDIARIES OF REGISTRANT

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

EXHIBIT 24

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA POWER & LIGHT COMPANY:

We hereby consent to the incorporation by reference in Registration Statement No. 33-4775 on Form S-3 and Registration No. 33-5485 on Form S-3 of our opinion dated February 20, 1987 appearing in this Annual Report on Form 10-K of Florida Power & Light Company for the year ended December 31, 1986.

DELOITTE HASKINS & SELLS

Miami, Florida
March 13, 1987

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

For Quarter Ended: September 30, 1987   Commission File Number: 1-3545

FLORIDA POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

FLORIDA	59-0247775
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9250 West Flagler Street, Miami, Florida	33174
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (305) 552-3552

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES X   NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 9, 1987
Common Stock, No Par Value	1,000 shares

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

Thousands of Dollars
ASSETS

	September 30, 1987 (Unaudited)	December 31, 1986
ELECTRIC UTILITY PLANT:		
At original cost, including nuclear fuel	$10,192,270	$9,529,298
Construction work in progress	294,252	524,989
Less accumulated depreciation and amortization	2,985,600	2,722,808
Electric utility plant—net	7,500,922	7,331,479
INVESTMENTS	161,183	158,831
CURRENT ASSETS:		
Cash and temporary investments	7,763	86,479
Accounts receivable (less allowance for uncollectible accounts of $7,366 at September 30, 1987 and $8,866 at December 31, 1986)	483,853	366,473
Materials and supplies—at average cost	176,470	165,906
Fossil fuel stock—at average cost	55,629	56,816
Prepaid expenses	40,843	34,131
Other current assets	20,731	7,885
Total current assets	785,289	717,690
DEFERRED DEBITS:		
Deferred litigation items	193,066	194,323
Deferred fuel expenses	128,939	-
Other	197,931	163,744
Total deferred debits	519,936	358,067
TOTAL ASSETS	$ 8,967,330	$8,566,067

CAPITALIZATION AND LIABILITIES

	September 30, 1987 (Unaudited)	December 31, 1986
CAPITALIZATION (Note 1):		
Common stock	$1,373,069	$1,373,069
Retained earnings and other shareholder's equity	1,183,632	1,057,110
Preferred stock without sinking fund requirements	346,250	346,250
Preferred stock with sinking fund requirements	194,350	187,490
Long-term debt:		
First mortgage bonds	2,803,549	2,754,726
Other long-term debt	101,904	98,890
Unamortized premium and discount on debt	(20,404)	(20,358)
Total long-term debt	2,885,049	2,833,258
Total capitalization	5,982,350	5,797,177
OTHER NONCURRENT LIABILITIES:		
Capital lease obligations	69,395	1,480
Other	116,527	52,285
Total other noncurrent liabilities	185,922	53,765
CURRENT LIABILITIES:		
Accounts and notes payable	145,804	162,611
Accrued liabilities	275,096	302,820
Other current liabilities	322,760	299,558
Total current liabilities	743,660	764,989
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,471,349	1,331,241
Unamortized investment tax credit	464,465	471,651
Deferred revenues	16,893	78,479
Other	102,691	68,765
Total deferred credits	2,055,398	1,950,136
COMMITMENTS AND CONTINGENCIES (Notes 2 and 3)		
TOTAL CAPITALIZATION AND LIABILITIES	$8,967,330	$8,566,067

This report should be read in conjunction with the Notes on Pages 4 through 9 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1986 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Quarter Ended September 30,		Year To Date September 30,		Twelve Months Ended September 30,	
	1987	1986	1987	1986	1987	1986
	Thousands of Dollars					
OPERATING REVENUES (Note 2)	$1,283,347	$1,169,071	$3,271,117	$3,109,190	$4,249,130	$4,137,638
OPERATING EXPENSES:						
Fuel, purchased power and interchange	494,342	384,559	1,180,596	1,105,524	1,501,008	1,535,516
Other operations	169,663	180,076	512,620	514,113	673,323	683,772
Maintenance	86,483	70,907	243,883	220,847	331,468	303,970
Depreciation	97,442	81,553	288,085	251,813	371,069	356,893
Income taxes	110,481	141,623	241,287	264,902	317,997	305,125
Taxes other than income taxes	102,906	92,121	267,606	251,683	352,010	332,075
Total	1,061,317	950,844	2,734,077	2,608,882	3,546,875	3,517,351
OPERATING INCOME	222,030	218,227	537,040	500,308	702,255	620,287
ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	3,849	9,007	13,519	26,514	21,789	35,141
OTHER INCOME--NET	119	996	1,805	2,585	2,652	3,726
INCOME BEFORE INTEREST CHARGES	225,998	228,230	552,364	529,407	726,696	659,154
INTEREST CHARGES	73,250	76,139	216,087	235,439	294,592	316,212
ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION	(4,104)	(10,701)	(14,333)	(31,504)	(24,157)	(40,849)
NET INCOME	156,852	162,792	350,610	325,472	456,261	383,791
PREFERRED STOCK DIVIDEND REQUIREMENTS	11,643	12,204	36,652	35,493	48,826	47,090
NET INCOME AVAILABLE TO FPL GROUP, INC.	$ 145,209	$ 150,588	$ 313,958	$ 289,979	$ 407,435	$ 336,701

This report should be read in conjunction with the Notes on Pages 4 through 9 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1986 Annual Report on Form 10-K.

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
(Unaudited)

	Year To Date September 30, 1987	Year To Date September 30, 1986
	Thousands of Dollars	
SOURCE OF FUNDS:		
Current operations (A)	$ 799,043	$ 717,711
Sale of first mortgage bonds	222,503	247,813
Issuance of preferred stock	50,000	35,000
Issuance of other long-term debt	4,218	-
Reimbursement by trustee from pollution control financings for construction expenditures	20,506	41,060
Provision for revenue refund	57,700	-
Capital contribution from FPL Group, Inc.	110,000	80,000
Other sources	45,301	31,263
Total	$1,309,271	$1,152,847
APPLICATION OF FUNDS:		
Construction expenditures (B)	$ 398,117	$ 404,929
Nuclear fuel expenditures (B)	38,263	50,946
Retirement and current maturities of long-term debt and preferred stock	243,626	294,927
Preferred stock dividend requirements	36,652	35,493
Dividends to FPL Group, Inc.	294,031	239,869
Refund of revenues from prior year	-	28,840
Deferred fuel and oil backout expenses	191,299	-
Other applications	18,355	28,973
Increase in working capital	88,928	68,870
Total	$1,309,271	$1,152,847

(A) Current operations include net income plus depreciation and amortization, deferred income taxes and net deferred investment tax credits less gains on sales and transfers of property and the allowance for other funds used during construction.

(B) Excluding allowance for other funds used during construction.

This report should be read in conjunction with the Notes on Pages 4 through 9 herein and the Notes to Consolidated Financial Statements appearing in FPL's 1986 Annual Report on Form 10-K.

NOTES (Unaudited)

The accompanying condensed financial statements should be read in conjunction with the 1986 Annual Report on Form 10-K of Florida Power & Light Company (FPL). In the opinion of FPL, the accompanying unaudited condensed financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of September 30, 1987, the results of operations for the quarters, years to date and twelve months ended September 30, 1987 and September 30, 1986 and the changes in financial position for the years to date ended September 30, 1987 and September 30, 1986. The results of operations for any interim period may not give a true indication of results for the full year.

1. Capitalization

In April 1987 FPL received from FPL Group, Inc. a capital contribution of $110 million. An additional contribution of $55 million was received in October 1987.

Preferred Stock

In January 1987 FPL issued 500,000 shares of 6.84% Preferred Stock, Series Q, $100 Par Value.

The 1987 sinking fund requirements, including the maximum number of optional shares, for the 10.08% Preferred Stock, Series J and the 8.70% Preferred Stock, Series M, were met by redeeming and retiring 75,000 shares and 45,000 shares, respectively, during April 1987.

In July 1987 FPL redeemed and retired 285,500 shares of its 14.38% Preferred Stock, Series N, $100 Par Value.

Long-Term Debt

Annual maturities of long-term debt, excluding $15 million of debt which matured and was retired in May 1987, are approximately $1 million in 1987, $20 million in 1988, $25 million in 1989, $9 million in 1990 and $1 million in 1991.

In March 1987 FPL redeemed all $125 million principal amount of its First Mortgage Bonds, 16-1/2% Series due March 1, 2012, in June 1987 it redeemed the remaining $31.2 million principal amount of its First Mortgage Bonds, 16-3/8% Series due June 1, 2012 and in October 1987 it redeemed all $100 million principal amount of its First Mortgage Bonds, 12-1/2% Series due October 1, 2012. In April 1987 FPL sold $125 million principal amount of First Mortgage Bonds, 9-3/4% Series due April 1, 2017 and in August 1987 sold $100 million principal amount of First Mortgage Bonds, 10-1/8% Series due August 1, 2017.

2. Revenues

Rate Matters

In December 1986 the Florida Public Counsel (Public Counsel) filed a petition with the Florida Public Service Commission (FPSC) to reduce FPL's authorized return on equity (ROE) from 15.60%, as allowed in FPL's most recent FPSC rate order, to 12.25%, and to reduce FPL's rates and charges to reflect the proposed 12.25% ROE. In March 1987 Public Counsel filed a petition amending the December 1986 petition. The amended petition deleted the December 1986 request to reduce the current rates and charges of FPL but maintained that a 12.25% ROE should be used for other regulatory applications, including, but not limited to, calculation of the allowance for funds used during construction (AFUDC) rate, interim rate filings and the FPSC's rule related to the effect of corporate income tax rate changes on revenues (Tax Savings Rule). Oral argument was heard in late May 1987. The matter is pending.

In January 1987 the FPSC opened a generic docket to study how authorized ROE for all utilities under the FPSC's jurisdiction could be periodically adjusted; the effect of changing the ROE for interim proceedings, AFUDC and surveillance of earnings; and whether such action is beneficial to ratepayers. The matter is pending.

In January 1987 the FPSC and FPL agreed on an ROE of 13.60% solely for application of the Tax Savings Rule for 1987. During an October 1987 Agenda Conference the FPSC considered a proposal filed in August 1987 by FPL, Tampa Electric Company and Gulf Power Company. The three companies proposed that a revised ROE be used in 1988 solely in connection with the application of the Tax Savings Rule and calculation of the AFUDC rate. For these purposes, FPL had proposed that an ROE of 13.80% be used as opposed to the 15.60% midpoint established by the FPSC in FPL's last rate case. The agreement approved by the FPSC (October Agreement) requires an ROE of 13.60% to be used by FPL in the application of the Tax Savings Rule and calculation of the AFUDC rate for 1988. The FPSC indicated in the October Agreement that a 13.60% ROE will be used for earnings surveillance purposes in 1988. In addition, the October Agreement allows the FPSC to issue, at any time during 1988, an order to show cause why rates should not be reduced and, if jurisdictional revenues are in excess of those which would provide a 13.60% jurisdictional ROE after the provision for refund of the revenues associated with the total tax savings for 1988, then such jurisdictional revenues would be collected subject to refund. As part of the October Agreement FPL will not file for any interim or permanent general rate increases that would become effective prior to January 1, 1989.

Under the Tax Savings Rule any jurisdictional 1987 and 1988 revenues associated with earnings in excess of those required to produce the 13.60% ROE would be refunded in 1988 and 1989, respectively, to the extent the jurisdictional earnings were generated by the reduction in the corporate income tax rate. FPL estimates that the maximum refund which could be required by the Tax Savings Rule is approximately \$70 million and \$110 million for 1987 and 1988, respectively, which are the revenue requirements associated with the

total tax savings estimated to be realized in 1987 and 1988. In the third quarter of 1987 FPL recorded $58 million for the potential refund of revenues which could be required in 1988 by the Tax Savings Rule. This potential refund reflects jurisdictional earnings through September 30, 1987. The effect of recording this potential refund was to reduce net income for the three months, nine months and twelve months ended September 30, 1987 by approximately $33 million. However, the ultimate amount of any refund for each of the years 1987 and 1988 is dependent upon the actual level of jurisdictional earnings achieved by FPL during each of those years, as measured by the provisions of the Tax Savings Rule.

In June 1987 Public Counsel filed a petition to amend the Tax Savings Rule. Public Counsel requested that the definition of the term midpoint be changed to be the midpoint of the most recently authorized ROE approved for the utility by the FPSC, whether in a rate case or some other proceeding, and to use the utility's actual capital structure and debt rate during the year for which the tax savings or deficiency is being calculated. The current rule uses the midpoint of the FPSC authorized ROE and capital structure approved in the utility's last rate case adjusted for the cost of any debt issued subsequent to that rate case and prior to the commencement of a tax savings refund or tax deficiency collection. The matter is pending.

3. Commitments and Contingencies

Construction Program

FPL has made certain commitments in connection with its continuous construction program. FPL's construction expenditures for the years 1987-89 are currently estimated at $2.1 billion, including $181 million for nuclear fuel. The current estimate of 1987 construction expenditures is $678 million, including approximately $80 million for nuclear fuel. Through September 30, 1987 approximately $451 million of construction expenditures had been incurred.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership, construction and operation of two coal-fired units and a coal terminal. Under the terms of the agreement, FPL owns 20% of the project and JEA owns the remainder. As of September 30, 1987 expenditures of $278 million, including AFUDC, had been incurred since the beginning of the project to cover FPL's share of the construction costs. FPL's ownership interest, together with a purchased power arrangement with JEA, entitles FPL to receive 50% of the output of the units. Unit No.1 began commercial operation in late March 1987 and has been officially rated at a net output of 624 megawatts. As JEA commits funds to cover its share of the cost of constructing the remaining unit, FPL becomes obligated to make capacity payments to JEA under the purchased power arrangement even if the remaining unit is never completed. Based on the amount of proceeds committed to the construction of the remaining unit, as of September 30, 1987, FPL is obligated to make annual capacity payments to JEA of approximately $16 million beginning as early as 1989.

Insurance

FPL is a member of certain insurance programs which provide coverage for property damage to members' nuclear generating plants. The coverage limits under those programs currently total approximately $1.4 billion, above which FPL is self-insured. The terms of these programs provide that 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. The Nuclear Regulatory Commission (NRC) has recently adopted regulations under which nuclear plant license-holders must maintain not less than $1.06 billion of property insurance and must also use the proceeds of that insurance to place a plant in safe and stable condition and to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration. These regulations also require that any of the $1.06 billion of property insurance proceeds not already expended to place the plant in a safe and stable condition be payable to an independent trustee for disbursement consistent with the decontamination priority. While the regulations became effective in October 1987, they do not require that nuclear property insurance policies reflect a stabilization and decontamination priority or contain trustee provisions until October 1988.

FPL also is a member of a replacement power insurance program which provides coverage for its nuclear generating plants in the event that one or more of the plants is out of service for an extended period of time. This insurance does not cover replacement power costs until a plant has been out of service for twenty-six weeks. Thereafter, the insurance will make weekly payments of 90% of the estimate of the plant's replacement power costs stated in the policy declarations (base Payments), for up to fifty-two weeks and will make payments for up to an additional fifty-two weeks at half of the base Payments.

Under both the property and replacement power insurance programs, FPL could be assessed retrospective premiums for losses in current or prior policy years. FPL could be assessed a maximum of approximately $108 million under policies in effect on September 30, 1987, in the event of major accidents at nuclear plants of the utilities participating in these programs (including FPL).

FPL is subject to the provisions of the Price-Anderson Act (Act), which was enacted in 1957 to provide financial protection for the public in the event of a nuclear power plant accident. As the first layer of financial protection, FPL purchases $160 million of public liability insurance from pools of commercial insurers. The second layer of financial protection is provided under an industry retrospective payment plan. Under that plan, FPL is subject to the assessment of $5 million per nuclear unit per incident for accidents at any nuclear power plant covered by the Act, with a maximum charge of $10 million for each of FPL's four nuclear units in any one calendar year. The 100th Congress is currently considering several proposals to modify the Act, all of which would significantly increase FPL's post-accident liability limits.

Spent Nuclear Fuel

FPL filed suit against Westinghouse Electric Corporation (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 including interest, 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 of $12.7 million from FPL for performing a second modification of the spent fuel storage pools. Westinghouse then appealed the trial court's decision, and in August 1987 the U.S. Court of Appeals for the Fourth Circuit reversed in part and affirmed in part the decision of the trial court. As a consequence of the Court of Appeals' decision, Westinghouse would bear the costs of the first and second modifications of the spent fuel storage pools, which it has already paid or incurred, but would be relieved of any responsibility for the permanent disposal fee for the spent fuel (approximately $83 million). FPL filed a motion for rehearing in September 1987 with the Court of Appeals which subsequently issued an Order requiring Westinghouse to file a response to FPL's motion. The matter is pending. In June 1985 FPL paid the U.S. Department of Energy (DOE) $69.6 million, pending the outcome of Westinghouse's appeal of the trial court's decision. This represents the portion of the approximately $83 million permanent disposal fee which pertains to fuel burned prior to April 7, 1983. FPL has been recovering interest on the $69.6 million payment through its fuel and purchased power cost recovery clause (Fuel adjustment clause). The remaining portion of the approximately $83 million permanent disposal fee, which pertains to fuel burned after April 7, 1983, is being paid to the DOE in quarterly installments based on fuel burnup. FPL believes that if it is finally determined that Westinghouse is not liable for the removal of the spent fuel, the entire $83 million disposal fee should also be recoverable through its Fuel adjustment clause.

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 2003, pending removal by the DOE.

Purchased Power Contracts

FPL has a contract with certain of the generating companies of The Southern Company system (Southern Companies) to receive, subject to certain contingencies, varying amounts of coal-fired power through mid-1995. Under the terms of this contract, FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $310 million in 1987, $305 million in 1988, $375 million in 1989, $385 million in 1990 and $400 million in 1991. These estimates reflect reductions from prior estimates primarily due to a contract amendment with the Southern Companies in early November 1987. Purchases, which consist of capacity and energy charges, under this contract amounted to $184 million,

$515 million and $625 million for the quarter, year to date and twelve months ended September 30, 1987, respectively; purchases for the corresponding periods ended September 30, 1986 were $124 million, $380 million and $547 million. Capacity and energy charges are recovered through the oil-backout cost recovery clause and the Fuel adjustment clause, respectively.

In 1985 FPL began purchasing coal-fired power under a three-year contract with Tampa Electric Company. Under the terms of this contract, FPL is required to make, on a take-or-pay basis, subject to certain contingencies, capacity payments which are estimated to be approximately $20 million in 1987. Purchases, which consist of capacity and energy charges, under this contract amounted to $9 million, $23 million and $35 million for the quarter, year to date and twelve months ended September 30, 1987, respectively; purchases for the corresponding periods ended September 30, 1986 were $13 million, $39 million and $57 million. Capacity and energy charges are recovered through base rates and the Fuel adjustment clause, respectively.

Under the terms of the agreement with JEA, FPL is obligated to make, on a take-or-pay basis, capacity payments for Unit No. 1 to JEA of approximately $22 million in 1987, $35 million in 1988, $35 million in 1989, $37 million in 1990 and $37 million in 1991. Purchases, which consist of capacity and energy charges, under this agreement amounted to $15 million for the quarter ended September 30, 1987 and $32 million for the nine months and twelve months ended September 30, 1987. There were no purchases for the corresponding periods ended September 30, 1986. Capacity charges are recoverable through base rates and energy charges are recovered through the Fuel adjustment clause.

Natural Gas Contracts

In September 1987 FPL entered into two fifteen-year agreements, one with Citrus Trading Corp. and Enron Corp. and the other with Florida Gas Transmission Company (FGT) for the supply and transportation, respectively, of natural gas beginning in 1989. The agreements are contingent upon the construction of new pipeline facilities by FGT and approval by the Federal Energy Regulatory Commission. Under the terms of these contracts, FPL will be required to make payments on a take-or-pay basis, subject to certain contingencies. Payments under these contracts are estimated to be approximately $300 million in 1989, $410 million in 1990 and $450 million in 1991. These payments will be substantially reduced in the event of planned or unplanned outages at FPL's plants or facilities. The price of gas under the supply contract will be lower than the delivered cost of residual oil, on a per barrel equivalent basis. No payments will be required in 1987 or in 1988. FPL currently expects that these payments will be recoverable through the Fuel adjustment clause. Citrus Trading Corp. and FGT are subsidiaries of Citrus Corp. Citrus Corp. is owned jointly by Enron Corp. and Sonat Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the 1986 Annual Report on Form 10-K of FPL.

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 outages of major generating units, actions of regulatory agencies, changes in weather conditions, FPL customer usage and number of customers. The following includes a discussion of factors which had a significant effect on FPL's financial position and results of operations for the quarter, year to date and twelve months ended September 30, 1987. All comparisons are with the corresponding period of the prior year.

FINANCIAL CONDITION

For information regarding FPL's capitalization, see "Note 1."

For information concerning rate and regulatory matters with the FPSC, see "Note 2."

In the first quarter of 1987 FPL filed a shelf registration with the Securities and Exchange Commission (SEC) for the future sale of one million shares of preferred stock. These shares, together with 150,000 shares of preferred stock that were unissued from a previous shelf registration, are expected to cover FPL's preferred stock financing requirements for the next two years.

In the second quarter of 1987 FPL filed a shelf registration with the SEC for the future sale of $350 million of first mortgage bonds. These bonds, together with $75 million of bonds that were unissued from a previous shelf registration, are expected to cover FPL's first mortgage bond financing requirements through 1988. After the issuance of the $100 million of first mortgage bonds in August 1987, $325 million remain available for subsequent issuance under shelf registration.

RESULTS OF OPERATIONS

FPL's earnings improved for the year to date and twelve months ended September 30, 1987 primarily due to higher energy sales. This improvement was realized even though a $58 million provision (approximately $33 million after income taxes) was recorded in the third quarter of 1987 for the potential refund of revenues to customers due to the Tax Savings Rule. See "Note 2." As a result of the $58 million provision, earnings for the quarter declined despite substantially higher energy sales.

Operating Revenues

The following table summarizes the increase (decrease) in operating revenues by component.

	Periods ended September 30, 1987 vs 1986		
	Quarter	Year To Date	Twelve Months
	Millions of Dollars		
Retail base revenues due to increased energy sales	$ 60	$144	$171
Provision for potential refund	(58)	(58)	(58)
Fuel revenues	85	31	(66)
Other	27	45	64
Total change in operating revenues	$114	$162	$111

The increase in energy sales reflects both an increase in the average number of customers and an increase in energy usage per customer, mainly due to hotter weather during the year. For the quarter, year to date and twelve-month period, energy sales increased 11.2%, 7.8% and 8.0%, the average number of customers increased 4.4%, 4.3% and 4.3% and energy usage per customer increased 6.5%, 3.4% and 3.6%, respectively.

The provision for potential refund reflects the estimated revenues which could be required to be refunded in accordance with the Tax Savings Rule. FPL estimates that the maximum refunds under the Tax Savings Rule for 1987 and 1988 are expected to be approximately $70 million and $110 million, respectively. See "Note 2."

The increase in fuel revenues for the quarter ended September 30, 1987 is primarily attributable to higher Fuel adjustment clause factors as well as higher energy sales. The change for the year to date and twelve month period reflects lower Fuel adjustment clause factors and higher energy sales. The Fuel adjustment clause factors are projected every six months primarily to reflect anticipated changes in fuel expense.

Operating Expenses

Fuel, Purchased Power and Interchange

	Quarter Ended September 30,			Year To Date September 30,			Twelve Months Ended September 30,		
	1987	1986	Change	1987	1986	Change	1987	1986	Change
	Millions of Dollars								
Fuel expense	$301	$214	$ 87	$ 659	$ 591	$ 68	$ 827	$ 778	$ 49
Purchased power	210	139	71	575	425	150	699	611	88
Interchange	25	32	(7)	76	90	(14)	104	135	(31)
Deferred fuel costs	(42)	-	(42)	(129)	-	(129)	(129)	12	(141)
Total	$494	$385	$109	$1,181	$1,106	$ 75	$1,501	$1,536	$ (35)

The increase in fuel expense for the periods presented was primarily due to higher oil and natural gas prices, partially offset by a decrease in the consumption of oil.

The increase in purchased power expense for the periods presented was principally due to increased purchases of coal-fired power from the Southern Companies and purchases from St. Johns River Power Park (SJRPP) Unit No. 1 which was placed in commercial operation in late March 1987. Fluctuations in fuel consumption and purchased power expense reflect FPL's ability to shift between sources of generation to achieve the most economical fuel mix.

The deferral of fuel costs for the quarter, year to date and twelve months ended September 30, 1987 resulted from the under-recovery of such costs, which was primarily due to higher than anticipated oil and natural gas prices.

Other Operating Expenses

Other operations expense for the quarter, year to date and twelve-month period reflects a reduction in pension expense of approximately $8 million, $23 million and $52 million, respectively, due to a 1986 change in the actuarial cost method used for funding and ratemaking purposes. Other operations expense for the periods presented also reflects higher non-fuel production costs. Maintenance expense increased for the periods presented primarily due to expenses incurred during maintenance and refueling outages at FPL's nuclear units.

The increase in depreciation expense for the periods presented reflects the implementation of revised depreciation rates, effective January 1, 1987, and higher electric utility plant in service balances. The revised depreciation rates accounted for approximately $8 million of the increase for the quarter and approximately $25 million of the increase for the year to date and twelve months. However, depreciation expense for the nine months and twelve months ended September 30,

1986 reflects the recording of $10 million and $34 million, respectively, as depreciation expense related to an FPSC change in the ratemaking treatment of federal job development investment tax credits.

Income tax expense reflects a lower effective income tax rate estimated for the year primarily due to the reduction in the federal corporate income tax rate under the Tax Reform Act of 1986. Taxes other than income tax expense increased primarily due to higher property taxes attributable to higher assessed values and composite rates.

Interest Charges

Interest costs decreased primarily due to the redemption of higher-interest rate first mortgage bonds and the issuance of lower-interest rate first mortgage bonds. The weighted-average interest rate for first mortgage bonds was 9.54% for the twelve months ended September 30, 1987 compared to 10.16% for the corresponding period in 1986. This rate was calculated including the amortization of the excess of reacquisition cost over book value of reacquired bonds.

Allowance for Funds Used During Construction

The decrease in AFUDC is primarily the result of the inclusion in rate base of certain plant in service costs effective January 1, 1987 and the placement of SJRPP Unit No. 1 in commercial operation in late March 1987.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

(1) Reference is made to Item 3. Legal Proceedings - Turkey Point Steam Generator Suit in Florida Power & Light Company's (FPL) 1986 Annual Report on Form 10-K as modified by Item 1(1) of Form 10-Q for June 1987.

On July 9, 1987 the Florida Supreme Court answered the questions certified to it by the U.S. Court of Appeals for the Eleventh Circuit, finding that Florida law bars a buyer under a contract for goods from recovery for economic loss in negligence and that this rule applies to FPL's claim in this case. FPL's motion for rehearing on the issue of whether the rule applies to this case was denied. The case was remanded to the U.S. Court of Appeals, which will remand to the trial court for further proceedings on the remaining issues.

(2) Reference is made to Item 1(2) of Form 10-Q for June 1987 and Item 5 of Form 8-K dated October 19, 1987.

FPL has paid the $100,000 civil penalty assessed by the Nuclear Regulatory Commission (NRC) in July 1987 and intends to pay the $225,000 civil penalty assessed by the NRC in October 1987.

In late October 1987 the NRC held an Enforcement Conference to address several recent incidents at FPL's Turkey Point nuclear units which are currently pending possible enforcement action.

(3) Reference is made to Item 1. Business - Fuel, Interchange and Purchased Power and Item 3. Legal Proceedings - Other Legal Proceedings in FPL's 1986 Annual Report on Form 10-K as modified by Part I, Note 4 of Form 10-Q for March 1987, Part I, Note 3 of Form 10-Q for June 1987 and Item 5 of Form 8-K dated August 12, 1987.

For information concerning recent developments pertaining to a decision by the U.S. Court of Appeals for the Fourth Circuit with regard to a suit filed by FPL against Westinghouse Electric Corporation, the supplier of nuclear fuel for Turkey Point Units Nos. 3 and 4, see "Part I, Note 3."

ITEM 5. OTHER INFORMATION

(1) Reference is made to Item 1. Business - Regulation and Rates - Florida Public Service Commission (FPSC) in FPL's 1986 Annual Report on Form 10-K as modified by Item 5(1) of Form 10-Q for March 1987 and Item 5(2) of Form 10-Q for June 1987.

For information regarding a petition filed by the Florida Public Counsel with the FPSC in March 1987 amending its December 1986 petition to reduce FPL's authorized return on equity (ROE) and the subsequent scheduling of a decision by the FPSC, see "Part 1, Note 2."

(2) Reference is made to Item 1. Business - Regulation and Rates - FPSC in FPL's 1986 Annual Report on Form 10-K as modified by Item 5(3) of Form 10-Q for June 1987.

For information regarding a generic docket opened by the FPSC to study how authorized ROE could be periodically adjusted, see "Part 1, Note 2."

(3) Reference is made to Item 1. Business - Nuclear Units in FPL's 1986 Annual Report on Form 10-K as modified by Item 5(3) of Form 10-Q for March 1987, Item 5(4) of Form 10-Q for June 1987, Item 5(2) of Form 8-K dated October 6, 1987 and Item 5 of Form 8-K dated October 19, 1987.

Turkey Point Nuclear Unit No. 3 was returned to service in September 1987 after an extended outage. Work performed during the outage included refueling, routine maintenance and testing, and certain technical changes to meet regulatory requirements imposed since the unit was designed. After its return to service, Unit No. 3 was subsequently taken off line for additional minor repairs. Turkey Point Nuclear Unit No. 4 was removed from service on October 12, 1987 as a precautionary measure due to Hurricane Floyd. The hurricane did not cause any damage to the plant. While the unit was being returned to service, certain additional maintenance problems developed which are currently in the process of being corrected. Both units are expected to be returned to service by the end of this year.

St. Lucie Nuclear Unit No. 2 was removed from service in October 1987 for scheduled refueling, routine maintenance and testing activities. During the outage, a small number of additional pressurized water circulation tubes in the unit's steam generators were plugged. To date, slightly more than 2% of the tubes in the unit's steam generators have been plugged. Based on the most recent analyses by FPL, under the unit's NRC license, FPL can operate the unit with up to approximately 13% of the tubes plugged without reducing the unit's thermal output. The plugging of the tubes has been required primarily as a result of tube degradation caused by certain tube support strips wearing against the tubes. Based on the most recent analyses conducted by the designer/manufacturer, it is expected that the support-strip problem is self-limiting and that no more than an additional 3% of the tubes will require plugging as a result of such problem. The unit is expected to be returned to service in late November 1987.

On July 8, 1987 the NRC issued an amendment to the operating license of St. Lucie Nuclear Unit No. 1 extending the unit's license expiration date from July 1, 2010 to March 1, 2016.

(4) Reference is made to Item 1. Business - Fuel, Interchange and Purchased Power in FPL's 1986 Annual Report on Form 10-K.

In September 1987 an NRC Atomic Safety and Licensing Board held hearings on the license amendments for Turkey Point Units Nos. 3 and 4 to allow expansion of spent fuel storage capacity on site. A decision is pending. However, the amendments remain in effect subject to the outcome of the proceeding.

On September 25, 1987 FPL executed a contract with Florida Gas Transmission Company (FGT), a subsidiary of Citrus Corp., for increased natural gas transportation capacity beginning in mid-1989 and extending for an initial term of 15 years. The contract provides firm transportation capacity for FPL of up to 280,000 thousand cubic feet (mcf) per day during the October through April period and up to 430,000 mcf per day during the May through September period. FPL has the option to extend the contract for up to 15 more years. If FPL elects to exercise its option to extend the agreement, the contract would provide firm transportation capacity of up to 280,000 mcf per day during the option period. Implementation of this contract will require the

authorization of the Federal Energy Regulatory Commission and is contingent upon the construction of new pipeline facilities by FGT to expand the total capacity of the FGT pipeline system.

On September 25, 1987 FPL executed a contract with Citrus Trading Corp., the gas marketing subsidiary of Citrus Corp. (a jointly-owned subsidiary of Enron Corp. and Sonat Inc.), and with Enron Corp. to purchase natural gas to be delivered under the transportation agreement with FGT beginning in mid-1989 and extending for a term of 15 years. The price of the natural gas will be lower than the delivered cost of residual oil, on a per barrel equivalent basis. Implementation of this contract is contingent upon implementation of the transportation agreement with FGT.

For additional information regarding both contracts, see "Part 1, Note 3."

(5) Reference is made to Item 1. Business - Environmental Matters - Air in FPL's 1986 Annual Report on Form 10-K as modified by Item 5(5) of Form 10-Q for March 1987.

Several of FPL's fossil-fired generating units have at times in the past been unable to comply with visible emission limitations (opacity limits) of the Environmental Protection Agency (EPA), the Florida Department of Environmental Regulation (FDER) and/or various local authorities. These units have subsequently achieved compliance with the opacity limits of the EPA and the FDER. However, from time to time two of these fossil-fired generating units continue to be unable to meet the more restrictive opacity limits of certain local authorities. It is anticipated that this issue will be resolved through ongoing discussions with the local authorities. In the event it cannot be resolved, FPL may have to make changes in operating practices, unit design or fuel usage for these units. FPL is currently unable to predict whether the cost of any such changes would be material.

(6) Reference is made to Item 2. Properties - Generating Facilities in FPL's 1986 Annual Report on Form 10-K as modified by Item 5(4) of Form 10-Q for June 1987.

In June 1987 FPL requested the NRC to issue a license amendment to allow expansion of the spent fuel storage capacity at St. Lucie Nuclear Unit No. 1. On September 30, 1987 an individual filed a letter requesting a public hearing concerning this matter. The matter is pending.

(7) Reference is made to Item 2. Properties - Construction Program in FPL's 1986 Annual Report on Form 10-K as modified by Item 5(6) of Form 10-Q for March 1987 and Item 5(6) of Form 10-Q for June 1987.

FPL's current estimate of construction expenditures for 1987 has been reduced from $700 million to $678 million. The 1987-89 construction program estimate has been reduced from $2.2 billion to $2.1 billion. The decreases are due primarily to changes in the amount and estimated timing of payments associated with certain projects.

FPL has an agreement with the Jacksonville Electric Authority (JEA) for the joint ownership, construction and operation of two coal-fired units. Under the terms of the agreement, FPL owns 20% of the units and JEA owns the remainder. Unit No. 1 was placed in commercial operation in late March 1987. The projected commercial operation date of Unit No. 2 has been advanced from October 1988 to August 1988.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description
*4(a)	Restated Articles of Incorporation of FPL dated March 23, 1987 (filed as Exhibit 4(a), File No. 33-12891).
4(b)	Amendment to FPL's Restated Articles of Incorporation dated September 10, 1987.
*4(c)	Mortgage and Deed of Trust dated as of January 1, 1944, and Sixty-five 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; Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 1984, File No. 1-3545; Exhibits 4(d) and 4(e) to Form 10-Q for the quarter ended March 31, 1985, File No. 1-3545; Exhibits 4(c), 4(d) and 4(e) to Form 10-Q for the quarter ended September 30, 1985, File No. 1-3545; Exhibit 4 to Form 8-K dated February 20, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 24, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated October 2, 1986, File No. 1-3545; Exhibits 4(c) and 4(d) to Form 10-Q for the quarter ended September 30, 1986, File No. 1-3545; Exhibit 4 to Form 8-K dated April 15, 1987, File No. 1-3545 and Exhibit 4 to Form 8-K dated August 19, 1987, File No. 1-3545).

Exhibit Number	Description
12(a)	Computation of Ratio of Earnings to Fixed Charges.
12(b)	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.

*Incorporated herein by reference

(b) Reports on Form 8-K

(1) A report of Form 8-K dated August 12, 1987 was filed August 17, 1987, reporting one event under Item 5 - Other Events.

(2) A report on Form 8-K dated August 19, 1987 was filed August 21, 1987 filing two Exhibits under Item 7 - Financial Statements and Exhibits.

(3) A report on Form 8-K dated October 6, 1987 was filed October 9, 1987 reporting two events under Item 5 - Other Events.

(4) A report on Form 8-K dated October 19, 1987 was filed October 26, 1987 reporting one event under Item 5 - Other Events.

SIGNATURES

Pursuant to the requirements 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
(Registrant)

Date November 6, 1987

(Signed) H. P. Williams, Jr.
H. P. Williams, Jr., Comptroller
(Chief Accounting Officer)

Exhibit 12(a)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Twelve Months Ended					
	September 30,	December 31,				
	1987	1986	1985	1984	1983	1982
	Thousands of Dollars					
Earnings, as defined:						
Income before cumulative effect of change in accounting method	$ 456,261	$ 431,123	$ 414,347	$351,769	$313,963	$266,720
Income taxes	313,738	336,201	328,485	276,363	238,576	165,817
Fixed charges, as below	298,062	319,556	317,704	319,376	304,080	294,399
Total earnings, as defined	$1,068,061	$1,086,880	$1,060,536	$947,508	$856,619	$726,936
Fixed charges, as defined:						
Interest on first mortgage bonds	$260,557	$282,984	$290,602	$288,719	$274,349	$239,213
Interest on other long-term debt	6,074	5,998	4,315	5,272	9,881	14,859
Other interest charges	27,961	24,962	16,914	17,545	17,374	28,428
Rental interest factor	131	131	171	180	55	66
Fixed charges included in nuclear fuel cost	3,339	5,481	5,702	7,660	2,421	11,833
Total fixed charges, as defined	$298,062	$319,556	$317,704	$319,376	$304,080	$294,399
Ratio of earnings to fixed charges	3.58	3.40	3.34	2.97	2.82	2.47

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARY

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	Twelve Months Ended					
	September 30,	December 31,				
	1987	1986	1985	1984	1983	1982
	Thousands of Dollars					
Earnings, as defined:						
Income before cumulative effect of change in accounting method	$ 456,261	$ 431,123	$ 414,347	$351,769	$313,963	$266,720
Income taxes	313,738	336,201	328,485	276,363	238,576	165,817
Fixed charges, as below	298,062	319,556	317,704	319,376	304,080	294,399
Total earnings, as defined	$1,068,061	$1,086,880	$1,060,536	$947,508	$856,619	$726,936
Fixed charges, as defined:						
Interest on first mortgage bonds	$260,557	$282,984	$290,602	$288,719	$274,349	$239,213
Interest on other long-term debt	6,074	5,998	4,315	5,272	9,881	14,859
Other interest charges	27,961	24,962	16,914	17,545	17,374	28,428
Rental interest factor	131	131	171	180	55	66
Fixed charges included in nuclear fuel cost	3,339	5,481	5,702	7,660	2,421	11,833
Total fixed charges, as defined	298,062	319,556	317,704	319,376	304,080	294,399
Non-tax deductible preferred stock dividend requirements	48,826	47,667	46,415	46,684	46,708	37,362
Ratio of income before income taxes to net income	1.688	1.780	1.793	1.786	1.760	1.622
Preferred stock dividend requirements before income taxes	82,418	84,847	83,222	83,378	82,206	60,601
Combined fixed charges and preferred stock dividend requirements	$380,480	$404,403	$400,926	$402,754	$386,286	$355,000
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	2.81	2.69	2.65	2.35	2.22	2.05

EXHIBIT 3

FLORIDA POWER & LIGHT COMPANY

Internal Cash Flow Excluding Retained Earnings

	Actual 12 Months Ended September 30, 1987	Projected 12 Months Ended September 30, 1988
	$ Millions	$ Millions
Depreciation and Amortization	$ 438	$ 614
Deferred Income Taxes and Investment Tax Credits	122	(8)
Internal Cash Flow Excluding Retained Earnings Applied Toward Requirements	$ 560	$ 606
Average Quarterly Cash Flow Excluding Retained Earnings (1)	$ 140	$ 152

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: E. L. Hoffman

E. L. Hoffman
Director of Finance &
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.