

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:** November 18, 2019  
**TO:** Adam J. Teitzman, Commission Clerk, Office of Commission Clerk  
**FROM:** Andrew L. Maurey, Director, Division of Accounting & Finance *ALM*  
**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.

cc: Mark Cicchetti  
Suzanne Brownless

Attachments



November 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: September 2019 Forecasted Earnings Surveillance Report**

Dear Mr. Fletcher:

Pursuant to FPSC Order No. PSC-2019-0225-FOF-EI, FPL is providing its September 2019 Forecast Earnings Surveillance Report ("FESR") for the proceeding rolling 12 months. The forecast results contained in the FESR reflect the Company's September 2019 forecast assumptions; actual results are subject to change. The September 2019 forecast assumed Hurricane Dorian costs of \$276 million would be recovered from customers during the period of March 2020 through December 2021. The Company is still reviewing the total storm costs and assessing the plan for recovery, which may differ from the assumption included within the September 2019 forecast. 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 read 'S. Bores', is written over a horizontal line.

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)

SCHEDULE 1  
PAGE 1 OF 1

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

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1)	(2)	(3)
	PER BOOKS	FPSC ADJUSTMENTS	FPSC ADJUSTED
NET OPERATING INCOME	\$3,057,013 (A)	(\$181,726) (B)	\$2,875,287
AVERAGE RATE BASE	\$40,962,923	\$1,150,343	\$42,113,266
AVERAGE RATE OF RETURN	7.46%		6.83%

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

AVERAGE CAPITAL STRUCTURE  
(FPSC ADJUSTED BASIS)

LOW	5.89%
MIDPOINT	6.34%
HIGH	6.83%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	5.76 (SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	5.64 (SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	2.81% (SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	81.34% (SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	39.56% (FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	1.55% (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: SEPTEMBER 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	\$55,503,833	\$18,430,853	\$39,072,980	\$438,849	\$3,407,771	\$595,174	\$43,514,575	(\$850,674)	\$42,663,901
2 JURISDICTIONAL PER BOOKS	53,271,765	13,616,835	39,654,930	416,176	3,231,460	565,806	43,868,572	(2,905,449)	40,962,923
<b>FPSC ADJUSTMENTS:</b>									
3 ACCUM PROV DECOMMISSIONING COSTS		(4,773,528)	4,773,528				4,773,528		4,773,528
4 CAPITALIZED EXECUTIVE COMPENSATION	(34,196)		(34,196)				(34,196)		(34,196)
5 ENVIRONMENTAL	(1,477,230)	(350,104)	(1,127,125)				(1,127,125)		(1,127,125)
6 FUEL AND CAPACITY	(175,715)	(48,797)	(128,918)				(128,918)		(128,918)
7 LOAD CONTROL	(46,317)	(25,924)	(20,394)				(20,394)		(20,394)
8 ASSET RETIREMENT OBLIGATION	(405,300)	4,406,015	(4,811,315)				(4,811,315)		(4,811,315)
9 CAPITAL LEASES	(99,273)	(41,917)	(57,358)				(57,358)		(57,358)
10 CONSTRUCTION WORK IN PROGRESS					(1,411,736)		(1,411,736)		(1,411,736)
11 CWIP - CLAUSE PROJECTS					(33,697)		(33,697)		(33,697)
12 ACCOUNTS RECEIVABLE - ASSOC COS								(28,237)	(28,237)
13 JOBBING ACCOUNTS								(6,203)	(6,203)
14 NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(6,316)	(6,316)
15 NUCLEAR COST RECOVERY								241,631	241,631
16 OTH REG ASSETS - CLAUSES								(6,284)	(6,284)
17 MISC. DEFERRED DEBIT - CLAUSES								(4,171)	(4,171)
18 CEDAR BAY TRANSACTION								(409,574)	(409,574)
19 ICL TRANSACTION								(276,171)	(276,171)
20 POLE ATTACHMENTS RENTS RECEIVABLE								(2,565)	(2,565)
21 MARGIN CALL CASH COLLATERAL									
22 PREPAYMENTS - ECCR								(42,421)	(42,421)
23 PREPAYMENTS - INTEREST ON COMMERCIAL PAPER								(5,585)	(5,585)
24 STORM DEFICIENCY RECOVERY								73,599	73,599
25 TEMPORARY CASH INVESTMENTS								(1,018)	(1,018)
26 ACCUM DEFERRED RETIREMENT BENEFITS								184	184
27 ACCUM. PROV. - PROPERTY & STORM INSURANCE								(135,123)	(135,123)
28 ACCUM. PROV. - RATE REFUNDS									
29 ASSET RETIREMENT OBLIGATION								4,810,211	4,810,211
30 GAIN ON SALE OF EMISSION ALLOWANCE								0	0
31 SJRPP ACCELERATED RECOVERY								3,917	3,917
32 SJRPP CAPACITY								(35,749)	(35,749)
33 UNRECOVERED REG ASSETS - ECRC								(189,789)	(189,789)
34 INTEREST & DIV RECEIVABLE								(806)	(806)
35 TOTAL FPSC ADJUSTMENTS	(2,238,032)	(834,255)	(1,413,777)	0	(1,445,433)	0	(2,849,210)	3,999,552	1,150,343
36 FPSC ADJUSTED	\$51,033,733	\$12,782,580	\$38,251,153	\$416,176	\$1,786,027	\$565,806	\$41,019,182	\$1,084,103	\$42,113,266

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: SEPTEMBER 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	\$11,501,316	\$2,919,376	\$1,415,446	\$2,130,854	\$1,355,782	\$575,684	(\$1,780)	\$8,395,363	\$3,105,953
2 JURISDICTIONAL PER BOOKS	11,093,054	2,802,257	1,368,175	2,054,343	1,333,387	551,784	(1,780)	8,108,166	2,984,889
<b>FPSC ADJUSTMENTS:</b>									
3 CAPACITY COST RECOVERY	(271,206)	(172,834)	(35,142)	(6,236)	(327)	(14,362)		(228,902)	(42,305)
4 CONSERVATION COST RECOVERY	(61,214)		(49,826)	(9,253)	(1,035)	(279)		(60,393)	(821)
5 ENVIRONMENTAL COST RECOVERY	(186,619)		(40,627)	(39,920)	(302)	(26,807)	0	(107,657)	(78,963)
6 FUEL COST REC RETAIL	(2,633,650)	(2,609,903)	(22)	(380)	(1,872)	(5,442)		(2,617,619)	(16,030)
7 STORM DEFICIENCY RECOVERY	(88,413)			(88,413)		(0)		(88,413)	(0)
8 FUEL CLAUSE - GAS RESERVES									
9 FRANCHISE REVENUE & EXPENSE	(467,839)				(467,839)	0		(467,839)	
10 GROSS RECEIPTS TAX	(253,980)				(253,980)			(253,980)	
11 MISCELLANEOUS O&M EXPENSES			(2,484)			630		(1,854)	1,854
12 AVIATION - EXPENSES			(155)			39		(116)	116
13 EXECUTIVE COMPENSATION			(42,973)			10,891		(32,081)	32,081
14 INTEREST TAX DEFICIENCIES			267			(73)		214	(214)
15 INTEREST SYNCHRONIZATION						5,320		5,320	(5,320)
16 TOTAL FPSC ADJUSTMENTS	(3,962,921)	(2,782,737)	(170,942)	(144,203)	(725,354)	(30,082)	0	(3,853,319)	(109,602)
17 FPSC ADJUSTED	\$7,130,133	\$19,520	\$1,197,233	\$1,910,139	\$608,033	\$521,702	(\$1,780)	\$4,254,846	\$2,875,287

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

SCHEDULE 3  
 PAGE 1 OF 1

Company: Florida Power & Light Company and Subsidiaries  
 YEAR: SEPTEMBER 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	\$13,248,930	\$12,718,685	\$465,090	(\$62,941)	\$13,118,835	31.15%	4.18%	1.30%	4.18%	1.30%	4.18%	1.30%
SHORT TERM DEBT	517,369	496,563	18,251	(\$0)	514,814	1.22%	2.83%	0.03%	2.83%	0.03%	2.83%	0.03%
PREFERRED STOCK	0	0	0	\$0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	402,827	402,020	14,776	\$0	416,796	0.99%	2.04%	0.02%	2.04%	0.02%	2.04%	0.02%
COMMON EQUITY	19,821,321	18,832,220	692,181	\$0	19,524,401	46.36%	9.60%	4.45%	10.55%	4.89%	11.60%	5.38%
DEFERRED INCOME TAXES	8,253,656	7,921,323	285,298	(\$159,203)	8,047,418	19.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS WEIGHTED COST	619,798	594,113	17,407	(\$120,518)	491,002	1.17%	7.42%	0.09%	7.99%	0.09%	8.62%	0.10%
<b>TOTAL</b>	<b>\$42,663,901</b>	<b>\$40,962,923</b>	<b>\$1,493,004</b>	<b>(\$342,662)</b>	<b>\$42,113,266</b>	<b>100.00%</b>		<b>5.89%</b>		<b>6.34%</b>		<b>6.83%</b>

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

SCHEDULE 4  
PAGE 1 OF 1

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

**A. TIMES INTEREST EARNED WITH AFUDC**

EARNINGS BEFORE INTEREST	\$3,137,793
AFUDC - DEBT	17,047
INCOME TAXES	585,409
TOTAL	\$3,720,249
INTEREST CHARGES (BEFORE DEBT AFUDC)	645,965
TIE WITH AFUDC	5.76

**B. TIMES INTEREST EARNED WITHOUT AFUDC**

EARNINGS BEFORE INTEREST	\$3,137,793
AFUDC - EQUITY	(57,858)
INCOME TAXES	585,409
TOTAL	\$3,645,344
INTEREST CHARGES (BEFORE DEBT AFUDC)	\$645,965
TIE WITHOUT AFUDC	5.64

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

AFUDC - DEBT	\$17,047
X (1-INCOME TAX RATE)	0.7466
SUBTOTAL	\$12,728
AFUDC - EQUITY	57,858
TOTAL	\$70,584
NET INCOME AVAILABLE TO COMMON	\$2,508,875
PERCENT AFUDC TO AVAILABLE NET INCOME	2.81%

**D. PERCENT INTERNALLY GENERATED FUNDS**

NET INCOME	\$2,508,875
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	0
AFUDC (DEBT & OTHER)	(74,905)
DEPRECIATION & AMORTIZATION	2,130,854
DEFERRED INC TAXES & INVESTMENT CREDITS	243,878
OTHER SOURCES/USES OF FUNDS	167,119
TOTAL	\$4,975,821
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC DEBT & EQUITY)	\$6,117,674
PERCENT INTERNALLY GENERATED FUNDS	81.34%

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

RECONCILED AVERAGE RETAIL AMOUNTS:	
LONG TERM DEBT	\$13,118,835
SHORT TERM DEBT	514,814
PREFERRED STOCK	0
COMMON EQUITY	19,524,401
TOTAL	\$33,158,049
% LONG TERM DEBT TO TOTAL	39.56%
% SHORT TERM DEBT TO TOTAL	1.55%

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

AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	FFSC ADJUSTED	6.83%
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:		
LONG TERM DEBT		1.30%
SHORT TERM DEBT		0.03%
PREFERRED STOCK		0.00%
CUSTOMER DEPOSITS		0.02%
TAX CREDITS - WEIGHTED COST (MIDPOINT)		0.09%
SUBTOTAL		1.45%
TOTAL		5.38%
DIVIDED BY COMMON EQUITY RATIO		46.36%
JURISDICTIONAL RETURN ON COMMON EQUITY		11.60%

## RESERVE AMOUNT BALANCE AS OF SEPTEMBER 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	\$ 1,252,100,355	
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>	\$ (1,148,303,252)	
Total Amortization from 1/1/2017 - 12/31/2017	\$ (1,252,100,355)	
Remaining Reserve Amount - 12/31/2017	\$0	
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	\$ 100,738,501	
Total Amortization from 1/1/2018 - 12/31/2018	\$ 540,949,289	
Remaining Reserve Amount - 12/31/2018	\$540,949,289	
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	\$ 173,309,107	
July, 2019	\$ 86,035,009	
August, 2019	\$ 52,771,234	
September, 2019	\$ 172,044,151	
Total Amortization from 1/1/2019 - 9/30/2019	\$ 375,664,284	
Reduction in Total Reserve Amount Available Under Current Settlement Agreement	\$ (5,000,000)	PSC-2019-0319-S-EI
Remaining Reserve Amount - 9/30/2019	\$911,613,573	

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.