

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** August 26, 2019  
**TO:** Adam J. Teitzman, Commission Clerk, Office of Commission Clerk  
**FROM:** Andrew L. Maurey, Director, Division of Accounting & Finance  
**RE:** Docket No. 20180046-EI

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Please include the attached documents in the docket file for In re: Consideration of the tax impacts associated with the Tax Cuts and Jobs Act of 2017 for Florida Power & Light Company (Docket No. 20180046-EI). These documents were filed pursuant to the requirements of Order No. PSC-2019-0225-FOF-EI.

RECEIVED-FPSC  
2019 AUG 26 PM 4:33  
COMMISSION  
CLERK

cc: Mark Cicchetti  
Suzanne Brownless

Attachment



August 15, 2019

Mr. Bart Fletcher  
Public Utilities Supervisor  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

**Re: June 2019 Forecasted Earnings Surveillance Report**

Dear Mr. Fletcher:

Pursuant to FPSC Order No. PSC-2019-0225-FOF-EI, FPL is providing its June 2019 Forecast Earnings Surveillance Report ("FESR") for the proceeding rolling 12 months. The forecast results contained in the FESR reflect the Company's June 2019 forecast assumptions and actual results are subject to change. In accordance with the Stipulation and Settlement Agreement that the Commission approved in Order No. PSC-16-0560-AS-EI, the Company will vary the portion of Reserve Amount amortized over the next 12 months to maintain its actual return on equity within the range of 9.6% to 11.6%.

Sincerely

A handwritten signature in black ink, appearing to be "S. Bores", written over a white background.

Scott Bores  
Senior Director-Financial Planning & Analysis

Enclosures

cc: J. R. Kelly, Office of Public Counsel  
Andrew Maurey, Florida Public Service Commission

FLORIDA PUBLIC SERVICE COMMISSION  
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
 (\$000'S)

Company: Florida Power & Light Company and Subsidiaries  
 YEAR: JUNE 2020

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED
NET OPERATING INCOME	\$2,989,638 (A)	(\$198,901) (B)	\$2,790,738
AVERAGE RATE BASE	\$39,978,368	\$939,905	\$40,918,272
AVERAGE RATE OF RETURN	7.48%		6.82%

(A) INCLUDES AFUDC EARNINGS (B) INCLUDES REVERSAL OF AFUDC EARNINGS

AVERAGE CAPITAL STRUCTURE  
 (FPSC ADJUSTED BASIS)

LOW	5.90%
MIDPOINT	6.34%
HIGH	6.82%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	5.52	(SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	5.39	(SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	3.45%	(SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	68.94%	(SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	39.97%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	1.64%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.60%	(FPSC ADJUSTED BASIS)

FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
AVERAGE RATE OF RETURN  
RATE BASE (\$000's)

SCHEDULE 2  
PAGE 1 OF 2

Company: Florida Power & Light Company and Subsidiaries  
YEAR: JUNE 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
1 SYSTEM PER BOOKS	\$54,258,827	\$15,964,506	\$38,294,321	\$416,553	\$3,169,908	\$603,825	\$42,484,607	(\$881,979)	\$41,602,629
2 JURISDICTIONAL PER BOOKS	52,074,912	13,102,838	38,972,074	394,855	3,001,811	574,030	42,942,769	(2,964,402)	39,978,368
<b>FPSC ADJUSTMENTS:</b>									
3 ACCUM PROV DECOMMISSIONING COSTS		(4,712,107)	4,712,107				4,712,107		4,712,107
4 CAPITALIZED EXECUTIVE COMPENSATION	(32,597)		(32,597)				(32,597)		(32,597)
5 ENVIRONMENTAL	(1,454,358)	(337,880)	(1,116,478)				(1,116,478)		(1,116,478)
6 FUEL AND CAPACITY	(172,450)	(46,470)	(125,979)				(125,979)		(125,979)
7 LOAD CONTROL	(47,354)	(26,348)	(21,006)				(21,006)		(21,006)
8 ASSET RETIREMENT OBLIGATION	(453,249)	4,305,825	(4,759,074)				(4,759,074)		(4,759,074)
9 CAPITAL LEASES	(94,388)	(38,833)	(55,555)				(55,555)		(55,555)
10 CONSTRUCTION WORK IN PROGRESS					(1,647,573)		(1,647,573)		(1,647,573)
11 CWIP - CLAUSE PROJECTS					(50,707)		(50,707)		(50,707)
12 ACCOUNTS RECEIVABLE - ASSOC COS								(30,734)	(30,734)
13 JOBBING ACCOUNTS								(6,044)	(6,044)
14 NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(46,683)	(46,683)
15 NUCLEAR COST RECOVERY								241,631	241,631
16 OTH REG ASSETS - CLAUSES								(5,506)	(5,506)
17 MISC. DEFERRED DEBIT - CLAUSES								(4,079)	(4,079)
18 CEDAR BAY TRANSACTION								(431,130)	(431,130)
19 ICL TRANSACTION								(288,178)	(288,178)
20 POLE ATTACHMENTS RENTS RECEIVABLE								(6,030)	(6,030)
21 MARGIN CALL CASH COLLATERAL								613	613
22 PREPAYMENTS - ECCR								(43,169)	(43,169)
23 PREPAYMENTS - INTEREST ON COMMERCIAL PAPER								(6,990)	(6,990)
24 STORM DEFICIENCY RECOVERY								5,586	5,586
25 TEMPORARY CASH INVESTMENTS								(386)	(386)
26 ACCUM DEFERRED RETIREMENT BENEFITS								142	142
27 ACCUM. PROV. - PROPERTY & STORM INSURANCE								107,218	107,218
28 ACCUM. PROV. - RATE REFUNDS									
29 ASSET RETIREMENT OBLIGATION								4,757,830	4,757,830
30 GAIN ON SALE OF EMISSION ALLOWANCE								0	0
31 SJRPP ACCELERATED RECOVERY								4,535	4,535
32 SJRPP CAPACITY								(41,393)	(41,393)
33 UNRECOVERED REG ASSETS - ECRC								(169,769)	(169,769)
34 INTEREST & DIV RECEIVABLE								(696)	(696)
35 TOTAL FPSC ADJUSTMENTS	(2,254,395)	(855,812)	(1,398,583)	0	(1,698,280)	0	(3,096,863)	4,036,767	939,905
36 FPSC ADJUSTED	\$49,820,517	\$12,247,026	\$37,573,491	\$394,855	\$1,303,531	\$574,030	\$39,845,907	\$1,072,366	\$40,918,272

FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
AVERAGE RATE OF RETURN  
INCOME STATEMENT (\$000's)

SCHEDULE 2  
PAGE 2 OF 2

Company: Florida Power & Light Company and Subsidiaries  
YEAR: JUNE 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATING REVENUES	OPERATION & MAINTENANCE		DEPRECIATION AND AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES AND INVESTMENT TAX CREDIT	GAIN LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
		FUEL & NET INTERCHANGE	OTHER O&M						
1 SYSTEM PER BOOKS	\$11,577,055	\$3,064,812	\$1,417,381	\$2,179,593	\$1,351,008	\$543,047	(\$2,950)	\$8,552,892	\$3,024,162
2 JURISDICTIONAL PER BOOKS	11,173,527	2,947,707	1,370,523	2,105,401	1,329,205	520,193	(2,950)	8,270,079	2,903,448
<u>FPSC ADJUSTMENTS:</u>									
3 CAPACITY COST RECOVERY	(245,800)	(147,626)	(32,564)	(6,024)	(319)	(15,021)		(201,554)	(44,246)
4 CONSERVATION COST RECOVERY	(63,102)		(51,545)	(9,475)	(987)	(278)		(62,285)	(818)
5 ENVIRONMENTAL COST RECOVERY	(199,375)		(53,884)	(38,728)	(286)	(26,987)		(119,884)	(79,490)
6 FUEL COST REC RETAIL	(2,804,438)	(2,780,086)	(23)	(497)	(1,996)	(5,534)		(2,788,137)	(16,301)
7 STORM DEFICIENCY RECOVERY	(12,811)		(46)	(14,083)		334		(13,795)	983
8 FUEL CLAUSE – GAS RESERVES									
9 FRANCHISE REVENUE & EXPENSE	(475,383)				(475,383)			(475,383)	
10 GROSS RECEIPTS TAX	(257,799)				(257,799)			(257,799)	
11 MISCELLANEOUS O&M EXPENSES			(2,681)			679		(2,001)	2,001
12 AVIATION - EXPENSES			(167)			42		(125)	125
13 EXECUTIVE COMPENSATION			(40,627)			10,297		(30,330)	30,330
14 INTEREST TAX DEFICIENCIES			287			(73)		214	(214)
15 INTEREST SYNCHRONIZATION						5,080		5,080	(5,080)
16 TOTAL FPSC ADJUSTMENTS	(4,058,709)	(2,927,712)	(181,250)	(68,808)	(736,770)	(31,460)		(3,945,999)	(112,710)
17 FPSC ADJUSTED	\$7,114,818	\$19,995	\$1,189,273	\$2,036,594	\$592,436	\$488,733	(\$2,950)	\$4,324,081	\$2,790,738

FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
CAPITAL STRUCTURE (\$000'S)  
FPSC ADJUSTED BASIS

Company: Florida Power & Light Company and Subsidiaries  
YEAR: JUNE 2020

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO	LOWPOINT		MIDPOINT		HIGHPOINT	
			PRORATA	SPECIFIC			COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
LONG TERM DEBT	\$13,020,768	\$12,508,724	\$395,329	(\$60,034)	\$12,844,019	31.39%	4.32%	1.36%	4.32%	1.36%	4.32%	1.36%
SHORT TERM DEBT	\$530,143	\$509,278	16,173	\$0	\$525,452	1.28%	2.83%	0.04%	2.83%	0.04%	2.83%	0.04%
PREFERRED STOCK	0	0	0	\$0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$399,267	\$398,864	12,667	\$0	\$411,531	1.01%	2.04%	0.02%	2.04%	0.02%	2.04%	0.02%
COMMON EQUITY	\$18,931,623	\$18,186,532	577,544	\$5	\$18,764,080	45.86%	9.60%	4.40%	10.55%	4.84%	11.60%	5.32%
DEFERRED INCOME TAXES	\$8,144,248	\$7,821,961	244,033	(\$137,498)	\$7,928,496	19.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS WEIGHTED COST	\$576,580	\$553,009	13,687	(\$122,001)	\$444,695	1.09%	7.46%	0.08%	8.02%	0.09%	8.64%	0.09%
TOTAL	<u>\$41,602,629</u>	<u>\$39,978,368</u>	<u>\$1,259,432</u>	<u>(\$319,528)</u>	<u>\$40,918,272</u>	<u>100.00%</u>		<u>5.90%</u>		<u>6.34%</u>		<u>6.82%</u>

FLORIDA PUBLIC SERVICE COMMISSION  
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
 FINANCIAL INTEGRITY INDICATORS  
 (\$000's)

Company: Florida Power & Light Company and Subsidiaries  
 YEAR: JUNE 2020

**A. TIMES INTEREST EARNED WITH AFUDC**

EARNINGS BEFORE INTEREST	\$3,080,391
AFUDC - DEBT	20,377
INCOME TAXES	533,394
TOTAL	<u>\$3,634,163</u>
INTEREST CHARGES (BEFORE DEBT AFUDC)	658,056
TIE WITH AFUDC	<u>5.62</u>

**B. TIMES INTEREST EARNED WITHOUT AFUDC**

EARNINGS BEFORE INTEREST	\$3,080,391
AFUDC - EQUITY	(69,137)
INCOME TAXES	533,394
TOTAL	<u>\$3,544,649</u>
INTEREST CHARGES (BEFORE DEBT AFUDC)	\$658,056
TIE WITHOUT AFUDC	<u>5.39</u>

**C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON**

AFUDC - DEBT	\$20,377
X (1-INCOME TAX RATE)	0.7466
SUBTOTAL	<u>\$15,212</u>
AFUDC - EQUITY	69,137
TOTAL	<u>\$84,349</u>
NET INCOME AVAILABLE TO COMMON	<u>\$2,442,712</u>
PERCENT AFUDC TO AVAILABLE NET INCOME	<u>3.45%</u>

**D. PERCENT INTERNALLY GENERATED FUNDS**

NET INCOME	\$2,442,712
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	(795,822)
AFUDC (DEBT & OTHER)	(89,514)
DEPRECIATION & AMORTIZATION	2,179,593
DEFERRED INC TAXES & INVESTMENT CREDITS	184,267
OTHER SOURCES/USES OF FUNDS	<u>312,243</u>
TOTAL	<u>\$4,233,479</u>
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC DEBT & EQUITY)	\$6,140,784
PERCENT INTERNALLY GENERATED FUNDS	68.94%

**E. & F. LONG TERM AND SHORT TERM DEBT AS A PERCENT OF INVESTOR CAPITAL**

<b>RECONCILED AVERAGE RETAIL AMOUNTS:</b>	
LONG TERM DEBT	\$12,844,019
SHORT TERM DEBT	525,452
PREFERRED STOCK	0
COMMON EQUITY	<u>19,764,080</u>
TOTAL	<u>\$32,133,551</u>
% LONG TERM DEBT TO TOTAL	39.97%
% SHORT TERM DEBT TO TOTAL	1.64%

**G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY**

	<b>FPSC ADJUSTED</b>
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	6.82%
<b>LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:</b>	
LONG TERM DEBT	1.36%
SHORT TERM DEBT	0.04%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.02%
TAX CREDITS - WEIGHTED COST (MIDPOINT)	<u>0.09%</u>
SUBTOTAL	<u>1.60%</u>
TOTAL	5.32%
DIVIDED BY COMMON EQUITY RATIO	<u>45.86%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>11.60%</u>

I AM THE PERSON RESPONSIBLE FOR PREPARATION OF THIS DOCUMENT AND I AM AWARE THAT SECTION 837.06, FLORIDA STATUTES, PROVIDES:

WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082 OR S. 775.083

\_\_\_\_\_  
 Scott Bores  
 NAME

\_\_\_\_\_  
 Senior Director - Financial Planning & Analysis  
 TITLE

\_\_\_\_\_  
  
 SIGNATURE

\_\_\_\_\_  
 8/13/19  
 DATE

## RESERVE AMOUNT BALANCE AS OF JUNE 30, 2019

ATTACHMENT 1

	AMOUNT	RELATED ORDER
Rollover Reserve Amount - 12/31/2016 <sup>(1)</sup>	\$ 252,100,355	
Depreciation Reserve Surplus Approved by FPSC - 1/1/2017	\$ 1,000,000,000	PSC-16-0560-AS-EI
Total Reserve Amount Available Under Current Settlement Agreement	<u>\$ 1,252,100,355</u>	
Actual Amortization from 1/1/2017 - 12/31/2017:		
January, 2017	\$ (125,223,511)	
February, 2017	\$ (35,682,879)	
March, 2017	\$ (52,328,640)	
April, 2017	\$ 26,451,730	
May, 2017	\$ (36,038,470)	
June, 2017	\$ (7,408,419)	
July, 2017	\$ 25,671,697	
August, 2017	\$ 22,847,456	
September, 2017	\$ 75,509,428	
October, 2017	\$ 54,523,942	
November, 2017	\$ (52,119,437)	
December, 2017 <sup>(2)</sup>	<u>\$ (1,148,303,252)</u>	
Total Amortization from 1/1/2017 - 12/31/2017	<u>\$ (1,252,100,355)</u>	
Remaining Reserve Amount - 12/31/2017	<u>\$0</u>	
Actual Amortization from 1/1/2018 - 12/31/2018:		
January, 2018	\$ -	
February, 2018	\$ -	
March, 2018	\$ -	
April, 2018	\$ -	
May, 2018	\$ -	
June, 2018	\$ -	
July, 2018	\$ 51,958,256	
August, 2018	\$ 55,277,885	
September, 2018	\$ 193,713,805	
October, 2018	\$ 125,007,557	
November, 2018	\$ 14,253,285	
December, 2018	<u>\$ 100,738,501</u>	
Total Amortization from 1/1/2018 - 12/31/2018	<u>\$ 540,949,289</u>	
Remaining Reserve Amount - 12/31/2018	<u>\$540,949,289</u>	
Actual Amortization from 1/1/2019 - 12/31/2019:		
January, 2019	\$ (84,875,022)	
February, 2019	\$ (33,423,808)	
March, 2019	\$ (37,487,852)	
April, 2019	\$ (1,238,828)	
May, 2019	\$ 48,530,293	
June, 2019	<u>\$ 173,309,107</u>	
Total Amortization from 1/1/2019 - 6/30/2019	<u>\$ 64,813,890</u>	
Reduction in Total Reserve Amount Available Under Current Settlement Agreement	\$ (5,000,000)	PSC-2019-0319-S-EI
Remaining Reserve Amount - 6/30/2019	<u>\$600,763,179</u>	

## Notes:

(1) Rollover Reserve Amount provided pursuant to Order No. PSC-16-0560-AS-EI, Docket Nos. 160021-EI, 160061-EI, 160062-EI, and 160088-EI.

(2) The December 2017 amortization amount is a partial offset to the \$1.3 billion Hurricane Irma restoration cost write-off.

(3) Available Reserve Amount reduction pursuant to Order No. PSC-2019-0319-S-EI, Docket No. 20180049-EI.