Docket No. 20180046-EI **Comprehensive Exhibit List for Entry into Hearing Record** **February 5, 2019**					
EXH #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Issue Nos.**	**Entered**
STAFF					
1		Exhibit List	Comprehensive Exhibit List		
FLORIDA POWER & LIGHT COMPANY – (DIRECT)					
2	Scott R. Bores	SRB-1	FPL's 2018 Forecasted Earnings Surveillance Report	1-8, 10, 12-15	
3	Scott R. Bores	SRB-2	FPL's Pro Forma 2018 FESR Excluding the Impacts of the Tax Act	1-8, 10, 12-15	
4	Scott R. Bores	SRB-3	Differences in Rate Base	1-8, 10, 12-15	
5	Scott R. Bores	SRB-4	Differences in Net Operating Income	1-8, 10, 12-15	
6	Scott R. Bores	SRB-5	Differences in Capital Structure	1-8, 10, 12-15	
7	Scott R. Bores	SRB-6	Forecast Change in 2018 FPSC Adjusted Revenue Requirement	9, 11, 16, 17	
OFFICE OF PUBLIC COUNSEL– (DIRECT)					
8	Ralph Smith	RCS-1	Qualifications of Ralph Smith	1-17	
9	Ralph Smith	RCS-2	Turnaround of Excess Deferred Taxes	1-17	
10	Ralph Smith	RCS-3	Turnaround of Excess Deferred Taxes	1-17	

STAFF HEARING EXHIBITS					
11			FPL Response to OPC First Set of Interrogatories Nos. 1-7, and 9 *[Bates Nos. 00001-00009]*	1-17	
12			FPL Response to OPC Second Interrogatories Nos. 11-24 **Additional files contained on Staff Hearing Exhibits CD/USB for Nos. 14, 15, 16, 17, and 18** *[Bates Nos. 00010-00033]*	1-17	
13			FPL Response to OPC Third Interrogatories Nos. 25-28 *[Bates Nos. 00034-00039]*	1-17	
14			FPL Response to OPC Fourth Interrogatories No. 29 *[Bates Nos. 00040-00042]*	1-17	
15			FPL Response to OPC First Request for Production of Documents Nos. 1-5 **Additional files contained on Staff Hearing Exhibits CD/USB for Nos. 3, 4, and 5** *[Bates Nos. 00043-00052]*	1-17	
16			FPL Response to OPC Second Request for Production of Documents Nos. 6-8 *[Bates Nos. 00053-00055]*	1-17	
17			FPL Response to OPC Third Request for Production of Documents No. 9 *[Bates Nos. 00056-00057]*	1-17	

18			FPL Response to OPC Fourth Request for Production of Documents No. 10 *[Bates Nos. 00058-00059]*	1-17	
19			FPL Response to Staff's First Set of Interrogatories Nos 1-2 *[Bates Nos. 00060-00062]*	18, 19	
20			FPL Response to Staff's Third Set of Interrogatories No. 75 and Staff's Forty-Third Set of Interrogatories No. 534 in Docket No. 20160021-EI *[Bates Nos. 00063-00069]*	18, 19	
21			Attachments 1-8 of Joint petition for rate reductions or alternative reverse make-whole rate case against FPL (Docket No. 20180224-EI) *[Bates Nos. 00070-00255]*	18, 19	
22			FPL Stipulations on Issue Nos. 1-17 and 20 *[Bates Nos. 00256-00261]*	1-17, 20	

Florida Power & Light Company, 700 Universe Blvd, Juno Beach FL. 33408-0420

March 15, 2018

Mr. Andrew L. Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: 2018 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 16, 2018, you granted Florida Power & Light Company's ("FPL's") request for an extension of time to March 15, 2018 to file its 2018 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FPL's 2018 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2018 planning assumptions and the impacts of the Tax Cuts and Jobs Act of 2017.

The balance of the Reserve Amount as of December 31, 2017 was $0 because FPL used all of the available Reserve Amount to partially offset Hurricane Irma storm restoration costs that were expensed in 2017. However, FPL expects to add back to the Reserve Amount during 2018 as shown on Schedule 5. In accordance with the Stipulation and Settlement Agreement that the Commission approved Order No. PSC-16-0560-AS-EI, the Company will vary the portion of Reserve Amount amortized in 2018 to maintain its actual return on equity within a range of 9.6% to 11.6%.

Sincerely,

Robert Barrett

Robert E. Barrett
Vice President, Finance

Enclosures

Cc: Office of Commission Clerk
J. R. Kelly, Office of Public Counsel

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 2
PARTY: FLORIDA POWER & LIGHT COMPANY – (DIRECT)
DESCRIPTION: Scott R. Bores SRB-1

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: 2018

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED
NET OPERATING INCOME	$2,644,182 (A)	($238,623) (B)	$2,405,559
AVERAGE RATE BASE	$36,236,608	($73,337)	$36,163,272
AVERAGE RATE OF RETURN	7.30%		6.65%

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

AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	
LOW	5.73%
MIDPOINT	6.17%
HIGH	6.66%

IV. FINANCIAL INTEGRITY INDICATORS		
A. TIMES INTEREST EARNED WITH AFUDC	6.05	(SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	5.83	(SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	5.11%	(SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	94.64%	(SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.45%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	3.96%	(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: 2018

		(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NUCLEAR FUEL (NET)	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	SYSTEM PER BOOKS	$49,021,523	$15,512,188	$33,509,335	$339,908	$3,529,854	$607,606	$37,986,704	($271,138)	$37,715,566
2	JURISDICTIONAL PER BOOKS	46,946,240	12,307,985	34,638,256	320,383	3,365,746	582,790	38,907,175	(2,670,567)	36,236,608
	FPSC ADJUSTMENTS:									
3	ACCUM PROV DECOMMISSIONING COSTS		(4,358,448)	4,358,448				4,358,448		4,358,448
4	CAPITALIZED EXECUTIVE COMPENSATION	(22,701)		(22,701)				(22,701)		(22,701)
5	ENVIRONMENTAL	(1,524,353)	(264,561)	(1,259,791)				(1,259,791)		(1,259,791)
6	FUEL AND CAPACITY	(147,454)	(40,559)	(106,895)				(106,895)		(106,895)
7	LOAD CONTROL	(54,562)	(26,452)	(28,110)				(28,110)		(28,110)
8	ASSET RETIREMENT OBLIGATION	(439,108)	4,056,644	(4,495,752)				(4,495,752)		(4,495,752)
9	CAPITAL LEASES	(57,537)	(9,201)	(48,336)				(48,336)		(48,336)
10	CONSTRUCTION WORK IN PROGRESS					(2,044,668)		(2,044,668)		(2,044,668)
11	CWIP - CLAUSE PROJECTS					(67,203)		(67,203)		(67,203)
12	ACCOUNTS RECEIVABLE - ASSOC COS								(25,797)	(25,797)
13	NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(17,027)	(17,027)
14	NUCLEAR COST RECOVERY								250,215	250,215
15	OTH REG ASSETS - CLAUSES								(5,015)	(5,015)
16	MISC. DEFFERED DEBIT - CLAUSES								(5,195)	(5,195)
17	CEDAR BAY TRANSACTION								(559,945)	(559,945)
18	ICL TRANSACTION								(359,888)	(359,888)
19	STORM DEFICIENCY RECOVERY								(120,903)	(120,903)
20	ACCUM. PROV. - PROPERTY & STORM INSURANCE								112,693	112,693
21	ASSET RETIREMENT OBLIGATION								4,493,794	4,493,794
22	SJRPP ACCELERATED RECOVERY								8,238	8,238
23	SJRPP TRANSACTION								(75,190)	(75,190)
24	OTHER MISCELLANEOUS WORKING CAPITAL								(54,309)	(54,309)
25	TOTAL FPSC ADJUSTMENTS	(2,245,714)	(642,578)	(1,603,136)	0	(2,111,871)	0	(3,715,007)	3,641,670	(73,337)
26	FPSC ADJUSTED	$44,700,526	$11,665,406	$33,035,120	$320,383	$1,253,875	$582,790	$35,192,168	$971,104	$36,163,272

Docket No. 20180046-EI
FPL's 2018 FESR
Exhibit SRB-1, Page 3 of 8

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: 2018

	(1) OPERATING REVENUES	(2) OPERATION & MAINTENANCE: FUEL & NET INTERCHANGE	(3) OPERATION & MAINTENANCE: OTHER O&M	(4) DEPRECIATION AND AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES AND INVESTMENT TAX CREDIT	(7) GAIN LOSS ON DISPOSITION	(8) TOTAL OPERATING EXPENSES	(9) NET OPERATING INCOME
1 SYSTEM PER BOOKS	$11,264,200	$3,140,927	$1,474,238	$2,147,805	$1,312,869	$555,224	($5,955)	$8,625,108	$2,639,092
2 JURISDICTIONAL PER BOOKS	10,859,737	3,008,178	1,425,892	2,079,173	1,291,314	531,353	(5,955)	8,329,955	2,529,782
FPSC ADJUSTMENTS:									
3 CAPACITY COST RECOVERY	(253,470)	(158,538)	(32,889)	10,345	(357)	(18,256)		(199,695)	(53,775)
4 CONSERVATION COST RECOVERY	(62,371)		(48,982)	(10,531)	(1,209)	(418)		(61,140)	(1,231)
5 ENVIRONMENTAL COST RECOVERY	(200,183)		(52,471)	(43,327)	(283)	(26,385)	0	(122,466)	(77,717)
6 FUEL COST REC RETAIL	(2,839,321)	(2,827,396)	(16)	(249)	(2,029)	(2,441)		(2,832,131)	(7,190)
7 STORM DEFICIENCY RECOVERY	(163,089)		(43,508)	(114,088)		(1,392)		(158,988)	(4,101)
8 FRANCHISE REVENUE & EXPENSE	(475,488)				(475,488)	(0)		(475,488)	
9 GROSS RECEIPTS TAX	(250,659)				(250,659)			(250,659)	
10 MISCELLANEOUS O&M EXPENSES			(3,038)			770		(2,268)	2,268
11 AVIATION - EXPENSES			(163)			41		(122)	122
12 EXECUTIVE COMPENSATION			(32,326)			8,193		(24,133)	24,133
13 INTEREST TAX DEFICIENCIES			351			(89)		262	(262)
14 INTEREST SYCHRONIZATION						6,469		6,469	(6,469)
15 TOTAL FPSC ADJUSTMENTS	(4,244,580)	(2,985,934)	(213,043)	(157,849)	(730,025)	(33,507)	0	(4,120,358)	(124,223)
16 FPSC ADJUSTED	$6,615,157	$22,244	$1,212,850	$1,921,324	$561,289	$497,845	($5,955)	$4,209,597	$2,405,559

Docket No. 20180046-EI
FPL's 2018 FESR
Exhibit SRB-1, Page 4 of 8

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

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2018

							LOWPOINT		MIDPOINT		HIGHPOINT	
AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS PRORATA	ADJUSTMENTS SPECIFIC	ADJUSTED RETAIL	RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
LONG TERM DEBT	$10,527,830	$10,113,643	$120,987	($130,776)	$10,103,854	27.94%	4.14%	1.16%	4.14%	1.16%	4.14%	1.16%
SHORT TERM DEBT	1,128,620	1,083,856	13,136	$0	1,096,992	3.03%	3.83%	0.12%	3.83%	0.12%	3.83%	0.12%
PREFERRED STOCK	0	0	0	$0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	392,283	391,293	4,742	$0	396,035	1.10%	2.04%	0.02%	2.04%	0.02%	2.04%	0.02%
COMMON EQUITY	16,994,130	16,320,096	197,805	$0	16,517,901	45.68%	9.60%	4.38%	10.55%	4.82%	11.60%	5.30%
DEFERRED INCOME TAXES (1)	8,268,292	7,940,561	93,266	($245,042)	7,788,784	21.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS WEIGHTED COST	404,410	387,160	3,110	($130,564)	259,706	0.72%	7.53%	0.05%	8.12%	0.06%	8.77%	0.06%
TOTAL	$37,715,566	$36,236,608	$433,046	($506,382)	$36,163,272	100.00%		5.73%		6.17%		6.66%

NOTES:
(1) INCLUDES APPROXIMATELY $3.2 BILLION OF EXCESS DEFERRED TAXES

Docket No. 20180046-EI
FPL's 2018 FESR
Exhibit SRB-1, Page 5 of 8

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: 2018

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	$2,717,593
AFUDC - DEBT	26,075
INCOME TAXES	545,699
TOTAL	$3,289,367
INTEREST CHARGES (BEFORE DEBT AFUDC)	543,727
TIE WITH AFUDC	6.05

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	$2,717,593
AFDUC - EQUITY	(92,930)
INCOME TAXES	545,699
TOTAL	$3,170,362
INTEREST CHARGES (BEFORE DEBT AFUDC)	$543,727
TIE WITHOUT AFUDC	5.83

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

AFUDC - DEBT	$26,075
X (1-INCOME TAX RATE)	0.7466
SUBTOTAL	$19,466
AFUDC - EQUITY	92,930
TOTAL	$112,396
NET INCOME AVAILABLE TO COMMON	$2,199,942
PERCENT AFUDC TO AVAILABLE NET INCOME	5.11%

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	$2,199,942
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	0
AFUDC (DEBT & OTHER)	(119,005)
DEPRECIATION & AMORTIZATION	2,147,805
DEFERRED INC TAXES & INVESTMENT CREDITS	173,950
OTHER SOURCES/USES OF FUNDS	81,530
TOTAL	$4,484,222
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC DEBT & EQUITY)	$4,737,963
PERCENT INTERNALLY GENERATED FUNDS	94.64%

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

RECONCILED AVERAGE RETAIL AMOUNTS:	
LONG TERM DEBT	$10,103,854
SHORT TERM DEBT	1,096,992
PREFERRED STOCK	0
COMMON EQUITY	16,517,901
TOTAL	$27,718,746
% LONG TERM DEBT TO TOTAL	36.45%
% SHORT TERM DEBT TO TOTAL	3.96%

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

	FPSC ADJUSTED
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	6.65%
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:	
LONG TERM DEBT	1.11%
SHORT TERM DEBT	0.16%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.02%
TAX CREDITS - WEIGHTED COST (MIDPOINT)	0.06%
SUBTOTAL	1.35%
TOTAL	5.30%
DIVIDED BY COMMON EQUITY RATIO	45.68%
JURISDICTIONAL RETURN ON COMMON EQUITY	11.60%

Docket No. 20180046-EI
FPL's 2018 FESR
Exhibit SRB-1, Page 6 of 8

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FORECAST ASSUMPTIONS

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2018

FORECASTED ASSUMPTIONS:

CUSTOMERS	FORECASTED YEAR	PRIOR YEAR
RESIDENTIAL	4,422,439	4,357,179
COMMERCIAL	556,840	549,458
INDUSTRIAL	12,470	10,989
OTHER	4,201	4,168
TOTAL	4,995,950	4,921,794

MWH SALES	FORECASTED YEAR (1)	PRIOR YEAR (2)
RESIDENTIAL	56,991,021	58,188,257
COMMERCIAL	46,266,049	47,150,843
INDUSTRIAL	3,052,189	2,961,188
OTHER	572,208	570,675
TOTAL	106,881,468	108,870,963

(1) Includes forecasted weather normal sales
(2) 2017 actual sales

OTHER MAJOR FORECASTED ASSUMPTIONS:

A. INFLATION FACTORS (ANNUAL RATE OF CHANGE):	
1. CONSUMER PRICE INDEX (CPI)	2.4%
2. GROSS DOMESTIC PRODUCT (GDP) DEFLATOR	2.0%
3. PRODUCER PRICE INDEX (PPI) - ALL GOODS	1.9%
4. PRODUCER PRICE INDEX (PPI) - INTERMEDIATE MATERIALS	1.9%
5. PRODUCER PRICE INDEX (PPI) - FINISHED PRODUCT GOODS	2.0%
B. CAPITAL OVERHEAD RATES	
1. PENSION & WELFARE	5.1%
2. PAYROLL TAXES & INSURANCE	7.5%
C. OTHER CORPORATE ASSUMPTIONS	
INTEREST RATES -	
1) 30 DAY COMMERCIAL PAPER	2.0%
2) LONG TERM DEBT	4.9%
DEPRECIATION RESERVE SURPLUS (UTILIZED)/REPLENISHED ($000's)	$301,037

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

Robert E. Barrett, Jr.
NAME

Robert E Barrett Jr
SIGNATURE

Vice President - Finance
TITLE

3/15/2018
DATE

Docket No. 20180046-EI
FPL's 2018 FESR
Exhibit SRB-1, Page 7 of 8

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
INDIVIDUAL PROJECTS COMMENCING DURING 2018 WHICH EXCEED $10 MILLION
(AMOUNTS IN $000'S)

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2018

Schedule of Individual projects that commence during 2018 and exceed a gross cost of $10 million:

Project	Estimated Total Cost	Estimated Construction Commencement Date	Estimated In-Service Date
COMBINED CYCLE TURBINE UPGRADES	365,000	Feb - 2018	Dec - 2018
DANIA BEACH ENERGY CENTER	888,000	Sep - 2018	May - 2022
HOWARD INJECTION 138Kv	19,350	Jan - 2018	Dec - 2021

EXCLUDES IMPACTS OF THE TAX CUTS AND JOBS ACT OF 2017

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: 2018

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) PER BOOKS		(2) FPSC ADJUSTMENTS		(3) FPSC ADJUSTED
NET OPERATING INCOME	$2,415,613	(A)	($240,227)	(B)	$2,175,386
AVERAGE RATE BASE	$36,405,725		($87,981)		$36,317,744
AVERAGE RATE OF RETURN	6.64%				5.99%

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

AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	
LOW	5.68%
MIDPOINT	6.12%
HIGH	6.60%

IV. FINANCIAL INTEGRITY INDICATORS		
A. TIMES INTEREST EARNED WITH AFUDC	6.67	(SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	6.45	(SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	5.58%	(SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	97.51%	(SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.66%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	3.75%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	10.27%	(FPSC ADJUSTED BASIS)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 3
PARTY: FLORIDA POWER & LIGHT COMPANY – (DIRECT)
DESCRIPTION: Scott R. Bores SRB-2

EXCLUDES IMPACTS OF THE TAX CUTS AND JOBS ACT OF 2017

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: 2018

		(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NUCLEAR FUEL (NET)	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	SYSTEM PER BOOKS	$49,021,523	$15,512,239	$33,509,284	$339,908	$3,529,854	$607,606	$37,986,652	($98,926)	$37,887,727
2	JURISDICTIONAL PER BOOKS	46,946,240	12,243,841	34,702,400	320,383	3,365,746	582,790	38,971,319	(2,565,594)	36,405,725
	FPSC ADJUSTMENTS:									
3	ACCUM PROV DECOMMISSIONING COSTS		(4,358,498)	4,358,498				4,358,498		4,358,498
4	CAPITALIZED EXECUTIVE COMPENSATION	(22,701)		(22,701)				(22,701)		(22,701)
5	ENVIRONMENTAL	(1,524,353)	(264,561)	(1,259,791)				(1,259,791)		(1,259,791)
6	FUEL AND CAPACITY	(147,454)	(40,559)	(106,895)				(106,895)		(106,895)
7	LOAD CONTROL	(54,562)	(26,452)	(28,110)				(28,110)		(28,110)
8	ASSET RETIREMENT OBLIGATION	(439,108)	4,056,644	(4,495,752)				(4,495,752)		(4,495,752)
9	CAPITAL LEASES	(57,537)	(9,201)	(48,336)				(48,336)		(48,336)
10	CONSTRUCTION WORK IN PROGRESS					(2,044,668)		(2,044,668)		(2,044,668)
11	CWIP - CLAUSE PROJECTS					(67,203)		(67,203)		(67,203)
12	ACCOUNTS RECEIVABLE - ASSOC COS								(25,797)	(25,797)
14	NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(23,274)	(23,274)
15	NUCLEAR COST RECOVERY								250,215	250,215
16	OTH REG ASSETS - CLAUSES								(5,015)	(5,015)
17	MISC. DEFFERED DEBIT - CLAUSES								(5,195)	(5,195)
18	CEDAR BAY TRANSACTION								(559,945)	(559,945)
19	ICL TRANSACTION								(359,888)	(359,888)
20	STORM DEFICIENCY RECOVERY								(120,903)	(120,903)
21	ACCUM. PROV. - PROPERTY & STORM INSURANCE								112,659	112,659
22	ASSET RETIREMENT OBLIGATION								4,493,794	4,493,794
23	SJRPP ACCELERATED RECOVERY								8,238	8,238
24	SJRPP TRANSACTION								(75,190)	(75,190)
25	OTHER MISCELLANEOUS WORKING CAPITAL								(62,722)	(62,722)
26	TOTAL FPSC ADJUSTMENTS	(2,245,714)	(642,628)	(1,603,086)	0	(2,111,871)	0	(3,714,958)	3,626,976	(87,981)
27	FPSC ADJUSTED	$44,700,526	$11,601,213	$33,099,313	$320,383	$1,253,875	$582,790	$35,256,361	$1,061,383	$36,317,744

EXCLUDES IMPACTS OF THE TAX CUTS AND JOBS ACT OF 2017

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

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		OPERATION & MAINTENANCE				INCOME TAXES			
	OPERATING REVENUES	FUEL & NET INTERCHANGE	OTHER O&M	DEPRECIATION AND AMORTIZATION	TAXES OTHER THAN INCOME	AND INVESTMENT TAX CREDIT	GAIN LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
1 SYSTEM PER BOOKS	$11,283,349	$3,128,736	$1,474,238	$1,846,769	$1,312,883	$1,134,971	($5,955)	$8,891,642	$2,391,707
2 JURISDICTIONAL PER BOOKS	10,878,886	2,995,988	1,425,892	1,778,136	1,291,328	1,092,283	(5,955)	8,577,673	2,301,213
FPSC ADJUSTMENTS:									
3 CAPACITY COST RECOVERY	(253,470)	(146,348)	(32,889)	10,345	(357)	(32,485)		(201,733)	(51,737)
4 CONSERVATION COST RECOVERY	(62,757)		(48,982)	(10,531)	(1,209)	(785)		(61,507)	(1,250)
5 ENVIRONMENTAL COST RECOVERY	(218,946)		(52,471)	(43,327)	(297)	(47,390)	0	(143,485)	(75,461)
6 FUEL COST REC RETAIL	(2,839,321)	(2,827,396)	(16)	(249)	(2,029)	(3,715)		(2,833,405)	(5,916)
7 STORM DEFICIENCY RECOVERY	(163,089)		(43,508)	(114,088)		(2,119)		(159,715)	(3,375)
8 FRANCHISE REVENUE & EXPENSE	(475,488)				(475,488)	(0)		(475,488)	
9 GROSS RECEIPTS TAX	(250,659)				(250,659)			(250,659)	
10 MISCELLANEOUS O&M EXPENSES			(3,038)			1,172		(1,866)	1,866
11 AVIATION - EXPENSES			(163)			63		(100)	100
12 EXECUTIVE COMPENSATION			(32,326)			12,470		(19,856)	19,856
13 INTEREST TAX DEFICIENCIES			351			(135)		215	(215)
14 INTEREST SYCHRONIZATION						9,696		9,696	(9,696)
15 TOTAL FPSC ADJUSTMENTS	(4,263,730)	(2,973,744)	(213,043)	(157,849)	(730,039)	(63,229)	0	(4,137,903)	(125,827)
16 FPSC ADJUSTED	$6,615,157	$22,244	$1,212,850	$1,620,287	$561,289	$1,029,055	($5,955)	$4,439,770	$2,175,386

Docket No. 20180046-EI
FPL's Pro Forma 2018 FESR Excluding the Impacts of the Tax Act
Exhibit SRB-2, Page 3 of 7

Docket No. 20180046-EI
FPL's Pro Forma 2018 FESR Excluding
the Impacts of the Tax Act
Exhibit SRB-2, Page 4 of 7

EXCLUDES IMPACTS OF THE TAX CUTS AND JOBS ACT OF 2017

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: 2018

			ADJUSTMENTS				LOWPOINT		MIDPOINT		HIGHPOINT	
AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRORATA	SPECIFIC	ADJUSTED RETAIL	RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
LONG TERM DEBT	$10,534,215	$10,120,835	$116,417	($130,776)	$10,106,477	27.83%	4.14%	1.15%	4.14%	1.15%	4.14%	1.15%
SHORT TERM DEBT	1,064,448	1,022,340	11,896	($0)	1,034,236	2.85%	3.94%	0.11%	3.94%	0.11%	3.94%	0.11%
PREFERRED STOCK	0	0	0	$0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	392,283	391,293	4,742	$0	396,035	1.09%	2.04%	0.02%	2.04%	0.02%	2.04%	0.02%
COMMON EQUITY	16,909,352	16,240,445	188,985	($0)	16,429,430	45.24%	9.60%	4.34%	10.55%	4.77%	11.60%	5.25%
DEFERRED INCOME TAXES(1)	8,583,019	8,243,652	93,211	($245,003)	8,091,860	22.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS WEIGHTED COST	404,410	387,160	3,110	($130,564)	259,706	0.72%	7.52%	0.05%	8.11%	0.06%	8.76%	0.06%
TOTAL	$37,887,727	$36,405,725	$418,361	($506,342)	$36,317,744	100.00%		5.68%		6.12%		6.60%

NOTES:
(1) INCLUDES APPROXIMATELY $8.2 MILLION OF EXCESS DEFERRED TAXES ON A SYSTEM PER BOOKS BASIS

Docket No. 20180046-EI
FPL's Pro Forma 2018 FESR Excluding the Impacts of the Tax Act
Exhibit SRB-2, Page 5 of 7

EXCLUDES IMPACTS OF THE TAX CUTS AND JOBS ACT OF 2017

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: 2018

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	$2,468,955
AFUDC - DEBT	26,075
INCOME TAXES	1,120,502
TOTAL	$3,615,532
INTEREST CHARGES (BEFORE DEBT AFUDC)	542,232
TIE WITH AFUDC	6.67

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	$2,468,955
AFDUC - EQUITY	(92,930)
INCOME TAXES	1,120,502
TOTAL	$3,496,527
INTEREST CHARGES (BEFORE DEBT AFUDC)	$542,232
TIE WITHOUT AFUDC	6.45

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

AFUDC - DEBT	$26,075
X (1-INCOME TAX RATE)	0.6143
SUBTOTAL	$16,017
AFUDC - EQUITY	92,930
TOTAL	$108,947
NET INCOME AVAILABLE TO COMMON	$1,952,798
PERCENT AFUDC TO AVAILABLE NET INCOME	5.58%

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	$1,952,798
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	0
AFUDC (DEBT & OTHER)	(119,005)
DEPRECIATION & AMORTIZATION	1,846,769
DEFERRED INC TAXES & INVESTMENT CREDITS	889,392
OTHER SOURCES/USES OF FUNDS	50,191
TOTAL	$4,620,144
CONSTRUCTION EXPENDITURES	
(EXCLUDING AFUDC DEBT & EQUITY)	$4,737,963
PERCENT INTERNALLY GENERATED FUNDS	97.51%

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

RECONCILED AVERAGE RETAIL AMOUNTS:	
LONG TERM DEBT	$10,106,477
SHORT TERM DEBT	1,034,236
PREFERRED STOCK	0
COMMON EQUITY	16,429,430
TOTAL	$27,570,143
% LONG TERM DEBT TO TOTAL	36.66%
% SHORT TERM DEBT TO TOTAL	3.75%

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

	FPSC ADJUSTED
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	5.99%
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:	
LONG TERM DEBT	1.15%
SHORT TERM DEBT	0.11%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.02%
TAX CREDITS - WEIGHTED COST (MIDPOINT)	0.06%
SUBTOTAL	1.34%
TOTAL	4.65%
DIVIDED BY COMMON EQUITY RATIO	45.24%
JURISDICTIONAL RETURN ON COMMON EQUITY	10.27%

Docket No. 20180046-EI
FPL's Pro Forma 2018 FESR Excluding the Impacts of the Tax Act
Exhibit SRB-2, Page 6 of 7

EXCLUDES IMPACTS OF THE TAX CUTS AND JOBS ACT OF 2017

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FORECAST ASSUMPTIONS

SCHEDULE 5
PAGE 1 OF 1

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2018

FORECASTED ASSUMPTIONS:

CUSTOMERS	FORECASTED YEAR	PRIOR YEAR
RESIDENTIAL	4,422,439	4,357,179
COMMERCIAL	556,840	549,458
INDUSTRIAL	12,470	10,989
OTHER	4,201	4,168
TOTAL	4,995,950	4,921,794

MWH SALES	FORECASTED YEAR (1)	PRIOR YEAR (2)
RESIDENTIAL	56,991,021	58,188,257
COMMERCIAL	46,266,049	47,150,843
INDUSTRIAL	3,052,189	2,961,188
OTHER	572,208	570,675
TOTAL	106,881,468	108,870,963

(1) Includes forecasted weather normal sales
(2) 2017 actual sales

OTHER MAJOR FORECASTED ASSUMPTIONS:

A. INFLATION FACTORS (ANNUAL RATE OF CHANGE):	
1. CONSUMER PRICE INDEX (CPI)	2.4%
2. GROSS DOMESTIC PRODUCT (GDP) DEFLATOR	2.0%
3. PRODUCER PRICE INDEX (PPI) - ALL GOODS	1.9%
4. PRODUCER PRICE INDEX (PPI) - INTERMEDIATE MATERIALS	1.9%
5. PRODUCER PRICE INDEX (PPI) - FINISHED PRODUCT GOODS	2.0%
B. CAPITAL OVERHEAD RATES	
1. PENSION & WELFARE	5.1%
2. PAYROLL TAXES & INSURANCE	7.5%
C. OTHER CORPORATE ASSUMPTIONS	
INTEREST RATES -	
1) 30 DAY COMMERCIAL PAPER	2.0%
2) LONG TERM DEBT	4.9%
DEPRECIATION RESERVE SURPLUS (UTILIZED)/REPLENISHED ($000's)	$0

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

Robert E. Barrett, Jr.
NAME

SIGNATURE

Vice President - Finance
TITLE

4/15/2018
DATE

EXCLUDES IMPACTS OF THE TAX CUTS AND JOBS ACT OF 2017

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
INDIVIDUAL PROJECTS COMMENCING DURING 2018 WHICH EXCEED $10 MILLION
(AMOUNTS IN 000'S)

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2018

Schedule of Individual projects that commence during 2018 and exceed a gross cost of $10 million:

Project	Estimated Total Cost	Estimated Construction Commencement Date	Estimated In-Service Date
COMBINED CYCLE TURBINE UPGRADES	365,000	Feb - 2018	Dec - 2018
DANIA BEACH ENERGY CENTER	888,000	Sep - 2018	May - 2022
HOWARD INJECTION 138Kv	19,350	Jan - 2018	Dec - 2021

Docket No. 20180046-EI
Difference in Rate Base
Exhibit SRB-3, Page 1 of 1

RATE BASE VARIANCE ($000s)

Rate Base	2018 FESR	Pro Forma 2018 FESR	Variance
FPSC Adjusted Rate Base:			
Accumulated Depreciation & Amortization	$ (935,807)	$ (1,000,000)	$ 64,193
Net Plant	$ 935,807	$ 1,000,000	$ (64,193)
Accrued Income Taxes	$ (354,250)	$ (273,869)	$ (80,381)
Overrecovered Environmental & ECCR Revenues	$ (125,649)	$ (115,752)	$ (9,897)
Working Capital Liabilities	$ (479,900)	$ (389,621)	$ (90,279)
Total FPSC Adjusted Rate Base Changes	**$ 455,907**	**$ 610,379**	**$ (154,472)**
Total FPSC Adjusted Rate Base Per Schedule 2, Page 1 of 2	**$ 36,163,272**	**$ 36,317,744**	**$ (154,472)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 4
PARTY: FLORIDA POWER & LIGHT COMPANY – (DIRECT)
DESCRIPTION: Scott R. Bores SRB-3

NET OPERATING INCOME VARIANCE ($000s)

Income Statement		2018 FESR		Pro Forma 2018 FESR		Variance
FPSC Adjusted Income Statement:						
Operating Revenues	$	6,615,157	$	6,615,157	$	-
Fuel & Net Interchange	$	22,244	$	22,244	$	-
Other O&M	$	1,212,850	$	1,212,850	$	-
Depreciation and Amortization	$	1,921,324	$	1,620,287	$	301,037
Taxes other Than Income Taxes	$	561,289	$	561,289	$	-
Income Taxes and Investment Tax Credit	$	497,845	$	1,029,055	$	(531,210)
Gain Loss on Disposition	$	(5,955)	$	(5,955)	$	-
Total Operating Expenses	$	4,209,597	$	4,439,770	$	(230,173)
FPSC Adjusted Net Operating Income	**$**	**2,405,559**	**$**	**2,175,386**	**$**	**230,173**
FPSC Adjusted Net Operating Income Per Schedule 2, Page 2 of 2	**$**	**2,405,559**	**$**	**2,175,386**	**$**	**230,173**

Operating Income Tax Expense Detail:		2018 FESR		Pro Forma 2018 FESR		Variance
Change in Federal Corporate Income Tax Rate	$	615,698	$	1,050,692	$	(434,994)
Amortization of Excess Deferred Income Taxes	$	(117,853)	$	(2,240)	$	(115,614)
Section 199 Deduction	$	-	$	(19,398)	$	19,398
FPSC Adjusted Operating Income Tax Expense	**$**	**497,845**	**$**	**1,029,055**	**$**	**(531,210)**
FPSC Adjusted Operating Income Tax Expense Per Schedule 2, Page 2 of 2	**$**	**497,845**	**$**	**1,029,055**	**$**	**(531,210)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 5
PARTY: FLORIDA POWER & LIGHT COMPANY – (DIRECT)
DESCRIPTION: Scott R. Bores SRB-4

CAPITAL STRUCTURE VARIANCE ($000s)

AVERAGE - FPSC ADJUSTED RETAIL [1]	2018 FESR	Pro Forma 2018 FESR	Variance
LONG TERM DEBT	$10,103,854	$10,106,477	($2,623)
SHORT TERM DEBT	1,096,992	1,034,236	62,756
PREFERRED STOCK	0	0	0
CUSTOMER DEPOSITS	396,035	396,035	0
COMMON EQUITY	16,517,901	16,429,430	88,471
DEFERRED INCOME TAXES [2]	7,788,784	8,091,860	(303,076)
TAX CREDITS WEIGHTED COST	259,706	259,706	0
TOTAL	**$36,163,272**	**$36,317,744**	**($154,472)**

Note:
(1) Per FESR Schedule 3, Page 1 of 1
(2) Includes excess deferred income taxes reclassified to a net regulatory liability

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 6
PARTY: FLORIDA POWER & LIGHT COMPANY – (DIRECT)
DESCRIPTION: Scott R. Bores SRB-5

	Forecast Change in 2018 FPSC Adjusted Revenue Requirement - Tax Cut and Jobs Act	2018	Ref.
1	Reduction in Corporate Income Tax Rate to 21%	(582,672,156)	Line 21 + Line 24
2	Loss of Bonus Depreciation	10,313,430	Line 51
3	Impact of Lower Income Tax Rates on New Deferred Income Taxes	16,468,599	Line 52
4	Amortization of Excess Deferred Income Taxes[1]	(154,863,709)	Line 22
5	Loss of Section 199 Deduction	25,983,240	Line 23
6	**Total Forecast Change in FPSC Adjusted Revenue Requirement**	**(684,770,596)**	

Notes:
(1) ARAM - Amortization of Excess Deferred Income Taxes. Includes the amortization of both protected and unprotected excess deferred income taxes

Operating Income Tax Expense

		2018	
7	**Change in <u>Per Book</u> Tax Expense due to:**		
8	Federal Reduction in Corporate Income Tax Rate to 21%	(502,993,482)	
9	Amortization of Excess Deferred Income Taxes	(115,613,502)	
10	Section 199 Deduction	19,397,787	
11	State Tax Expense/Other	18,171,806	
12	**Change in <u>Per Book</u> Tax Expense**	**(581,037,391)**	
13	**2018 Non-Jurisdictional, Per Book & FPSC Adjustments Variance [1]**	**49,827,778**	
14	**Change in <u>FPSC Adjusted</u> Tax Expense due to:**		
15	Federal Reduction in Corporate Income Tax Rate to 21% [2]	(453,165,704)	Line 8 + Line 13
16	Amortization of Excess Deferred Income Taxes	(115,613,502)	Line 9
17	Section 199 Deduction	19,397,787	Line 10
18	State Tax Expense/Other	18,171,806	Line 11
19	**Change in <u>FPSC Adjusted</u> Tax Expense**	**(531,209,612)**	Exhibit SRB-4
20	**Revenue Requirement Associated with the Change in FPSC Adjusted Operating Income Tax Expense [3]**		
21	Federal Reduction in Corporate Income Tax Rate to 21%	(607,013,199)	Line 15 / 0.74655
22	Amortization of Excess Deferred Income Taxes	(154,863,709)	Line 16 / 0.74655
23	Section 199 Deduction	25,983,240	Line 17 / 0.74655
24	State Tax Expense/Other	24,341,043	Line 18 / 0.74655
25	**Revenue Requirement Associated with the Change in FPSC Adjusted Operating Income Tax Expense**	**(711,552,625)**	

Notes:
1. 2018 FESR vs. Pro forma 2018 FESR Variance in Non-Jurisdictional, Per Book & FPSC Adjustments. Variance attributed to Federal Reduction in Corporate Income Tax Rate.
2. Change in Per Book Tax Expense due to reduction in Federal Corporate Income Tax Rate to 21% (Line 8) adjusted for the change in Non-Jurisdictional, Per Book & FPSC Adjustments (Line 13).

3. Change in FPSC Adjusted tax expense grossed up for taxes

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 7
PARTY: FLORIDA POWER & LIGHT COMPANY – (DIRECT)
DESCRIPTION: Scott R. Bores SRB-6

Accumulated Deferred Income Taxes

		2018	
26	**Decrease in Total Company Per Book, Year-End DTL:**		
27	Decrease due to Loss of Bonus	(275,069,036)	
28	Decrease due to Income Tax Rate Change	(251,532,647)	
29	Decrease due to Loss of Surplus Depreciation/Other	(65,745,134)	
30	Decrease due to ARAM Amortization	(115,613,502)	
31	Decrease due to Changes in FL State Taxes & Federal Benefit of State	(6,342,005)	
32	**Decrease in Total Company Per Book, Year-End DTL**	**(714,302,324)**	
33	Variance in Non-Jurisdictional & FPSC Adjustments[1]	11,650,605	
34	Year-End vs. 13-month Average Adjustment[2]	399,575,991	
35	**Total Adjustments to Per Book, Year-End DTL**	**411,226,595**	
36	**Decrease in FPSC Adjusted, 13-Month Average DTL:** [3]		
37	Decrease due to Loss of Bonus	(116,710,734)	Line 27 + Line 35 (prorata allocation)
38	Decrease due to Income Tax Rate Change	(106,724,335)	Line 28 + Line 35 (prorata allocation)
39	Decrease due to Loss of Surplus Depreciation/Other	(27,895,407)	Line 29 + Line 35 (prorata allocation)
40	Decrease due to ARAM Amortization	(49,054,364)	Line 30 + Line 35 (prorata allocation)
41	Decrease due to Changes in FL State Taxes & Federal Benefit of State	(2,690,888)	Line 31 + Line 35 (prorata allocation)
42	**Decrease in FPSC Adjusted, 13-Month Average DTL**	**(303,075,729)**	Exhibit SRB-5
43	**WACC - Pro Forma FESR (high-point 11.6% ROE)**	**6.60%**	
44	**Revenue Requirement Associated with the Decrease in FPSC Adjusted, 13-Month Average DTL:** [4]		
45	Decrease due to Loss of Bonus	(10,313,430)	(Line 37 * Line 43) / 0.74655
46	Decrease due to Income Tax Rate Change	(9,430,957)	(Line 38 * Line 43) / 0.74655
47	Decrease due to Loss of Surplus Depreciation/Other	(2,465,046)	(Line 39 * Line 43) / 0.74655
48	Decrease due to ARAM Amortization	(4,334,809)	(Line 40 * Line 43) / 0.74655
49	Decrease due to Changes in FL State Taxes & Federal Benefit of State	(237,787)	(Line 41 * Line 43) / 0.74655
50	**Revenue Requirement Associated with the Decrease in FPSC Adjusted, 13-Month Average DTL**	**(26,782,029)**	
51	**Revenue Requirement Decrease due to Loss of Bonus**	**(10,313,430)**	Line 45 above
52	**Revenue Requirement Decrease due to All Other DTL**	**(16,468,599)**	Lines 46 - 49 above

Notes:
1. Difference between 2018 FPSC Adjusted Retail and System Per Books deferred income taxes.
2. Difference between 2018 Company Per Book Year-End and Utility per Book 13-Month Average deferred income taxes
3. Pro-rata allocation to per book, year-end change in DTL balance.
4. Return on the change in FPSC Adjusted 13-Month Average DTA/DTL grossed up for taxes. The return is based on a 6.60% ROR.

QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

<u>Partial list of utility cases participated in</u>:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA &76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA & 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001 & ER-85647001	New England Power Company (FERC)
850782-EI & 850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU & 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102 T E-1032-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
89-0033	Illinois Bell Telephone Company (Illinois CC)
U-89-2688-T	Puget Sound Power & Light Company (Washington UTC))
R-891364	Philadelphia Electric Company (Pennsylvania PUC)
F.C. 889	Potomac Electric Power Company (District of Columbia PSC)
Case No. 88/546	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
87-11628	Duquesne Light Company, et al, plaintiffs, against Gulf+ Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)
6531	Hawaiian Electric Company (Hawaii PUCs)

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102 & U-1551-89-103	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and TC-91-040B	Intrastate Access Charge Methodology, Pool and Rates Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS & 911-67-WS	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314 & M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 & U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC))
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 & U-1032-93-193	Citizens Utilities Company - Gas Division (Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/ E-1032-93-169	Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)
94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed Staff Investigation	Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission)
E-1032-95-473	Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC)
E-1032-95-433	Citizens Utility Co. - Arizona Electric Division (Arizona CC)
	Collaborative Ratemaking Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285	Missouri Gas Energy (Missouri PSC)
94-10-45	Southern New England Telephone Company (Connecticut PUC)
A.96-08-001 et al.	California Utilities' Applications to Identify Sunk Costs of Non-Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324	Bell Atlantic - Delaware, Inc. (Delaware PSC)
96-08-070, et al.	Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12	Connecticut Light & Power (Connecticut PUC)
R-00973953	Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65	Application of Delmarva Power &Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705	Entergy Gulf States, Inc. (Cities Steering Committee)
E-1072-97-067	Southwestern Telephone Co. (Arizona Corporation Commission)
Non-Docketed Staff Investigation	Delaware - Estimate Impact of Universal Services Issues (Delaware PSC)
PU-314-97-12	US West Communications, Inc. Cost Studies (North Dakota PSC)
97-0351	Consumer Illinois Water Company (Illinois CC)
97-8001	Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I	San Diego Gas & Electric Co., Section 386 costs (California PUC)
9355-U	Georgia Power Company Rate Case (Georgia PUC)
97-12-020 - Phase I	Pacific Gas & Electric Company (California PUC)
U-98-56, U-98-60, U-98-65, U-98-67	Investigation of 1998 Intrastate Access charge filings (Alaska PUC)
(U-99-66, U-99-65, U-99-56, U-99-52)	Investigation of 1999 Intrastate Access Charge filing (Alaska PUC)
Phase II of 97-SCCC-149-GIT	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
PU-314-97-465	US West Universal Service Cost Model (North Dakota PSC)
Non-docketed Assistance	Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC)
Contract Dispute	City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL)
Non-docketed Project	Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No. 98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No. 99-01-016, Phase I	Post-Transition Ratemaking Mechanisms for the Electric Industry Restructuring (US Department of Navy)
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020 Phase II	Pacific Gas & Electric Company Rate Case (California PUC)
01-10-10	United Illuminating Company (Connecticut OCC)
13711-U	Georgia Power FCR (Georgia PSC)
02-001	Verizon Delaware § 271(Delaware DPA)
02-BLVT-377-AUD	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No. E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No. 05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No. 03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363, Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM, Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT- 1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT- 607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT- 060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA, 06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No.UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208, R-2010-2166210, R-2010-2166212, & R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
PSC Docket No. 09-0602	Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC)
10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
Docket No. 31958	Georgia Power Company (Georgia PSC)
Docket No. 10-0467	Commonwealth Edison Company (Illinois CC)
PSC Docket No. 10-237	Delmarva Power & Light Company (Delaware PSC)
U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
A.10-07-007	California-American Water Company (California PUC)
A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 1 (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080	Hawaiian Electric Company, Inc. (Hawaii PUC)
G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
PSC Docket No. 11-207	Artesian Water Company, Inc. (Delaware PSC)
Cause No. 44022	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
UE-111048 & UE-111049	Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721	Commonwealth Edison Company (Illinois CC)
11AL-947E	Public Service Company of Colorado (Colorado PSC)
U-11-77 & U-11-78	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767	Illinois-American Water Company (Illinois CC)
PSC Docket No. 11-397	Tidewater Utilities, Inc. (Delaware PSC)
Cause No. 44075	Indiana Michigan Power Company (Indiana Utility Regulatory Commission)
Docket No. 12-0001	Ameren Illinois Company (Illinois CC)
11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528	Delmarva Power & Light Company (Delaware PSC)
11-281-EL-FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
E-04230A-14-0011 & E-01933A-14-0011	Reorganization of UNS Energy Corporation with Fortis, Inc. (Arizona CC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)

2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)
PUE-2015-00027	Virginia Electric and Power Company (Commonwealth of Virginia SCC)
Docket No. 2015-0022	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T	West Virginia-American Water Company (West Virginia PSC)
15-07-38^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)
Docket No. 15-00042	B&W Pipeline, LLC (Tennessee Regulatory Authority)
WR-2015-0301/SR-2015 -0302	Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 16-00001	Kingsport Power Company d/b/a AEP Appalachian Power (Tennessee Regulatory Authority)
PUE-2015-00097	Virginia-American Water Company (Commonwealth of Virginia SCC)
15-1854-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
P-15-014	PTE Pipeline LLC (Regulatory Commission of Alaska)
P-15-020	Swanson River Oil Pipeline, LLC (Regulatory Commission of Alaska)
Docket No. 40161	Georgia Power Company – Integrated Resource Plan (Georgia PSC)
Formal Case No. 1137	Washington Gas Light Company (District of Columbia PSC)
160021-EI, et al.	Florida Power Company (Florida PSC)
R-2016-2537349	Metropolitan Edison Company (Pennsylvania PUC)
R-2016-2537352	Pennsylvania Electric Company (Pennsylvania PUC)
R-2016-2537355	Pennsylvania Power Company (Pennsylvania PUC)
R-2016-2537359	West Penn Power Company (Pennsylvania PUC)
16-0717-G-390P	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
15-1256-G-390P (Reopening)/16-0922-G-390P	Mountaineer Gas Company (West Virginia PSC)
16-0550-W-P	West Virginia-American Water Company (West Virginia PSC)
CEPR-AP-2015-0001	Puerto Rico Electric Power Authority (Puerto Rico Energy Commission)
E-01345A-16-0036	Arizona Public Service Company (Arizona CC)
Docket No. 4618	Providence Water Supply Board (Rhode Island PUC)
Docket No. 46238	Joint Report and Application of Oncor Electric Delivery Company LLC and NextEra Energy Inc. (Texas State Office of Administrative Hearings; Texas PUC)
U-16-066	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Case No. 2016-00370	Kentucky Utilities Company (Kentucky PSC)
Case No. 2016-00371	Louisville Gas and Electric Company (Kentucky PSC)
P-2015-2508942	Metropolitan Edison Company (Pennsylvania PUC)
P-2015-2508936	Pennsylvania Electric Company (Pennsylvania PUC)
P-2015-2508931	Pennsylvania Power Company (Pennsylvania PUC)
P-2015-2508948	West Penn Power Company (Pennsylvania PUC)
E-04204A-15-0142*	UNS Electric, Inc. (Arizona CC)
E-01933A-15-0322*	Tucson Electric Power Company (Arizona CC)
UE-170033 & UG-170034*	Puget Sound Energy, Inc. (Washington UTC)
Case No. U-18239	Consumers Energy Company (Michigan PSC)
Case No. U-18248	DTE Electric Company (Michigan PSC)

Case No. 9449	Merger of AltaGas Ltd. and WGL Holdings (Maryland PSC)
Formal Case No. 1142	Merger of AltaGas Ltd. and WGL Holdings (District of Columbia PSC)
Case No. 2017-00179	Kentucky Power Company (Kentucky PSC)
Docket No. 29849	Georgia Power Plant Vogtle Units 3 and 4, VCM 17 (Georgia PSC)
Docket No .2017-AD-112	Mississippi Power Company (Mississippi PSC)
Docket No. D2017.9.79	Montana-Dakota Utilities Co. (Montana PSC)
SW-01428A-17-0058 et al	Liberty Utilities (Litchfield Park Water & Sewer) Corp. (Arizona CC)

* Testimony filed, examination not completed
** Issues stipulated
*** Company withdrew case
^ Testimony filed, case withdrawn after proposed decision issued
^^ Issues stipulated before testimony was filed

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 9
PARTY: OFFICE OF PUBLIC COUNSEL– (DIRECT)
DESCRIPTION: Ralph Smith RCS-2

Excess Deferred Tax Balance @ 12/31/2017

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
		Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*
5	AMO201	Tx Refund Int Below	49,560	(6,938)	382	0	(6,557)
5	AMO301	Gain Disp Prop Abv	33,013,660	(4,621,912)	254,205	0	(4,367,707)
15	AMO312	Reg Liab SWAPC - ECCR	46,801,764	(6,552,247)	360,374	0	(6,191,873)
1	AMO316	Reg Liab - CB Bk/Tx Diff - L/T	14,074,913	(1,970,488)	108,377	0	(1,862,111)
1	AMO319	Reg Liab - CB Bk/Tx Diff - Current	1,893,506	(265,091)	14,580	0	(250,511)
1	BAD101	Bad Debt Expense	2,533,098	(354,634)	19,505	0	(335,129)
5	DBT102	Gain on Reacq Debt	1,620,377	(226,853)	12,477	0	(214,376)
30	DCM101	Decommissioning Accrual	356,332,180	(49,886,505)	2,743,758	0	(47,142,747)
30	DCM201	Decommissioning Below	711,184,357	(99,565,810)	5,476,120	0	(94,089,690)
1	EMP103	Non Ded Medic Contr	2,700,883	(378,124)	20,797	0	(357,327)
1	EMP201	Employee Bonus Accrual	112,726,470	(15,781,706)	867,994	0	(14,913,712)
1	EMP202	Accrued FICA Taxes	9,163,181	(1,282,845)	70,556	0	(1,212,289)
10	EMP802	Post Retirement SFAS 112 - NC	19,068,000	(2,669,520)	146,824	0	(2,522,696)
1	EMP806	Post Retirement Benefits - FAS106 Curren	15,845,690	(2,218,397)	122,012	0	(2,096,385)
10	EMP807	Post Retirement Benefits - FAS106 NC	188,314,186	(26,363,986)	1,450,019	0	(24,913,967)
10	EMP810	Medicare Part D Subsidy	(4,656,347)	651,889	(35,854)	0	616,035
10	EMP901	Def Compensation	3,387,857	(474,300)	26,086	0	(448,213)
1	EMP903	SERP Current Portion	360,882	(50,523)	2,779	0	(47,745)
10	EMP907	SERP Fund Activity and Thrift, BOD Pensic	7,124,177	(997,385)	54,856	0	(942,529)
5	FIN403	FIN48 Interest Payable-State	964,905	(135,087)	7,430	0	(127,657)
5	FIN405	Int Accrued St Current - FIN48	393,572	(55,100)	3,031	0	(52,070)
1	FUL301	Def Franchise Fee Rev	7,731,068	(1,082,350)	59,529	0	(1,022,820)
5	INC602	Premium Lighting Prog Rev	6,198,290	(867,761)	47,727	0	(820,034)
10	INC605	Deferred Income - NC	386,594	(54,123)	2,977	0	(51,146)
5	INJ101	Injuries and Damages	17,972,160	(2,516,102)	138,386	0	(2,377,717)
21	ITC101	Conv ITC Amort & GU	52,065,738	(7,289,203)	400,906	0	(6,888,297)
22	ITC103	Space Coast ITC GU	22,292,084	(3,120,892)	171,649	0	(2,949,243)
21	ITC105	Martin Solar ITC G/U	154,080,973	(21,571,336)	1,186,423	0	(20,384,913)

					Excess Deferred Tax Balance @ 12/31/2017			
			Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*
	Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
	30	NUC106	Nuclear Rule Book/Tax Basis	250,215,443	(35,030,162)	1,926,659	0	(33,103,503)
	30	PSP101	Reverse Partnership Book (Income) Loss	(8,294,334)	1,161,207	(63,866)	0	1,097,340
	5	PSP108	Sangroup Partnership LLC	44,414	(6,218)	342	0	(5,876)
	2	REP501	Nuc Maint Reserve	16,580,661	(2,321,293)	127,671	0	(2,193,621)
	5	RES106	Legal Reserve	7,312,500	(1,023,750)	56,306	0	(967,444)
	5	RES109	Fuel Storage Reserve	5,447,994	(762,719)	41,950	0	(720,770)
	30	RES113	Nuc Last Core Expense	111,722,086	(15,641,092)	860,260	0	(14,780,832)
	30	RES114	Nuc M and S Inventory	24,065,820	(3,369,215)	185,307	0	(3,183,908)
	1	RES126	Nuclear Rad Waste	9,273,516	(1,298,292)	71,406	0	(1,226,886)
	10	RES137	Savings/Warrant Reserve	42,712	(5,980)	329	0	(5,651)
	1	RES137	Savings/Warrant Reserve	118,819	(16,635)	915	0	(15,720)
	1	RES139	Scherer Supplemental Perf Fee	6,131,708	(858,439)	47,214	0	(811,225)
	10	RES301	Environmental Liability	135,891,407	(19,024,797)	1,046,364	0	(17,978,433)
	1	RES401	Vacation Pay Accrual	5,457,391	(764,035)	42,022	0	(722,013)
	5	RES601	Dormant Materials	63,554	(8,898)	489	0	(8,408)
	1	REV103	Measurement And Verification Incom	1,289,929	(180,590)	9,932	0	(170,658)
	5	SAL301	Cap Gain Emiss Allow	886	(124)	7	0	(117)
	3	SJR101	SJRPP Decommissioning	39,923,306	(5,589,263)	307,409	0	(5,281,853)
	3	SJR102	SJRPP Def Interest	12,382,353	(1,733,529)	95,344	0	(1,638,185)
	1	STM402	Over/Under Recovery - FREC	4,897,596	(685,663)	37,711	0	(647,952)
	1	STM409	Storm-Reg Asset - Regulated	74,274,946	(10,398,492)	571,917	0	(9,826,575)
	1	UBR102	Unbilled Revenue FPSC	22,311,769	(3,123,648)	171,801	0	(2,951,847)
			Sub-Total Account 190	2,502,778,254	(350,388,956)	19,271,393	0	(331,117,563)
	1	CAC102	Primeco CIAC Below	661	(93)	5	0	(87)
	1	DEP101	Tax Depreciation	(10,855,470)	1,519,766	(83,587)	0	1,436,179
ICL	20	DEP101	Tax Depreciation	434,568,750	(60,839,625)	3,346,179	0	(57,493,446)
	10	DEP102	Fossil Dismantlement	370,901,893	(51,926,265)	2,855,945	0	(49,070,320)

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
				Excess Deferred Tax Balance @ 12/31/2017			
		Tax Rates		-14.0%	0.7700%	0.0%	-13.23%
1	DEP102	Fossil Dismantlement	(5,540,839)	775,717	(42,664)	0	733,053
30	DEP107	Def ITC Interest Synch	6,779,781	(949,169)	52,204	0	(896,965)
30	DEP131	FAS90 Depr Reclass	87,006,154	(12,180,862)	669,947	0	(11,510,914)
20	DEP201	ARO Accretion	10,885,315	(1,523,944)	83,817	0	(1,440,127)
20	DEP202	ARO Asset	(10,885,315)	1,523,944	(83,817)	0	1,440,127
30	NUC107	Nuclear Rule Book/Tax - Plant In Service	7,541,981	(1,055,877)	58,073	0	(997,804)
5	SAL602	Gain on Sale of MIT Credits	110,606,293	(15,484,881)	851,668	0	(14,633,213)
		Sub-Total Account 282	1,001,009,204	(140,141,289)	7,707,771	0	(132,433,518)
1	AMO102	Amortization of Intangibles	258,666	(36,213)	1,992	0	(34,222)
1	AMO202	Int Tx Deficiency Above	(1,737,676)	243,275	(13,380)	0	229,895
5	AMO303	Loss Disp Prop Abv	(193,657)	27,112	(1,491)	0	25,621
20	AMO304	Reg Asset - Surplus Flowback	(1,208,675,515)	169,214,572	(9,306,801)	0	159,907,771
1	AMO309	Reg Asset - FAS90 Current	4,526,984	(633,778)	34,858	0	(598,920)
30	AMO310	Reg Asset - FAS90 L/T	(91,533,137)	12,814,639	(704,805)	0	12,109,834
20	AMO311	Reg Asset - Dism Resv - Surplus Flowback	(146,014,234)	20,441,993	(1,124,310)	0	19,317,683
6	AMO314	Reg Asset - CB PPA Loss - L/T	(334,607,191)	46,845,007	(2,576,475)	0	44,268,531
6	AMO315	Reg Asset - CB Tax GU - L/T	(210,133,794)	29,418,731	(1,618,030)	0	27,800,701
6	AMO317	Reg Asset - CB PPA Loss - Current	(55,767,857)	7,807,500	(429,412)	0	7,378,087
6	AMO318	Reg Asset - CB Tax GU - Current	(35,022,306)	4,903,123	(269,672)	0	4,633,451
10	AMO320	Reg Asset - PTN Cooling Canals	(112,422,793)	15,739,191	(865,656)	0	14,873,536
30	AMO321	Reg Asset - ICL - PPA Loss	(401,333,333)	56,186,667	(3,090,267)	0	53,096,400
10	AMO322	Reg Asset - Environmental Remediation	(687,448)	96,243	(5,293)	0	90,949
30	CAP202	Nustart Energy	(1,812,112)	253,696	(13,953)	0	239,742
2	CAP301	Rate Case Expenses	(2,519,917)	352,788	(19,403)	0	333,385
5	DBT101	Loss on Reacq Debt	(92,180,381)	12,905,253	(709,789)	0	12,195,464
30	EMP102	Pension SFAS 87	(1,350,835,622)	189,116,987	(10,401,434)	0	178,715,553
5	FIN404	FIN48 Interest Receivable-State	(1,358,477)	190,187	(10,460)	0	179,727

				Excess Deferred Tax Balance @ 12/31/2017			
		Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*
Turn Period (Years)	**Code**	**Name**	**Pre-Tax 2017 End Balance**	**Federal**	**FBOS**	**State**	**Total**
1	FUL102	Def Fuel Cost FERC	(30,351)	4,249	(234)	0	4,015
1	FUL103	Def Fuel Cost FPSC - Current	(6,358,244)	890,154	(48,958)	0	841,196
1	FUL109	EPU Asset Retirements	(1,008,527)	141,194	(7,766)	0	133,428
1	FUL302	Franchise Fee Costs	(3,389,162)	474,483	(26,097)	0	448,386
1	INC608	Accrued Revenues - GPIF	(9,656,036)	1,351,845	(74,351)	0	1,277,494
1	INC609	Accrued Revenues - Asset Optimization	(10,101,485)	1,414,208	(77,781)	0	1,336,426
21	ITC102	Conv ITC Depr Loss	(26,032,853)	3,644,599	(200,453)	0	3,444,146
22	ITC104	Space Coast ITC Depr Loss	(11,146,139)	1,560,459	(85,825)	0	1,474,634
21	ITC106	Martin ITC Depr Loss	(77,040,475)	10,785,667	(593,212)	0	10,192,455
30	NUC103	Nuclear Cola Payroll	(29,298,885)	4,101,844	(225,601)	0	3,876,242
1	PPD101	Prepaid Insurance	(12,825,069)	1,795,510	(98,753)	0	1,696,757
1	PPD202	Prepaid Franchise Fees	(14,597,066)	2,043,589	(112,397)	0	1,931,192
1	PPD203	Prepaid State Motor Vehicle Taxes	(742,563)	103,959	(5,718)	0	98,241
30	RSH102	Research and Experimental Costs	(2,804,913)	392,688	(21,598)	0	371,090
1	STM401	Storm Recovery Property	(67,547,937)	9,456,711	(520,119)	0	8,936,592
1	STM407	Storm Recovery - Current	(115,491,986)	16,168,878	(889,288)	0	15,279,590
5	STM408	Involuntary Conversion - Storm - Deferrec	5,224,057	(731,368)	40,225	0	(691,143)
		Sub-Total Account 283	(4,424,897,434)	619,485,641	(34,071,710)	0	585,413,931
		Total Federal & State	**(921,109,976)**	**128,955,397**	**(7,092,547)**	**0**	**121,862,850**
6	DEP118	Florida Bonus Depreciation	4,674,495,003	0	35,993,612	0	35,993,612
2	DEP133	Florida Bonus Depreciation - 2014	23,579,500	0	181,562	0	181,562
3	DEP134	Florida Bonus Depreciation - 2015	(3,929,917)	0	(30,260)	0	(30,260)
		Total State Modifications	**4,694,144,586**	**0**	**36,144,913**	**0**	**36,144,913**
		Total with State Modifications	**3,773,034,610**	**128,955,397**	**29,052,366**	**0**	**158,007,763**

				Excess Deferred Tax Balance @ 12/31/2017			
		Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*
Turn Period (Years)	**Code**	**Name**	**Pre-Tax 2017 End Balance**	**Federal**	**FBOS**	**State**	**Total**
30	RATE_ADJ_ST	Adjust for tax rates & apportionment		0	(662,685)	0	(662,685)
		Miscellaneous Difference (offset w/ PT misc diff)		(639,456)	697,855	0	58,398
		Total Deferred Only		(639,456)	35,170	0	(604,286)
cted/Protected		**Non PowerTax Excess Deferred Taxes**		**128,315,940**	**29,087,537**	**0**	**157,403,477**
							2,382,142,972
							701,315,829
Protected/Unprotected		**PowerTax Excess Deferred Taxes**	**[A]**	**3,261,169,792**	**(179,953,840)**	**2,242,854**	**3,083,458,807**
		GRAND TOTAL Excess Deferred Taxes		**3,389,485,732**	**(150,866,304)**	**2,242,854**	**3,240,862,284**
		Amortization:					
		Protected					2,360,794,440
		UnProtected					880,067,838
							3,240,862,278
							(1)
		EADIT BALANCE					2,360,794,440
		Protected					880,067,838
		UnProtected					3,240,862,278

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 10
PARTY: OFFICE OF PUBLIC COUNSEL– (DIRECT)
DESCRIPTION: Ralph Smith RCS-3

Florida Power & Light Co & Subs
Turnaround of Excess Deferred Taxes
Year Ended December 2017

Co	FERC	Type	FPL Turn Period (Years)	OPC Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total	FPL Proposed 2018 Activity	OPC Proposed 2018 Activity	Adjustment to 2018 EADIT Amortization
								Excess Deferred Tax Balance @ 12/31/2017						
						Tax Rates		-14.0%	0.7700%	0.0%	-13.23%	1	1	
1500	190	Other Unprotected - 5	5	5	AMO201	Tx Refund Int Below	49,560	(6,938)	382	0	(6,557)	(1,311)	(1,311)	0
1500	190	Other Unprotected - 5	5	5	AMO301	Gain Disp Prop Abv	33,013,660	(4,621,912)	254,205	0	(4,367,707)	(873,541)	(873,541)	0
1500	190	Other Unprotected - 15	15	10	AMO312	Reg Liab SWAPC - ECCR	46,801,764	(6,552,247)	360,374	0	(6,191,873)	(412,792)	(619,187)	(206,396)
1504	190	Other Unprotected	1	1	AMO316	Reg Liab - CB Bk/Tx Diff - L/T	14,074,913	(1,970,488)	108,377	0	(1,862,111)	(1,862,111)	(1,862,111)	0
1504	190	Other Unprotected	1	1	AMO319	Reg Liab - CB Bk/Tx Diff - Current	1,893,506	(265,091)	14,580	0	(250,511)	(250,511)	(250,511)	0
1500	190	Other Unprotected - 1	1	1	BAD101	Bad Debt Expense	2,533,098	(354,634)	19,505	0	(335,129)	(335,129)	(335,129)	0
1500	190	Other Unprotected - 5	5	5	DBT102	Gain on Reacq Debt	1,620,377	(226,853)	12,477	0	(214,376)	(42,875)	(42,875)	0
1500	190	Other Unprotected - 30	30	10	DCM101	Decommissioning Accrual	356,332,180	(49,886,505)	2,743,758	0	(47,142,747)	(1,571,425)	(4,714,275)	(3,142,850)
1500	190	Other Unprotected - 30	30	10	DCM201	Decommissioning Below	711,184,357	(99,565,810)	5,476,120	0	(94,089,690)	(3,136,323)	(9,408,969)	(6,272,646)
1500	190	Other Unprotected - 1	1	1	EMP103	Non Ded Medic Contr	2,700,883	(378,124)	20,797	0	(357,327)	(357,327)	(357,327)	0
1500	190	Other Unprotected - 1	1	1	EMP201	Employee Bonus Accrual	112,726,470	(15,781,706)	867,994	0	(14,913,712)	(14,913,712)	(14,913,712)	0
1500	190	Other Unprotected - 1	1	1	EMP202	Accrued FICA Taxes	9,163,181	(1,282,845)	70,556	0	(1,212,289)	(1,212,289)	(1,212,289)	0
1500	190	Other Unprotected - 10	10	10	EMP802	Post Retirement SFAS 112 - NC	19,068,000	(2,669,520)	146,824	0	(2,522,696)	(252,270)	(252,270)	0
1500	190	Other Unprotected - 1	1	1	EMP806	Post Retirement Benefits - FAS106 Curre	15,845,690	(2,218,397)	122,012	0	(2,096,385)	(2,096,385)	(2,096,385)	0
1500	190	Other Unprotected - 10	10	10	EMP807	Post Retirement Benefits - FAS106 NC	188,314,186	(26,363,986)	1,450,019	0	(24,913,967)	(2,491,397)	(2,491,397)	0
1500	190	Other Unprotected - 10	10	10	EMP810	Medicare Part D Subsidy	(4,656,347)	651,889	(35,854)	0	616,035	61,603	61,603	0
1500	190	Other Unprotected - 10	10	10	EMP901	Def Compensation	3,387,857	(474,300)	26,086	0	(448,213)	(44,821)	(44,821)	0
1500	190	Other Unprotected - 1	1	1	EMP903	SERP Current Portion	360,882	(50,523)	2,779	0	(47,745)	(47,745)	(47,745)	0
1500	190	Other Unprotected - 10	10	10	EMP907	SERP Fund Activity and Thrift, BOD Pensi	7,124,177	(997,385)	54,856	0	(942,529)	(94,253)	(94,253)	0
1500	190	Other Unprotected - 5	5	5	FIN403	FIN48 Interest Payable-State	964,905	(135,087)	7,430	0	(127,657)	(25,531)	(25,531)	0
1500	190	Other Unprotected - 5	5	5	FIN405	Int Accrued St Current - FIN48	393,572	(55,100)	3,031	0	(52,070)	(10,414)	(10,414)	0
1500	190	Other Unprotected - 1	1	1	FUL301	Def Franchise Fee Rev	7,731,068	(1,082,350)	59,529	0	(1,022,820)	(1,022,820)	(1,022,820)	0
1500	190	Other Unprotected - 5	5	5	INC602	Premium Lighting Prog Rev	6,198,290	(867,761)	47,727	0	(820,034)	(164,007)	(164,007)	0
1500	190	Other Unprotected - 10	10	10	INC605	Deferred Income - NC	386,594	(54,123)	2,977	0	(51,146)	(5,115)	(5,115)	0
1500	190	Other Unprotected - 5	5	5	INJ101	Injuries and Damages	17,972,160	(2,516,102)	138,386	0	(2,377,717)	(475,543)	(475,543)	0
1500	190	Other Unprotected - 21	21	10	ITC101	Conv ITC Amort & GU	52,065,738	(7,289,203)	400,906	0	(6,888,297)	(328,014)	(688,830)	(360,816)
1500	190	Other Unprotected - 22	22	10	ITC103	Space Coast ITC GU	22,292,084	(3,120,892)	171,649	0	(2,949,243)	(134,056)	(294,924)	(160,868)
1500	190	Other Unprotected - 21	21	10	ITC105	Martin Solar ITC G/U	154,080,973	(21,571,336)	1,186,423	0	(20,384,913)	(970,710)	(2,038,491)	(1,067,781)
1500	190	Other Unprotected - 30	30	10	NUC106	Nuclear Rule Book/Tax Basis	250,215,443	(35,030,162)	1,926,659	0	(33,103,503)	(1,103,450)	(3,310,350)	(2,206,900)
1500	190	Other Unprotected - 30	30	10	PSP101	Reverse Partnership Book (Income) Loss	(8,294,334)	1,161,207	(63,866)	0	1,097,340	36,578	109,734	73,156
1500	190	Other Unprotected - 5	5	5	PSP108	Sangroup Partnership LLC	44,414	(6,218)	342	0	(5,876)	(1,175)	(1,175)	0
1500	190	Other Unprotected - 2	2	2	REP501	Nuc Maint Reserve	16,580,661	(2,321,293)	127,671	0	(2,193,621)	(1,096,811)	(1,096,811)	0
1500	190	Other Unprotected - 5	5	5	RES106	Legal Reserve	7,312,500	(1,023,750)	56,306	0	(967,444)	(193,489)	(193,489)	0
1500	190	Other Unprotected - 5	5	5	RES109	Fuel Storage Reserve	5,447,994	(762,719)	41,950	0	(720,770)	(144,154)	(144,154)	0
1500	190	Other Unprotected - 30	30	10	RES113	Nuc Last Core Expense	111,722,086	(15,641,092)	860,260	0	(14,780,832)	(492,694)	(1,478,083)	(985,389)
1500	190	Other Unprotected - 30	30	10	RES114	Nuc M and S Inventory	24,065,820	(3,369,215)	185,307	0	(3,183,908)	(106,130)	(318,391)	(212,261)
1500	190	Other Unprotected - 1	1	1	RES126	Nuclear Rad Waste	9,273,516	(1,298,292)	71,406	0	(1,226,886)	(1,226,886)	(1,226,886)	0
1500	190	Other Unprotected - 10	10	10	RES137	Savings/Warrant Reserve	42,712	(5,980)	329	0	(5,651)	(565)	(565)	0
1511	190	Other Unprotected	1	1	RES137	Savings/Warrant Reserve	118,819	(16,635)	915	0	(15,720)	(15,720)	(15,720)	0
1500	190	Other Unprotected - 1	1	1	RES139	Scherer Supplemental Perf Fee	6,131,708	(858,439)	47,214	0	(811,225)	(811,225)	(811,225)	0
1500	190	Other Unprotected - 10	10	10	RES301	Environmental Liability	135,891,407	(19,024,797)	1,046,364	0	(17,978,433)	(1,797,843)	(1,797,843)	0
1500	190	Other Unprotected - 1	1	1	RES401	Vacation Pay Accrual	5,457,391	(764,035)	42,022	0	(722,013)	(722,013)	(722,013)	0
1500	190	Other Unprotected - 5	5	5	RES601	Dormant Materials	63,554	(8,898)	489	0	(8,408)	(1,682)	(1,682)	0
1511	190	Other Unprotected	1	1	REV103	Measurement And Verification Incom	1,289,929	(180,590)	9,932	0	(170,658)	(170,658)	(170,658)	0
1500	190	Other Unprotected - 5	5	5	SAL301	Cap Gain Emiss Allow	886	(124)	7	0	(117)	(23)	(23)	0
1500	190	Other Unprotected - 3	3	3	SJR101	SJRPP Decommissioning	39,923,306	(5,589,263)	307,409	0	(5,281,853)	(1,760,618)	(1,760,618)	0
1500	190	Other Unprotected - 3	3	3	SJR102	SJRPP Def Interest	12,382,353	(1,733,529)	95,344	0	(1,638,185)	(546,062)	(546,062)	0
1500	190	Other Unprotected - 1	1	1	STM402	Over/Under Recovery - FREC	4,897,596	(685,663)	37,711	0	(647,952)	(647,952)	(647,952)	0
1500	190	Other Unprotected - 1	1	1	STM409	Storm-Reg Asset - Regulated	74,274,946	(10,398,492)	571,917	0	(9,826,575)	(9,826,575)	(9,826,575)	0
1500	190	Other Unprotected - 1	1	1	UBR102	Unbilled Revenue FPSC	22,311,769	(3,123,648)	171,801	0	(2,951,847)	(2,951,847)	(2,951,847)	0
						Sub-Total Account 190	2,502,778,254	(350,388,956)	19,271,393	0	(331,117,563)	(56,651,818)	(71,194,567)	(14,542,750)
1500	282	Other Unprotected - 1	1	1	CAC102	Primeco CIAC Below	661	(93)	5	0	(87)	(87)	(87)	0
1504	282	Other Unprotected	1	1	DEP101	Tax Depreciation	(10,855,470)	1,519,766	(83,587)	0	1,436,179	1,436,179	1,436,179	0
1508	282	Depreciation Protected - ICL	20	20	DEP101	Tax Depreciation	434,568,750	(60,839,625)	3,346,179	0	(57,493,446)	(2,874,672)	(2,874,672)	0

Florida Power & Light Co & Subs
Turnaround of Excess Deferred Taxes
Year Ended December 2017

Co	FERC	Type	FPL Turn Period (Years)	OPC Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Excess Deferred Tax Balance @ 12/31/2017 Federal	FBOS	State	Total	FPL Proposed 2018 Activity	OPC Proposed 2018 Activity	Adjustment to 2018 EADIT Amortization
						Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*	1	1	
1500	282	Other Unprotected - 10	10	10	DEP102	Fossil Dismantlement	370,901,893	(51,926,265)	2,855,945	0	(49,070,320)	(4,907,032)	(4,907,032)	0
1504	282	Other Unprotected	1	1	DEP102	Fossil Dismantlement	(5,540,839)	775,717	(42,664)	0	733,053	733,053	733,053	0
1500	282	Other Unprotected - 30	30	10	DEP107	Def ITC Interest Synch	6,779,781	(949,169)	52,204	0	(896,965)	(29,899)	(89,697)	(59,798)
1500	282	Other Unprotected - 30	30	10	DEP131	FAS90 Depr Reclass	87,006,154	(12,180,862)	669,947	0	(11,510,914)	(383,697)	(1,151,091)	(767,394)
1508	282	Other Unprotected	20	10	DEP201	ARO Accretion	10,885,315	(1,523,944)	83,817	0	(1,440,127)	(72,006)	(144,013)	(72,006)
1508	282	Other Unprotected	20	10	DEP202	ARO Asset	(10,885,315)	1,523,944	(83,817)	0	1,440,127	72,006	144,013	72,006
1500	282	Other Unprotected - 30	30	10	NUC107	Nuclear Rule Book/Tax - Plant In Service	7,541,981	(1,055,877)	58,073	0	(997,804)	(33,260)	(99,780)	(66,520)
1500	282	Other Unprotected - 5	5	5	SAL602	Gain on Sale of MIT Credits	110,606,293	(15,484,881)	851,668	0	(14,633,213)	(2,926,643)	(2,926,643)	0
						Sub-Total Account 282	1,001,009,204	(140,141,289)	7,707,771	0	(132,433,518)	(8,986,059)	(9,879,771)	(893,712)
1500	283	Other Unprotected - 1	1	1	AMO102	Amortization of Intangibles	258,666	(36,213)	1,992	0	(34,222)	(34,222)	(34,222)	0
1500	283	Other Unprotected - 1	1	1	AMO202	Int Tx Deficiency Above	(1,737,676)	243,275	(13,380)	0	229,895	229,895	229,895	0
1500	283	Other Unprotected - 5	5	5	AMO303	Loss Disp Prop Abv	(193,657)	27,112	(1,491)	0	25,621	5,124	5,124	0
1500	283	Other Unprotected - 20	20	10	AMO304	Reg Asset - Surplus Flowback	(1,208,675,515)	169,214,572	(9,306,801)	0	159,907,771	7,995,389	15,990,777	7,995,389
1500	283	Other Unprotected - 1	1	1	AMO309	Reg Asset - FAS90 Current	4,526,984	(633,778)	34,858	0	(598,920)	(598,920)	(598,920)	0
1500	283	Other Unprotected - 30	30	10	AMO310	Reg Asset - FAS90 L/T	(91,533,137)	12,814,639	(704,805)	0	12,109,834	403,661	1,210,983	807,322
1500	283	Other Unprotected - 20	20	10	AMO311	Reg Asset - Dism Resv - Surplus Flowback	(146,014,234)	20,441,993	(1,124,310)	0	19,317,683	965,884	1,931,768	965,884
1500	283	Other Unprotected - 6	6	6	AMO314	Reg Asset - CB PPA Loss - L/T	(334,607,191)	46,845,007	(2,576,475)	0	44,268,531	7,378,089	7,378,089	0
1500	283	Other Unprotected - 6	6	6	AMO315	Reg Asset - CB Tax GU - L/T	(210,133,794)	29,418,731	(1,618,030)	0	27,800,701	4,633,450	4,633,450	0
1500	283	Other Unprotected - 6	6	6	AMO317	Reg Asset - CB PPA Loss - Current	(55,767,857)	7,807,500	(429,412)	0	7,378,087	1,229,681	1,229,681	0
1500	283	Other Unprotected - 6	6	6	AMO318	Reg Asset - CB Tax GU - Current	(35,022,306)	4,903,123	(269,672)	0	4,633,451	772,242	772,242	0
1500	283	Other Unprotected - 10	10	10	AMO320	Reg Asset - PTN Cooling Canals	(112,422,793)	15,739,191	(865,656)	0	14,873,536	1,487,354	1,487,354	0
1500	283	Other Unprotected - 30	30	10	AMO321	Reg Asset - ICL - PPA Loss	(401,333,333)	56,186,667	(3,090,267)	0	53,096,400	1,769,880	5,309,640	3,539,760
1500	283	Other Unprotected - 10	10	10	AMO322	Reg Asset - Environmental Remediation	(687,448)	96,243	(5,293)	0	90,949	9,095	9,095	0
1500	283	Other Unprotected - 30	30	10	CAP202	Nustart Energy	(1,812,112)	253,696	(13,953)	0	239,742	7,991	23,974	15,983
1500	283	Other Unprotected - 2	2	2	CAP301	Rate Case Expenses	(2,519,917)	352,788	(19,403)	0	333,385	166,693	166,693	0
1500	283	Other Unprotected - 5	5	5	DBT101	Loss on Reacq Debt	(92,180,381)	12,905,253	(709,789)	0	12,195,464	2,439,093	2,439,093	0
1500	283	Other Unprotected - 30	30	10	EMP102	Pension SFAS 87	(1,350,835,622)	189,116,987	(10,401,434)	0	178,715,553	5,957,185	17,871,555	11,914,370
1500	283	Other Unprotected - 5	5	5	FIN404	FIN48 Interest Receivable-State	(1,358,477)	190,187	(10,460)	0	179,727	35,945	35,945	0
1500	283	Other Unprotected - 1	1	1	FUL102	Def Fuel Cost FERC	(30,351)	4,249	(234)	0	4,015	4,015	4,015	0
1500	283	Other Unprotected - 1	1	1	FUL103	Def Fuel Cost FPSC - Current	(6,358,244)	890,154	(48,958)	0	841,196	841,196	841,196	0
1500	283	Other Unprotected - 1	1	1	FUL109	EPU Asset Retirements	(1,008,527)	141,194	(7,766)	0	133,428	133,428	133,428	0
1500	283	Other Unprotected - 1	1	1	FUL302	Franchise Fee Costs	(3,389,162)	474,483	(26,097)	0	448,386	448,386	448,386	0
1500	283	Other Unprotected - 1	1	1	INC608	Accrued Revenues - GPIF	(9,656,036)	1,351,845	(74,351)	0	1,277,494	1,277,494	1,277,494	0
1500	283	Other Unprotected - 1	1	1	INC609	Accrued Revenues - Asset Optimization	(10,101,485)	1,414,208	(77,781)	0	1,336,426	1,336,426	1,336,426	0
1500	283	Other Unprotected - 21	21	10	ITC102	Conv ITC Depr Loss	(26,032,853)	3,644,599	(200,453)	0	3,444,146	164,007	344,415	180,408
1500	283	Other Unprotected - 22	22	10	ITC104	Space Coast ITC Depr Loss	(11,146,139)	1,560,459	(85,825)	0	1,474,634	67,029	147,463	80,435
1500	283	Other Unprotected - 21	21	10	ITC106	Martin ITC Depr Loss	(77,040,475)	10,785,667	(593,212)	0	10,192,455	485,355	1,019,245	533,890
1500	283	Other Unprotected - 30	30	10	NUC103	Nuclear Cola Payroll	(29,298,885)	4,101,844	(225,601)	0	3,876,242	129,208	387,624	258,416
1500	283	Other Unprotected - 1	1	1	PPD101	Prepaid Insurance	(12,825,069)	1,795,510	(98,753)	0	1,696,757	1,696,757	1,696,757	0
1500	283	Other Unprotected - 1	1	1	PPD202	Prepaid Franchise Fees	(14,597,066)	2,043,589	(112,397)	0	1,931,192	1,931,192	1,931,192	0
1500	283	Other Unprotected - 1	1	1	PPD203	Prepaid State Motor Vehicle Taxes	(742,563)	103,959	(5,718)	0	98,241	98,241	98,241	0
1500	283	Other Unprotected - 30	30	10	RSH102	Research and Experimental Costs	(2,804,913)	392,688	(21,598)	0	371,090	12,370	37,109	24,739
1500	283	Other Unprotected - 1	1	1	STM401	Storm Recovery Property	(67,547,937)	9,456,711	(520,119)	0	8,936,592	8,936,592	8,936,592	0
1500	283	Other Unprotected - 1	1	1	STM407	Storm Recovery - Current	(115,491,986)	16,168,878	(889,288)	0	15,279,590	15,279,590	15,279,590	0
1500	283	Other Unprotected - 5	5	5	STM408	Involuntary Conversion - Storm - Deferre	5,224,057	(731,368)	40,225	0	(691,143)	(138,229)	(138,229)	0
						Sub-Total Account 283	(4,424,897,434)	619,485,641	(34,071,710)	0	585,413,931	67,556,565	93,873,162	26,316,596
						Total Federal & State	**(921,109,976)**	**128,955,397**	**(7,092,547)**	**0**	**121,862,850**	**1,918,689**	**12,798,823**	**10,880,134**
State Modifications														
1500	282	Protected State Mod - 6	6	6	DEP118	Florida Bonus Depreciation	4,674,495,003	0	35,993,612	0	35,993,612	5,998,935	5,998,935	0
1500	282	Protected State Mod - 2	2	2	DEP133	Florida Bonus Depreciation - 2014	23,579,500	0	181,562	0	181,562	90,781	90,781	0
1500	282	Protected State Mod - 3	3	3	DEP134	Florida Bonus Depreciation - 2015	(3,929,917)	0	(30,260)	0	(30,260)	(10,087)	(10,087)	0
						Total State Modifications	**4,694,144,586**	**0**	**36,144,913**	**0**	**36,144,913**	**6,079,630**	**6,079,630**	**0**

Florida Power & Light Co & Subs
Turnaround of Excess Deferred Taxes
Year Ended December 2017

								Excess Deferred Tax Balance @ 12/31/2017						
						Tax Rates		-14.0%	0.7700%	0.0%	-13.23%	1	1	
Co	FERC	Type	FPL Turn Period (Years)	OPC Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total	FPL Proposed 2018 Activity	OPC Proposed 2018 Activity	Adjustment to 2018 EADIT Amortization
						Total with State Modifications	**3,773,034,610**	**128,955,397**	**29,052,366**	**0**	**158,007,763**	**7,998,319**	**18,878,453**	**10,880,134**
Deferred Only														
1500	282	Other Unprotected - 30	30	10	RATE_ADJ_ST	Adjust for tax rates & apportionment		0	(662,685)	0	(662,685)	(22,089)	(66,268)	(44,179)
						Miscellaneous Difference (offset w/ PT misc diff)		(639,456)	697,855	0	58,398	(38,339)	(38,339)	0
						Total Deferred Only		(639,456)	35,170	0	(604,286)	(60,429)	(104,608)	(44,179)
		NonPowerTax - UnProtected/Protected				**Non PowerTax Excess Deferred Taxes**		**128,315,940**	**29,087,537**	**0**	**157,403,477**	**7,937,890**	**18,773,845**	**10,835,955**

11

FPL Response to OPC First Set of Interrogatories Nos. 1-7, and 9

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 11
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC First Set of Interrogatories Nos. 1-7, and 9[Bates

QUESTION:
Identify the amounts recorded in each of the following accumulated deferred income tax (ADIT) accounts as of December 31, 2017 and provide a break out of such amounts between federal and state ADIT. If the amounts have been restated to account for the change from the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017 and provide a side by side comparison of the before and after amounts

a. Account 190

b. Account 282

c. Account 283

d. any other accounts (identify and explain) in which the Company recorded ADIT

RESPONSE:
The requested information as of December 31, 2017 is shown below. The amounts reflected in the first column titled "General Ledger Balances" represents the actual amount of ADIT balances which account for the tax rate change resulting from the TCJA. The amounts reflected in the second column titled "Balances Excluding Re-Measurement" represent calculated amounts excluding the impact of restatement resulting from the TCJA. No other accounts are used to record ADIT activity.

Florida Power & Light Consolidated
Accumulated Deferred Income Tax Balances
As of December 2017

FERC Account	General Ledger Balances	Balances Excluding Re-Measurement
Account 190	1,494,173,122	898,447,451
Account 282	(4,385,822,606)	(7,309,704,344)
Account 283	(1,219,967,605)	(1,917,403,368)
Total Federal	**(4,111,617,089)**	**(8,328,660,261)**
Account 190	414,106,937	149,401,693
Account 282	(946,387,430)	(946,387,430)
Account 283	(338,111,457)	(318,842,586)
Total State	**(870,391,950)**	**(1,115,828,323)**
Total	**(4,982,009,039)**	**(9,444,488,584)**

Note: Response does not include activity associated with unregulated operations that are excluded for ratemaking purposes.

<u>QUESTION</u>:
Identify, quantify and explain each book-tax difference for which ADIT has been recorded as of December 31, 2017 in each of the following accounts, and identify the related amounts of federal and state ADIT, and identify the state and federal income tax rate(s) that were used to quantify the state and federal ADIT. If the amounts have been restated to account for the change from the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017 provide a side by side comparison of the before and after amounts:

a. Account 190

b. Account 282

c. Account 283

d. any other accounts (identify and explain) in which the Company recorded ADIT

<u>RESPONSE</u>:
See FPL's response to OPC' First Request for Production of Documents No. 3. The information requested can be found in the tab titled "Total Excess ADIT."

Note: Response does not include activity associated with unregulated operations that are excluded for ratemaking purposes.

QUESTION:
Is the Company is still evaluating the net effect of the Tax Act, and if so please explain what is still being evaluated and identify any issues that are of concern?

RESPONSE:
Yes. FPL re-measured its deferred income taxes and recorded a regulatory liability as of December 31, 2017 for the difference in deferred taxes at the prior federal income tax rate of 35% and the newly enacted federal income tax rate of 21%. The calculation was based on the estimated cumulative timing difference recorded in the normal course of FPL's tax provision using information available at year end. Final cumulative timing difference balances will not be known until FPL's 2017 federal corporate income tax return is filed in October 2018 with adjustments recorded through the regular "return to provision" process. FPL is still analyzing certain aspects of the Tax Act which could potentially affect the re-measurement of these balances including the loss of bonus depreciation for assets placed in service after September 27, 2017. Any changes in timing differences will in turn impact the calculation of excess accumulated deferred taxes (ADIT), the amounts reported as "protected" or "unprotected" and the expected turnaround of such excess ADIT. In addition, the Tax Act could be amended or subject to technical correction, which could change the financial impacts that were recorded at December 31, 2017.

QUESTION:
Please explain any nuances the Company believes exist that will affect how the impact of the repair deduction will be factored in or taken into consideration in the determination of the excess deferred tax balances.

RESPONSE:
FPL's books currently reflect a cumulative timing difference representing the difference between expenditures that have been deducted for income tax purposes as a repair deduction, as permitted under IRC Sec 162, and those same expenditures that have been capitalized for book purposes. This timing difference is fully normalized and deferred taxes were established at the prior federal income tax rate of 35%. As a result of the TCJA, the repair-related deferred taxes were re-measured and the resulting excess deferred taxes were recorded as a regulatory liability. Although book/tax differences other than method/life depreciation differences are not subject to normalization rules (i.e., they are "unprotected"), FPL is proposing to turn around all plant related excess ADIT currently in depreciation, including timing differences related to the repairs deduction, using the Average Rate Assumption Method ("ARAM"). This treatment is consistent with the Tax Reform Act of 1986 and Rule 25-14.013, F.A.C..

QUESTION:
Please explain in detail how the Company plans on returning the excess unprotected deferred income taxes to customers.

RESPONSE:
FPL is proposing to utilize two different methodologies, both of which are approved by the IRS under the Tax Act. First, for the unprotected excess deferred taxes related to depreciation timing differences, FPL proposes to utilize the average rate assumption method (ARAM), similar to the treatment required for the depreciation timing differences for the protected excess deferred taxes under IRS normalization rules. Second, for the unprotected excess deferred taxes related to other assets and liabilities, FPL proposes the Reverse South Georgia Method (RSGM). The RSGM provides for the turnaround of the unprotected excess deferred taxes on a straight-line basis over the estimated remaining life of the assets and liabilities. FPL is proposing the RSGM as a straightforward approach that is simple to administer and treats the turnaround of the excess deferred taxes in a manner and over a time period similar to how the deferred taxes would reverse absent tax reform. Under both the ARAM and RSGM, customers will benefit throughout the turnaround period from the reversal of the excess deferred taxes resulting from the Tax Act.

QUESTION:

Please provide a detailed summary of: (1) any Net Operating Loss (NOL) deferred tax balance, (2) identify any excess amount resulting from the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017, (3) show how that excess was calculated, and (4) explain how the Company proposes to recover the excess NOL from customers.

RESPONSE:

(1) FPL does not have a Net Operating Loss (NOL) deferred tax balance as of December 31, 2017.
(2) N/A
(3) N/A
(4) N/A

QUESTION:
Please provide a detailed explanation on how the Company has provided for the flowback of the income tax expense currently in base rates.

RESPONSE:
During 2017, FPL utilized all of the remaining surplus reserve amortization allowed under the 2016 Settlement Agreement to provide an immediate benefit to customers by expensing all of the costs associated with Hurricane Irma. As a result of the Tax Cuts and Jobs Act, on January 1, 2018, FPL began incurring and accounting for income taxes at a 21% federal income tax rate as compared to the 35% federal income tax rate upon which FPL's current base rates were set. As a result, and to ensure FPL stays within the 9.60% - 11.60% return on equity range allowed for under the 2016 Settlement Agreement, FPL is utilizing the net impact on financial results of all benefits and detriments associated with tax reform to reverse the previously utilized surplus reserve amortization. Among the benefits is accounting for income tax expense at the lower 21% federal income tax rate.

QUESTION:
In the Company's last rate filing application, did the Company reflect any impact on income tax expense associated with the domestic production activities deduction under what had been section 199 of the Internal Revenue Code?

a. If so, please identify, quantify and explain the amount of such domestic production activities deduction, the impact it had on federal income tax expense, and whether there is a proposal for handling this.

RESPONSE:
Yes.

a. FPL's current base rates reflect the terms under its 2016 Stipulation and Settlement Agreement and do not directly reflect the impact of the domestic production deduction included in FPL's rate filing in Docket No. 201600021-EI. However, as reflected in MFR C-22 filed in that docket, FPL included total Per Books federal domestic production activities deductions of $49,343,824 and $61,858,291 for the 2017 Test Year and 2018 Subsequent Year, respectively. MFR C-22 also reflected that the impact on federal income tax expense, excluding the state tax deduction impact, was a reduction in total Per Books income tax expense of $17,270,338 and $21,650,402 for the 2017 Test Year and 2018 Subsequent Year, respectively.

   As noted in FPL's response to OPC's First Set of Interrogatories No. 7, FPL is utilizing all of the benefits associated with the TCJA, net of its detriments, to restore the previously utilized surplus reserve amortization. The loss of the production activities deduction (Section 199) is a detriment, as it will increase FPL's federal income tax expense.

12

FPL Response to OPC Second Interrogatories Nos. 11-24

Additional files contained on Staff Hearing Exhibits CD/USB for Nos. 14, 15, 16, 17, and 18

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 12
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC Second Interrogatories Nos. 11-24Additional

QUESTION:
Details of ADIT balances at December 31, 2017.

a. Identify the December 31, 2017 recorded per-book balance of Accumulated Deferred Income Taxes (ADIT) in each account (account 190, 282, 283 etc.).

b. Show by each book-tax difference, the components which comprise the ADIT in each ADIT account.

c. For each component of the ADIT listed in response to the above requests, please also provide the following information:

    1. The state income tax rate used to compute the ADIT.
    2. The federal income tax rate used to compute the ADIT.
    3. The combined state and federal income tax rate used to compute the ADIT.
    4. The balance (book-tax difference at 12/31/2017) to which the state and federal income tax rates were applied to compute the ADIT.

d. For each component in the ADIT accounts, identify the amount representing "excess" ADIT (i.e., calculated using the new 21% flat federal corporate income tax rate versus the previous FIT rate [e.g., of 34% or 35%] that the Company used).

e. For each amount of excess property-related ADIT in account 282, please indicate whether it is "protected" (i.e., related to the use of accelerated tax depreciation including Modified Accelerated Cost Recovery System (MACRS) and bonus tax depreciation) or "non-protected" (i.e., related to other book-tax differences such as repairs deductions, etc.)

RESPONSE:
See FPL's response to OPC's First Request for Production of Documents No. 3 for a response to each part of this request.

Note: Response does not include activity associated with unregulated operations that are excluded for ratemaking purposes.

QUESTION:
What software does the Company use to track the tax basis and tax depreciation of its utility plant assets?

a. Explain the capabilities of that software for tracking tax basis and tax depreciation by plant account by vintage (year in which the plant was placed into service).

b. Explain the capabilities of that software for calculating amortization of excess accumulated deferred income taxes (EADIT) using an average rate assumption method (ARAM).

RESPONSE:
a. FPL uses PowerTax to track the tax basis and tax depreciation of its utility plant assets. Book basis and book depreciation reserve activity such as plant additions, retirements and book depreciation are interfaced from PowerPlan and are translated from a plant account level into tax records using book to tax translation tables maintained in the system. In addition, PowerTax tracks the differences between book basis and tax basis including AFUDC, tax repairs, and construction period interest. All data is maintained at the tax class and vintage level which is the level at which tax depreciation is calculated.

b. The ARAM rate is calculated within the PowerTax deferred module. This module calculates and maintains deferred taxes at each tax class and vintage level (tax account record). Deferred taxes are based on method and life depreciation timing differences as well as basis timing differences. Deferred taxes are calculated at the statutory income tax rate as a timing difference is established, and any EADIT is calculated and reversed using the ARAM rate as the timing difference reverses. The ARAM rate is calculated at each tax account record and is computed by dividing the accumulated deferred income tax balance by the accumulated timing difference balance at the point of reversal.

QUESTION:
What software does the Company use to track the book basis and book depreciation of its utility plant assets?

a. Explain the capabilities of that software for tracking book basis and book depreciation by plant account by vintage (year in which the plant was placed into service).

b. Explain the capabilities of that software for calculating amortization of excess accumulated deferred income taxes (EADIT) using an average rate assumption method (ARAM).

RESPONSE:
a. FPL utilizes PowerPlan software to track its electric assets at the utility plant account level. The software tracks assets from the construction phase through when it's placed into service and tracks the book basis of assets using unique Asset ID's which are also used to track the vintage or engineering in-service date. Book depreciation is also performed in PowerPlan, using a group depreciation methodology. The software uses depreciation groups which are made up of like assets at a single plant site. Each depreciation group is associated with a unique utility plant account or plant account/site combination and the current approved FPSC depreciation rate is applied to each depreciation group to calculate depreciation expense. In addition, accumulated depreciation is also tracked in PowerPlan at the depreciation group level.

   Please see Attachment No. 2 to OPC's Second Set of Interrogatories No. 15 for FPL's most recently FPSC approved depreciation rates.

b. The EADIT is not calculated and maintained in PowerPlan. See FPL's response to OPC's Second Set of Interrogatories No. 12(b), which discusses the software FPL utilizes to amortize EADIT.

QUESTION:
Provide a listing of each regulatory asset and regulatory liability, by account, that was recorded on the Company's books as of December 31, 2017. For each item, also provide the following information:

a. the amount

b. the amortization period (if any) being applied

c. whether the balance accrues carrying charges and, if so, the carrying charge rate and how it is determined

d. the amount of ADIT related to the item and how that ADIT was determined (include details for the state and federal income tax rate applied to compute the ADIT and the balance to which the tax rates were applied)

e. whether the item was included in utility rate base in the Company's last rate case

f. whether the item represents cost deferrals (over- or under-recoveries) that are expected to be recovered via a rider or surcharge and an explanation of such recovery.

RESPONSE:
Please see Attachment No. 1 to this response for the requested information for subparts (a) – (c) and (e) – (f). Note, for the response to subpart (b), this represents the total amortization period related to each account, not the remaining amortization period. Note, the response to subpart (e) reflects the inclusion/exclusion of each listed regulatory asset/liability in rate base as filed in FPL's 2016 rate case, Docket 160021-EI.

See Attachment No. 2 to this response for the requested information for subpart (d).

<u>QUESTION</u>:
Referring to the 21% federal corporate income tax rate that became effective January 1, 2018 as part of the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017 and the identification of excess federal ADIT as of December 31, 2017:

a. Explain whether and how the Company will be applying the Average Rate Assumption Method (ARAM) to the "protected" portions of the excess federal ADIT balances that relate to the use of accelerated tax depreciation for federal income tax purposes, and show in detail how the Company is calculating the ARAM.

b. Is the Company proposing to use an alternative method for amortizing the "protected" portion of its excess ADIT? If so, identify and describe the method and show in detail how the Company is applying it.

c. Please provide the Company's currently authorized depreciation rates, by plant account (and sub-account if applicable). For each depreciation rate, please provide a breakout of the rate between (1) the portion related to the recovery of original cost over the plant's estimated useful life and (2) the portion related to cost of removal/negative net salvage.

d. How does the Company account for the cost of removal when actual removal costs are incurred, and how does the Company account for the component of depreciation rates (and depreciation expense) that relates to negative net salvage in recording Depreciation Expense and Accumulated Depreciation? Please explain fully, identify and provide accounting policies related to this, and provide illustrative journal entries made in 2017 showing the accounting.

e. Does the cost of removal/negative net salvage component of the Company's depreciation rates have any impact on the derivation of the Average Rate Assumption Method that is specified in the Tax Cuts and Jobs Act for application to excess federal ADIT related to the use of accelerated tax depreciation? If "yes" explain fully, and provide an illustrative example showing how the cost of removal/negative net salvage component of the Company's depreciation rates impacts the ARAM.

f. What method is the Company proposing to use for the amortization of the “unprotected” portion of its excess ADIT? Please describe the method and show in detail how the Company is applying it.

<u>RESPONSE</u>:

a. FPL is applying ARAM to all depreciation related excess ADIT whether they are classified as protected or unprotected. FPL relies on PowerTax for the tracking of all depreciation differences and calculation of the ARAM rate to be applied to all reversing timing differences. Conceptually, the ARAM rate is computed by dividing the accumulated deferred tax balance by the accumulated timing difference balance at the point of reversal. This computation is maintained in PowerTax at the individual tax account record level. See Attachment No. 1 for an example of how ARAM is calculated in PowerTax for one tax record including supporting documentation.

b. No.

c. Please see Attachment No. 2, which is Exhibit D from FPL's 2016 Stipulation and Settlement Agreement, Docket No. 20160021-EI.

d. When actual removal costs are incurred, FPL records those costs as a debit to Account 108, Accumulated Provision for Depreciation and a credit to Account 131, Cash. This methodology is consistent with the instructions for Account 108 in the Uniform System of Accounts (18 C.F.R. 101), which states: "*At the time of retirement of depreciable electric utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance...*"

   FPL utilizes PowerPlan software for its sub-ledger which allows it to track and record depreciation expense and accumulated depreciation reserve separately between the useful life and negative net salvage (i.e. salvage is less than cost of removal) components of approved depreciation rates. Therefore, FPL maintains its depreciation rates between the useful life and the negative net salvage component for depreciation expense calculation purposes. In the event that a net salvage (i.e. salvage is greater than cost of removal) is approved, FPL would net the two components of the depreciation rate together and reflect the total rate within the life portion of the system/calculation. For example, if a utility account had an annual life rate of 5.87% and a net salvage rate of (0.88%), the total depreciation rate would be entered into PowerPlan as 4.99% and FPL would recognize the expense normally as a debit to Account 403, Depreciation Expense and a credit to Account 108, Accumulated Provision for Depreciation. Please note, only eight of FPL's utility accounts have a net salvage rate included in its FPSC approved depreciation rates (Accounts 343.20, 390.00, 392.10, 392.20, 392.30, 392.40, 392.90 & 396.10).

   In addition, refer to Attachment No. 3 for FPL's accounting policy for recording depreciation expense.

e. No. The cost of removal/negative net salvage component of FPL's depreciation rates are tracked and calculated separately in PowerTax and do not impact the ARAM rate applied to the life component of its depreciation rates covered by the TCJA.

f. FPL is proposing to utilize two different methodologies for the amortization of the "unprotected" portion of its excess ADIT. First, for the unprotected excess ADIT related to depreciation that is tracked in PowerTax, FPL proposes to use the ARAM rate calculated in PowerTax. Second, for the unprotected excess ADIT related to other assets and liabilities, FPL proposes to amortize the excess on a straight-line basis over the estimated remaining life of the underlying assets and liabilities (referred to as the Reverse South Georgia Method). This is essentially the same approach used in ARAM. See Attachment No. 4 to this response for detail on the calculation of estimated amortization under these methodologies. The amortization periods for the assets are stated in Column D – Turn Period (Years).

QUESTION:
2017 and 2018 plant additions and bonus tax depreciation.

a. Please identify by account the Company's actual 2017 plant additions.

b. Does the Company anticipate claiming bonus tax depreciation on any of its 2017 plant additions?

   1. If "yes", please identify the 2017 plant additions which are eligible for bonus tax depreciation and show the amounts of bonus tax depreciation that the Company intends to claim.

c. Please also address whether and how the Company distinguished costs for public utility property (1) through September 27, 2017 and (2) from September 28, 2017 through December 31, 2017, in determining its 2017 bonus tax depreciation amounts.

   1. If "no", please explain fully why not, and provide a copy of the related financial and economic analysis.

d. Does the Company plan on claiming for tax year 2017 any MACRS tax depreciation on any of its 2017 plant additions?

   1. If "yes", please identify the 2017 plant additions for which the Company intends to claim MACRS tax depreciation and show the amounts of MACRS tax depreciation that the Company intends to claim for tax year 2017.

e. Does the Company plan on claiming for tax year 2018 any bonus tax depreciation on any of its 2018 plant additions (such as property that was under construction at September 27, 2017 and placed into service in 2018)?

   1. If "yes", please identify the 2018 plant additions for which the Company intends to claim bonus tax depreciation and show the amounts of bonus tax depreciation that the Company intends to claim for tax year 2018.

RESPONSE:
a. See Attachment No. 1, tab "<16a>" for details of FPL's 2017 plant additions by plant account.

b. Yes. See Attachment No. 1, tab "<16b> Additions by Tax Class" for FPL's plant additions eligible for bonus and tab "<16b> Bonus" for FPL's estimated 2017 bonus depreciation.

c. FPL applied 50% bonus depreciation to all qualifying property additions placed in service on or before September 27, 2017. For property placed in service between September 28, 2017 and December 31, 2017, the additions were analyzed to determine if such additions were subject to a binding written contract, as evidenced by issuance of a purchase order ("PO"), prior to September 28, 2017. All qualifying additions placed in service after September 27, 2017 that were on the PO list, qualified for 50% bonus depreciation. All remaining additions were depreciated under the appropriate MACRS rate.

d. Yes. See Attachment No. 1, tab "<16d> basis" for 2017 plant additions subject to MACRS and tab "<16d> MACRS Depr" for the 2017 MACRS tax depreciation expense.

e. Yes. FPL has identified 2018 plant additions, such as its costs associated with the 2017 and 2018 SoBRA Projects, that will qualify for the transition rule under the TCJA as acquired pursuant to a written binding contract executed on or before September 27, 2017. For property subject to the transition rule, qualified property placed in service in 2018 is eligible for 40% bonus depreciation. Based on FPL's 2018 Financial Plan, which served as the basis for the Forecast Earnings Surveillance Report filed with the Commission on March 15, 2018, FPL has prepared a preliminary estimate of 2018 bonus additions and bonus depreciation which is included in Attachment No. 1, tab "<16e> 2018." The final amount of bonus depreciation taken in 2018 will be dependent upon the actual construction spend and timing of plant additions and is subject to change from the amount presented in estimate in Attachment No. 1.

QUESTION:
How much income tax expense was allowed in the Company's last rate case? Please identify the amount, and provide a breakout showing the amounts for each of the following:

a. Current federal income tax expense (also provide the amount of federal taxable income and the FIT rate used)

b. Current state income tax expense (also provide the amount of state taxable income and the state income tax rate used)

c. Deferred federal income tax expense (also provide each book-tax difference for which deferred federal income tax expense was computed and identify the FIT rate used)

d. Deferred state income tax expense (also provide each book-tax difference for which deferred state income tax was computed the state income tax rate used)

e. Investment tax credit amortization

f. Any other components of income tax expense (identify, quantify and explain in detail).

RESPONSE:
FPL's last rate case resulted in a stipulation and settlement agreement, which was approved by the Commission in Order No. PSC-2016-0560-AS-EI, Docket 160021-EI ("2016 Settlement Agreement"). The 2016 Settlement Agreement does not address the current or deferred income tax expense, investment tax credits, or any other component of income tax expense included in its approved base rates. However, please see Attachment Nos. 1 and 2, which represent the calculation of taxable income and total income tax expense, including investment tax credits, reflected on MFR C-22 for the 2017 Test Year and 2018 Subsequent Year, respectively, filed along with FPL's petition for a base rate increase in Docket 160021-EI. Note, the amounts calculated on MFR C-22 were later adjusted in the referenced docket to reflect the removal of income taxes associated with FPL's gas reserve investments.

QUESTION:
Does the Company have a cost of service study file in Excel from its last rate case? If so, please provide it, with formulas and cross references intact.

a. How were income taxes allocated among rate classes in the cost of service study in the Company's last rate case? Explain fully and show allocations in detail.

b. How were the Company's ADIT balances allocated among rate classes in the cost of service study in the Company's last rate case? Explain fully and show allocations in detail.

RESPONSE:
FPL utilizes a proprietary system of Utilities International to prepare its cost of service studies. Therefore, it does not have a cost of service study in Excel format.

a. Income tax expense is allocated to individual rate classes based on the aggregated allocations of the components (i.e. revenues and expenses) of pre-tax net income. Please see Attachment Nos. 1 and 2 that represent MFR E-3b for the 2017 Test Year and the 2018 Subsequent Year Adjustment, respectively, as originally filed in Docket No. 160021 which demonstrates the allocations. Specifically, pages 1, 6, 11 and 16 of 20, lines 28 – 31 show examples of the allocation of income taxes by rate class.

b. FPL does not allocate ADIT to each of its rate classes in the same manner as rate base and net operating income accounts. ADIT balances are included in FPL's weighted average cost of capital, which in turn, is applied to the rate base for each individual rate class to calculate return on rate base. Please see Attachment Nos. 3 and 4 that represent MFR E-1 for the 2017 Test Year and the 2018 Subsequent Year Adjustment, respectively, as originally filed in Docket No. 160021. Pages 2 and 4 of 4, line 1 show examples of Net Operating Income based on the Equalized Rate of Return by rate class which is synonymous with return on rate base. Line 2 of the same shows the equalized rate of return by rate class.

QUESTION:
CIAC. Did the Company receive any collection of contributions in aide of construction (CIAC) during 2017?

a. If "yes" please identify the amounts of CIAC and explain to which plant accounts the CIAC amounts relate.

b. Does the Company have an opinion on whether any of the CIAC collected in 2017 will be required to be included as taxable income on its federal income tax return for tax year 2017? If not, explain fully why not. If "yes" please explain the opinion and the basis for it.

c. Did the Company reflect any amounts of federal income tax for CIAC received in 2017? If so, please identify such amounts.

d. Does the Company anticipate receiving any CIAC in 2018? If "yes" please identify the amounts of CIAC and explain to which plant accounts the CIAC amounts relate.

e. Does the Company have an opinion on whether any of the CIAC collected in 2018 will be required to be included as taxable income on its federal income tax return for tax year 2018? If not, explain fully why not. If "yes" please explain the opinion and the basis for it.

f. Is the Company reflecting any amounts of federal income tax for CIAC received in 2018? If so, please identify, quantify and explain such amounts.

RESPONSE:
a. Yes, FPL has recognized $40,205,549 in CIAC in 2017. FPL does not track the application of CIAC at the plant account level, however, the Company does track CIAC at the functional level which is shown below:

Function	Amount
Transmission Plant	($396,614)*
Distribution Plant	$40,602,163
Total	$40,205,549

*Note: The negative CIAC is primarily due to the cancellation and changes in estimate of certain transmission projects.

b. Yes. Any CIAC recognized in 2017 will be included in taxable income if such amounts do not satisfy the requirements of PLR-9814109, PLR-9821084, or the safe harbor outlined in IRS Notice 2016-36, 2016-25, and I.R.B. 1029. The safe harbor for transfers of property from either an electric generation or cogeneration facility or an energy storage facility to a regulated public utility, used to facilitate the transmission of electricity over the utility's transmission system, are to be treated as a contribution to the capital of a corporation under § 118(a), and not a CIAC under § 118(b).

c. No. FPL included $29 million of taxable income associated with CIAC in 2017, which is a timing difference for income tax purposes. Therefore, total income tax expense associated with taxable CIAC in 2017 was $0.

d. FPL does not estimate the amount of CIAC the Company will recognize in its annual forecast. It has recognized $19,385,797 for the distribution plant function in CIAC in the first quarter of 2018.

e. Yes. See response to subpart (b).

f. No. Any amount of taxable income associated with CIAC in 2018 will be reflected as a timing difference for income tax purposes. Therefore, total income tax expense associated with taxable CIAC in 2018 will be $0.

QUESTION:
Does the Company have any journal entries and journal entry workpapers showing how it identified and recorded amounts of EADIT as of December 31, 2017 as a net regulatory liability? If not, explain fully why not. If so, identify and provide the journal entries and journal entry workpapers and supporting calculations. To the extent that the related workpapers are available in Excel (e.g., to support FAS 109 related entries), please include all of the related Excel files.

a. As a continuing supplement, please provide adjusting journal entries (and the related workpapers) to adjust the 12/31/2017 recording of EADIT as regulatory liability as the Company refines its estimates.

RESPONSE:
Yes. See FPL's response to OPC's First Request for Production of Documents No. 1 for copies of the journal entries recorded in December 2017 and FPL's response to OPC's First Request for Production of Documents No. 3 for the supporting calculation.

a. No additional entries have been recorded as of the date of this response to adjust FPL's calculation of its estimated EADIT.

QUESTION:
Net operating loss (NOL) carry-forwards.

a. Does the Company have a net operating loss carry forward for federal income tax purposes as of 12/31/2016 of 12/31/2017? If so:

   1. identify the federal NOL carryforward amount as of each date.

   2. show over what period the Company anticipates utilizing the 12/31/2017 NOL carryforward.

   3. identify, quantify and explain how the Company has recorded an ADIT balance related to the NOL carryfoward as of each date.

   4. identify, quantify and explain how the Company has or will adjust its 12/31/2017 recorded ADIT balance related to the NOL carryfoward for the reduction in the corporate FIT rate from 35% to 21%.

b. Does the Company have a net operating loss carry forward for state income tax purposes as of 12/31/2016 of 12/31/2017? If so:

   1. identify the state NOL carryforward amount as of each date.

   2. show over what period the Company anticipates utilizing the 12/31/2017 state NOL carryforward.

   3. identify, quantify and explain how the Company has recorded an ADIT balance related to the state NOL carryfoward as of each date.

RESPONSE:
a. No.
b. No.

QUESTION:
Identify each regulatory filing, including each filing for each surcharge or rider rate adjustment that the Company plans to file in 2018. For each such filing, please indicate whether the filing includes (1) income tax expense, (2) accumulated deferred income taxes, and (3) any other features which are impacted by the TCJA, and explain how each such surcharge or rider rate is impacted by those items.

RESPONSE:
The following list reflects filings that would have an impact on rates or cost recovery.

ITEM NO.	DOCKET NO.	FILING DESCRIPTION	FILING DATE	IMPACT ON INCOME TAX EXPENSE	IMPACT ON ACCUMULATED DEFERRED INCOME TAXES	IMPACT DESCRIPTION
1	20180001-EI	Capacity Cost Recovery Clause -Midcourse Correction	April 16, 2018	Yes	No	Change in federal income tax rate impacts the calculation of projected revenue requirements associated with the equity return on assets. Capacity factors will be reduced beginning July 1, 2018.
2	20180007-EI	Environmental Cost Recovery Clause - Midcourse Correction	April 16, 2018	Yes	No	Change in federal income tax rate impacts the calculation of projected revenue requirements associated with the equity return on assets. Environmental factors will be reduced beginning July 1, 2018.
3	20180002-EG	Energy Conservation Cost Recovery Clause - 2017 Final True-Up	May 1, 2018	No	No	No Impact

4	20060038-EI	Routine Storm Charge True-Up Adjustment Request	Estimated filing on July 2, 2018	No	No	When FPL issued its storm securitization bonds, it recognized a regulatory asset and offsetting deferred income tax liability associated with the income taxes on the storm losses at a blended income tax rate of 38.575%, the rate in effect at that time. Since then, FPL has been amortizing the regulatory asset as it collects dollars through the storm bond tax charge. In December 2017 when the Tax Cuts and Job Act of 2017 was approved, FPL did not re measure its regulatory asset, or related amortization, however, it did re measure the associated deferred income tax liability along with all of FPL's accumulated deferred income taxes. The excess deferred income taxes resulting from a decrease in the federal income tax rate of 35% to 21% associated with this regulatory asset are included along with all of FPL's excess deferred income taxes, with their turn-around reflected in FPL's determination of base rate earnings.
5	20180001-EI	Capacity Cost Recovery Clause - 2018 Actual/Estimated True-Up	July 27, 2018	Yes	Yes	Change in federal income tax rate impacts the calculation of projected revenue requirements associated with the equity return on assets.

6	20180007-EI	Environmental Cost Recovery Clause – 2018 Actual/Estimated True-Up	July 25, 2018	Yes	Yes	See impact description for Item 5
7	20180002-EG	Energy Conservation Cost Recovery Clause – 2018 Actual/Estimated True-Up and 2019 Projections	August 10, 2018	Yes	Yes	See impact description for Item 5
8	20180001-EI	Capacity Cost Recovery Clause – 2019 Projections	August 24, 2018	Yes	Yes	See impact description for Item 5
9	20180001-EI	2017/2018 SoBRA Projects Actual Capital Cost True-up	August 24, 2018	No	No	No Impact
10	20180001-EI	2019 SoBRA Project	August 24, 2018	Yes	Yes	See impact description for Item 5
11	20180001-EI	2019 GPIF Targets	August 24, 2018	Yes	No	Change in federal income tax rate impacts the revenue expansion factor used in the calculation of the maximum allowed jurisdictional incentive dollars.
12	20180007-EI	Environmental Cost Recovery Clause – 2019 Projections	August 24, 2018	Yes	Yes	See impact description for Item 5
13	20060038-EI	Routine Storm Charge True-Up Adjustment Request	November 1, 2018 (estimated filing date)	No	No	See impact description for Item 4

The FPSC has historically reflected and recovered income taxes associated with clause recoverable costs at the statutory rate. All timing differences and the resulting accumulated deferred taxes are reflected in base rates as a reduction to the overall weighted cost of capital. That same overall weighted cost of capital is used for calculating the return on clause recoverable investments.

Because regulatory accounting provides for the excess deferred taxes resulting from the TCJA to be deferred as a regulatory liability, this regulatory liability has been recorded and remains a part of FPL's capital structure and therefore the resulting overall weighted cost of capital is unchanged. Only the prospective reversal over time of that regulatory liability will impact the overall cost of capital, which is also the case with the turnaround of accumulated deferred taxes.

QUESTION:
When does the Company plan to file its next base rate case?

RESPONSE:
FPL does not yet know when it will file its next base rate case; however, as it has noted previously, FPL continues to expect that it will reach the end of 2020 with a sufficient amount of surplus to potentially avoid a base rate increase for up to two additional years.

QUESTION:
Please quantify and explain all savings in 2018 and 2019 that the Company expects to realize from the TCJA.

RESPONSE:
FPL has not yet completed all of its calculations in order to precisely quantify the savings that it expects to realize in 2018 from the TCJA. FPL is working to complete the calculations and quantify the savings for inclusion in the testimony and exhibits that it will file in this docket, which FPL understands is to occur in late May.

FPL has not yet begun to develop its detailed financial plan for 2019. When FPL develops the 2019 financial plan, it will fully reflect the tax impacts of the TCJA. However, FPL does not plan at this time to perform a detailed quantification of *tax savings* for 2019, because that necessarily requires the preparation of a detailed pro forma financial plan assuming that the TCJA had not been enacted. The farther FPL gets away from the TCJA's enactment, the more artificial the pro forma financial plan becomes, because more and more financial decisions already will have been made and implemented based on the TCJA.

DECLARATION

I sponsored the answers to Interrogatory Nos. 11-17 and 19-24, and co-sponsored the answer to No. 18, from the Office of Public Counsel Second Set of Interrogatories to Florida Power & Light Company in Docket No. 20180046-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.

Signature

Scott Bores

Date: 4/26/18

DECLARATION

I co-sponsored the answer to Interrogatory No. 18, from the Office of Public Counsel Second Set of Interrogatories to Florida Power & Light Company in Docket No. 20180046-EI, and that the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.

Signature

Tara Bachkosky

Date: 9/26/18

13

FPL Response to OPC Third Interrogatories Nos. 25-28

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 13
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC Third Interrogatories Nos. 25-28[Bates Nos.

QUESTION:
Details of Average Rate Assumption Method ("ARAM") calculations for protected excess Accumulated Deferred Income Tax ("EDIT") balances at December 31, 2017. Please provide in Excel, the information from PowerPlan and PowerTax, showing how the Company will apply the ARAM to the December 31, 2017 protected EDIT balances for these generating plant assets and other accounts distribution and general plant accounts as listed below:

a) Scherer Steam Plant (plant accounts 311-316 for Plant Scherer);
b) Turkey Point Nuclear Plant (plant accounts 321-325 for Turkey Point Nuclear);
c) Manatee Combined Cycle Plant (plant accounts 311-316 for Manatee CC);
d) Martin Solar Plant (plant accounts 341-348 for Marin Solar);
e) Account 365, Distribution Overhead Conductors And Devices;
f) Account 370.1, Meters -AMI; and
g) Account 390, Structures and Improvements.

RESPONSE:
FPL does not track the information requested at the plant site or plant account level. Instead, activity and balances are tracked at the tax class level in FPL's PowerTax system, which are determined by grouping of individual plant accounts. PowerTax does not have reports that identify the ARAM calculation. Reports can be produced for a single record (tax class/vintage combination) at a time to see the amount of EDIT that is being reversed for the period. In order to identify the ARAM rate that was used for the record, the user must use the drill-down capability within the system. Producing reports or documentation that demonstrates the ARAM used for each record would be overly burdensome. However, please see Attachment No. 1 produced in FPL's response to OPC's Second Set of Interrogatories No. 15 for an example of the information available.

QUESTION:
What is the amount of the Company's excess accumulated depreciation a/k/a depreciation reserve excess as of December 31, 2017? Please show in total and by tracked accumulated depreciation component.

RESPONSE:
FPL interprets this question to be requesting the remaining amount of Reserve Amount, as defined in paragraph 12 of FPL's 2016 Stipulation and Settlement Agreement, as of December 31, 2017. As of that date, the amount was $0.

QUESTION:
How is the Company's depreciation reserve excess being amortized? Explain fully.

RESPONSE:
FPL interprets this question to be requesting how FPL amortizes the Reserve Amount, as defined in paragraph 12 of its 2016 Stipulation and Settlement Agreement ("2016 Settlement Agreement"). As authorized under the 2016 Settlement Agreement, FPL may amortize the Reserve Amount at its discretion over the settlement period in order to maintain a return on equity ("ROE") within its authorized ROE range of 9.6%-11.6%. FPL calculates the required Reserve Amount amortization each month based on the results of its earnings surveillance report and records a journal entry to either debit or credit FERC accounts 108, Accumulated provision for depreciation of electric utility plant, and 403, Depreciation expense, depending on how its monthly results compare to FPL's authorized ROE range. When FPL amortizes the Reserve Amount to increase its ROE, it records a debit to FERC account 108 and credit to FERC account 403. When FPL needs to lower its ROE results to ensure earnings fall within the authorized range, it replenishes the Reserve Amount by recording a debit to FERC account 403 and crediting FERC account 108. Each of the entries is recorded at the function level (i.e. steam, nuclear, transmission, etc.) based on the functional ratio of the total authorized Reserve Amount and must not exceed the calculated Reserve Amounts as defined in FPL's 2016 Settlement Agreement.

QUESTION:
Is the Company's depreciation reserve excess expected to have any impact on the ARAM calculations? If so, explain the expected impacts.

RESPONSE:
FPL interprets this question to be requesting how FPL will turn around the excess accumulated deferred income taxes (EADIT) associated with the $1.0 billion of theoretical depreciation reserve surplus included in the Reserve Amount, as defined in paragraph 12 of its 2016 Stipulation and Settlement Agreement. This is the only component of the Reserve Amount which is affected by ARAM calculations.

Yes. The $1.0 billion of theoretical depreciation reserve surplus included in the Reserve Amount is included in the cost of removal component of accumulated reserve. Amortization of the Reserve Amount results in a temporary timing difference for income tax purposes for which EADIT has been recognized. The turnaround of the EADIT will be calculated by applying the ARAM rate computed at the point in time when the temporary timing difference begins to reverse, which will occur once the actual amount of cost of removal exceeds the cost of removal included in FPL's depreciation accrual, as calculated using the depreciation parameters reflected in Exhibit D to the 2016 rate case settlement agreement approved in Order No. PSC-16-0560-AS-EI. Therefore, the impact is unknown at this time.

DECLARATION

I sponsored the answers to Interrogatory Nos. 25-28, from the Office of Public Counsel Third Set of Interrogatories to Florida Power & Light Company in Docket No. 20180046-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.

Signature

Scott Bores

Date: 5/18/18

14

FPL Response to OPC Fourth Interrogatories No. 29

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 14
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC Fourth Interrogatories No. 29[Bates Nos.

QUESTION:
Please provide an explanation as to how the Company treated Cost of Removal in the calculation of Excess Accumulated Deferred Income Taxes (ADIT) as creating either protected or unprotected deferred taxes.

a) Explain in detail why you believe the determination by the Company as to whether the ADIT created by recording a Cost of Removal is protected or unprotected is the appropriate recognition, and provide any supporting guidance relied on.
b) Provide an analysis showing the calculation of the amount of excess ADIT created by the federal Tax Cuts and Jobs Act related to Cost of Removal.

RESPONSE:
FPL has reflected approximately $20 million of excess ADIT (deferred tax asset) associated with cost of removal as protected. For property related excess ADIT, only the amounts associated with basis adjustments are categorized as unprotected. All remaining depreciation differences, (i.e. method and life, cost of removal, and salvage), are categorized as protected.

a) FPL does not have specific guidance supporting the treatment of excess ADIT associated with cost of removal as protected. Excess deferred income taxes subject to the IRS normalization rules outlined in Internal Revenue Code Section 168(i)(9)(A) associated with method and life depreciation differences as well as salvage are deemed protected and must be turned-around using Average Rate Assumption Method ("ARAM"). FPL's book depreciation calculation is based on the useful life rate and negative net salvage rate (i.e., salvage is less than cost of removal) for the relevant types of property in each account; there is no separate rate for cost of removal. Because cost of removal is not separately reflected in FPL's book depreciation expense and is instead netted with salvage, cost of removal has been included in the protected category in order to avoid any normalization violation. Regardless of classification, FPL is proposing to turn-around all property related excess ADIT using ARAM, so there would not be a different result if the cost of removal were treated as unprotected.

b) See document provided in FPL's response to OPC's Fourth Request for Production for Documents No. 10 for the calculation of excess deferred income taxes associated with cost of removal.

<u>DECLARATION</u>

I sponsored the answer to Interrogatory No. 29, from the Office of Public Counsel Fourth Set of Interrogatories to Florida Power & Light Company in Docket No. 20180046-EI, and that the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.

Signature

Scott Bores

Date: 6/19/18

15

FPL Response to OPC First Request for Production of Documents Nos. 1-5

Additional files contained on Staff Hearing Exhibits CD/USB for Nos. 3, 4, and 5

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 15
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC First Request for Production of Documents Nos. 1-5Additional files contained

QUESTION:
Please provide a copy of any journal entries recorded in 2017 that were to reflect the impact of from the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017.

RESPONSE:
Please see the following document provided with this response:

OPC 1st Set POD - No 1 – Attachment No. 1.pdf

Note: Response does not include activity associated with unregulated operations that are excluded for ratemaking purposes.

Doc.Type : SA (G/L account document) Normal document							
Parked by	**BXHOSW5**	**Posted by**	**MXGOBLZ**				
Doc. Number	115890819	Company Code	1500	Fiscal Year	2017		
Doc. Date	12/15/2017	Posting Date	12/15/2017	Period	12		
Calculate Tax	_						
Ref.Doc.	FAS109						
Doc. Currency	USD						
Doc. Hdr Text	FAS109 Q4 2017						

Itm	PK	CoCd	Tr.Prt	Account	Alt.acct	G/L Acct Long Text	Amount	Profit Ctr	Text	BusA
1	40	1500		2707025	9190110	DEFERRED TAX ASSETS: Federal - FAS 109	596,837,824.00	6780	FAS109 Fed 190	A01
2	40	1500		2707135	9190210	DEFERRED TAX ASSETS: State-FAS 109	264,443,961.00	6780	FAS109 State 190	A01
3	40	1500		3600007	9282110	DEF TAX LIAB: Federal FAS 109 - Other Property	2,982,493,161.00	6780	FAS109 Fed 282	A01
4	40	1500		3600107	9282210	DEF TAX LIABILITY: State FAS 109-Other Property	512,868.00	6780	FAS109 State 282	A01
5	40	1500		3600008	9283110	DEF TAX LIAB: Federal FAS 109 - Other	715,428,272.00	6780	FAS109 Fed 283	A01
6	50	1500		3600108	9283210	DEF TAX LIABILITY: State FAS 109-Other	14,514,902.00-	6780	FAS109 State 283	A01
7	40	1500		2801017	9182310	OTHER REG ASSETS: FAS 109 Federal	263,907,292.00	6780	FAS109 Reg Asset	A01
8	50	1500		3602750	9254100	OTHER REG LIAB: FAS 109	4,809,108,476.00-	6780	FAS109 Reg Liability	A01

Doc.Type : SA (G/L account document) Normal document					
Parked by	**MXC008Y**	**Posted by**	**MXG0BLZ**		
Doc. Number	100001408	Company Code	1504	Fiscal Year	2017
Doc. Date	12/31/2017	Posting Date	12/31/2017	Period	12
Calculate Tax	_				
Ref.Doc.	FAS109				
Doc. Currency	USD				
Doc. Hdr Text	FAS109 Q4 2017				

Itm	PK	CoCd	Tr.Prt	Account	Alt.acct	G/L Acct Long Text	Amount	Profit Ctr	Text	BusA
1	50	1504		2707025	9190110	DEFERRED TAX ASSETS: Federal - FAS 109	1,535,991.00-	6053	FAS109 Fed 190	A01
2	40	1504		2707135	9190210	DEFERRED TAX ASSETS: State-FAS 109	159,812.00	6053	FAS109 State 190	A01
3	40	1504		3600007	9282110	DEF TAX LIAB: Federal FAS 109 - Other Property	2,169,232.00	6053	FAS109 Fed 282	A01
4	50	1504		3600008	9283110	DEF TAX LIAB: Federal FAS 109 - Other	561,583.00-	6053	FAS109 Fed 283	A01
5	50	1504		3600108	9283210	DEF TAX LIABILITY: State FAS 109-Other	155,642.00-	6053	FAS109 State 283	A01
6	40	1504		2801017	9182310	OTHER REG ASSETS: FAS 109 Federal	2,829,847.00	6053	FAS109 Reg Asset	A01
7	50	1504		3602750	9254100	OTHER REG LIAB: FAS 109	2,905,675.00-	6053	FAS109 Reg Liability	A01

Doc.Type : SA (G/L account document) Normal document

Parked by	**MXC008Y**	**Posted by**	**MXG0BLZ**		
Doc. Number	100000406	Company Code	1508	Fiscal Year	2017
Doc. Date	12/31/2017	Posting Date	12/31/2017	Period	12
Calculate Tax	_				
Ref.Doc.	FAS109				
Doc. Currency	USD				
Doc. Hdr Text	FAS109 Q4 2017				

Itm	PK	CoCd	Tr.Prt	Account	Alt.acct	G/L Acct Long Text	Amount	Profit Ctr	Text	BusA
1	50	1508		3600007	9282110	DEF TAX LIAB: Federal FAS 109 - Other Property	57,493,446.00-	6057	FAS109 Fed 282	A01
2	50	1508		3600008	9283110	DEF TAX LIAB: Federal FAS 109 - Other	15,283,068.00-	6057	FAS109 Fed 283	A01
3	50	1508		3600108	9283210	DEF TAX LIABILITY: State FAS 109-Other	4,235,670.00-	6057	FAS109 State 283	A01
4	40	1508		2801017	9182310	OTHER REG ASSETS: FAS 109 Federal	77,012,184.00	6057	FAS109 Reg Asset	A01

Doc.Type : SA (G/L account document) Normal document						
Parked by	**ALS04YV**	**Posted by**	**SXH0EXV**			
Doc. Number	100003148	Company Code	1511	Fiscal Year	2017	
Doc. Date	01/03/2018	Posting Date	12/15/2017	Period	12	
Calculate Tax	_					
Ref.Doc.	FAS109					
Doc. Currency	USD					
Doc. Hdr Text	FAS109 Dec 2017					

Itm	PK	CoCd	Tr.Prt	Account	Alt.acct	G/L Acct Long Text	Amount	Profit Ctr	Text	BusA
1	50	1511		2707025	9190110	DEFERRED TAX ASSETS: Federal - FAS 109	186,377.00-	6810	FAS109 Fed 190	A01
2	50	1511		3600008	9283110	DEF TAX LIAB: Federal FAS 109 - Other	49,543.00-	6810	FAS109 Fed 283	A01
3	50	1511		3600108	9283210	DEF TAX LIABILITY: State FAS 109-Other	13,731.00-	6810	FAS109 State 283	A01
4	40	1511		2801017	9182310	OTHER REG ASSETS: FAS 109 Federal	249,651.00	6810	FAS109 Reg Asset	A01

QUESTION:
Please provide a copy of any journal entries recorded in 2018 that were to reflect the impact of from the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017 and explain why they were recorded in 2018 instead of 2017.

RESPONSE:
FPL assumes this request is asking for journal entries related to the impact associated with the re-measurement of FPL's deferred income taxes resulting from the TCJA. As stated in FPL's response to OPC's First Request for Production of Documents No. 1, FPL recorded all journal entries associated with the re-measurement in December 2017. Therefore, FPL has no responsive documents to this request.

QUESTION:
Please provide all workpapers the Company has that would show any calculations in determining the excess deferred income taxes resulting from the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017.

RESPONSE:
Please see the following document provided with this response:

Excess Deferred Taxes - Detail.xlsx

Note: Response does not include activity associated with unregulated operations that are excluded for ratemaking purposes.

QUESTION:
Please provide all workpapers the Company has that would show any calculations in determining the excess income taxes in base rates and how the flowback of those rates were determined as a result of the Tax Cuts and Jobs Act (TCJA) that was signed into law by President Trump on December 22, 2017.

RESPONSE:
FPL does not track deferred income taxes and excess income taxes associated with cost recovered through base rates separately from those recovered through FPL's other cost recovery mechanisms. FPL intends to flow back all excess deferred taxes through base rates.

See FPL's response to OPC's First Request for Production of Documents No. 3 for the calculation of total company excess deferred taxes.

See the documents provided for the calculation of the reversal of excess deferred taxes.

QUESTION:
Please provide a copy of any internally prepared documents the Company has that discuss the impact of the Tax Cuts and Jobs Act (TCJA), that discusses how the change should be accounted for, and/or that discusses any proposed ratemaking treatment.

RESPONSE:
See attached documents.

Please note: non-responsive information has been redacted from responsive documents.

16

FPL Response to OPC Second Request for Production of Documents Nos. 6-8

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 16
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC Second Request for Production of Documents

<u>QUESTION</u>:
Please provide a copy of journal entries and journal entry workpapers showing how the Company identified and recorded amounts of EADIT as of December 31, 2017.

<u>RESPONSE</u>:
See FPL's response to OPC's First Request for Production of Documents No. 1 for copies of the journal entries recorded in December 2017 and FPL's response to OPC's First Request for Production of Documents No. 3 for the supporting calculation.

QUESTION:
From the Company's last rate case, please provide a copy of the Company's documents showing whether or not the Company included income tax debit/credit associated with the domestic production activities deduction under Section 199 of the Internal Revenue Code. If available in Excel, please provide with formulas and cross references intact.

RESPONSE:
FPL's last rate case resulted in a stipulation and settlement agreement, which was approved by the Commission in Order No. PSC-2016-0560-AS-EI, Docket No. 160021-EI ("2016 Settlement Agreement"). The 2016 Settlement Agreement does not address FPL's Section 199 deduction included in its approved base rates. However, please see in FPL's response to OPC's Second Set of Interrogatories No. 17, Attachment Nos. 1 and 2, which reflect the inclusion of a Section 199 deduction in its calculation of state and federal income tax expense on MFR C-22 for the 2017 Test Year and 2018 Subsequent Year, respectively, filed along with FPL's petition for a base rate increase in Docket No. 160021-EI. In addition, please see the attached document which provides a summary of the Section 199 calculation for these periods. Note, the Section 199 amounts provided were later adjusted in Docket 160021-EI to reflect the removal of income taxes associated with FPL's gas reserve investments.

17

FPL Response to OPC Third Request for Production of Documents No. 9

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 17
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC Third Request for Production of Documents No.

QUESTION:
Please provide the Excel files related to Interrogatory OPC 3-25.

RESPONSE:
FPL has no documents responsive to this request.

18

FPL Response to OPC Fourth Request for Production of Documents No. 10

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI   EXHIBIT: 18
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to OPC Fourth Request for Production of Documents No. 10[Bates Nos. 00058-00059]

QUESTION:
Please produce any and all analyses prepared by or for the Company showing the calculation of the amount of excess ADIT created by the federal Tax Cuts and Jobs Act related to recording Cost of Removal. Please produce all documents related to the referenced analyses.

RESPONSE:
Please see the following document provided with this response:

20180046 - OPC's 4th POD No. 10 - Attachment No. 1.xlsx

19

FPL Response to Staff's First Interrogatories Nos 1-2

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 19
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to Staff's First Set of Interrogatories Nos 1-2[Bates Nos. 00060-00062]

QUESTION:
Please refer to Paragraph 12 of the Stipulation and Settlement Agreement approved by Order No. PSC-16-0560-AS-EI, issued December 15, 2016, pages 24-26.

a. What was the beginning balance in the Reserve Amount on January 1, 2017?

b. Please list the dated journal entries for all Reserve Amount amortization flow back and reversals from January 1, 2017 through December 31, 2018, including the entry amount, the net balance, and the net reserve amount remaining after each entry.

RESPONSE:
a. The beginning balance in the Reserve Amount on January 1, 2017 was $1,249,826,841. Pursuant to Paragraph 12 of the Stipulation and Settlement Agreement approved by Order No. PSC-2016-0560-AS-EI, this amount is comprised of three different components:

(1) the remaining dismantlement reserve flowback balance as approved in paragraph 12(a) of the surplus depreciation reserve from the 2012 Settlement Agreement (beginning balance of $146MM)

(2) the remaining surplus depreciation balance as approved in paragraph 12(a) of the surplus depreciation reserve from the 2012 Settlement Agreement (beginning balance of $104MM)

(3) surplus depreciation as determined by the depreciation rates set forth in Exhibit D of the 2016 Settlement Agreement (beginning balance of $1,000MM)

b. All dated journal entries for January 1, 2017 through December 31, 2018 are contained in Attachment No. 1 to this Interrogatory.

QUESTION:
Please refer to FPL's Response to Joint Petition for Enforcement of 2016 Settlement and Permanent Base Rate Reductions against FPL dated December 21, 2018.

a. On page 5 of its Response, FPL states that it offset most of the Hurricane Irma restoration expense by amortizing the full amount of the Reserve then available. What was the balance in the Reserve Amount at the time FPL amortized "the full amount of the Reserve then available"?

b. Please identify the dated journal entry or entries related to the drawdown of the Reserve Amount associated with recovery of Hurricane Irma expenses.

RESPONSE:
a. The balance in the Reserve Amount at the time FPL offset most of the Hurricane Irma restoration expense was $1,149,231,113. See lines D33, D47 and D55 of Attachment No. 1 to FPL's Response to Staff's First Set of Interrogatories No. 1.

b. See lines D33, D47 and D55 of Attachment No. 1 to FPL's Response to Staff's First Set of Interrogatories No. 1.

20

FPL Response to Staff's Third Set of Interrogatories No. 75 and Staff's Forty-Third Set of Interrogatories No. 534 in Docket No. 20160021-EI

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 20
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Response to Staff's Third Set of Interrogatories No. 75 and Staff's Forty-Third Set of Interroga...

QUESTION:
Please refer to the Direct Testimony of FPL Witness Ferguson, Page 15, lines 10-22 and Page 16, lines 1-5.
a. What is/was the total amount of dismantlement reserve available to the company per the terms of its 2012 Stipulation and Settlement Agreement authorized by Order No. PSC-13-0023-S-EI?

b. What is/was "the remainder resulting from dismantlement reserve" amount?

c. Please list the dated historic, and if known, projected journal entries, for all dismantlement reserve amortization flow-back and reversals over the settlement term per Order No. PSC-13-0023-S-EI, including the net reserve dollar amount after each entry.

RESPONSE: (do not edit or delete this line or anything above this)

a. Order No. PSC-13-0023-S-EI authorized FPL to amortize the depreciation theoretical reserve surplus that remained as of December 31, 2012 from Commission Order No. PSC-10-0153-FOF-EI as well as a portion of FPL's fossil dismantlement reserve (collectively the Reserve Amount) over the period of the agreement, with the total Reserve Amount not to exceed $400 million. As of December 31, 2012, the total amount of dismantlement reserve available for amortization, after taking into account the amount of remaining depreciation theoretical reserve surplus, was $176 million. This amount was reduced to $146 million as stipulated in Order No. PSC-15-0402-AS-EI, Docket No. 150075-EI (Cedar Bay Transaction).

b. The "remainder resulting from the dismantlement reserve..." is part of a longer phrase that reads as follows: "the remainder resulting from dismantlement reserve amortization authorized under FPL's 2012 Rate Settlement (approved by the Commission in Order No. PSC-13-0023-S-EI, Docket No. 120015-EI) and other cost changes partially offset by unit retirements." This phrase refers to the drivers, other than new plants, in the total company annual dismantlement accrual. Please note that FPL has recently discovered minor errors in its dismantlement study. FPL is in the process of making adjustments that correct for these minor errors and intends to file a corrected dismantlement study promptly. These adjustments are expected to modestly lower the dismantlement accrual. We will update the response to this interrogatory at the time we file the corrected dismantlement study.

c. Please see Attachment No. 1 to this response, which uses actual data through September 30, 2015 and forecasted data for October 1, 2015 through December 31, 2016 to be consistent with what FPL has reflected in its filing. Note that this information only includes the dismantlement reserve portion of the reserve amortization authorized in Commission Order No. PSC-13-0023-S-EI.

Document No	Date	Entry Text	Entry Amount	Net Balance	Net Remaining
104565264	07/2013	14-DISMANTLEMENT FLOWBACK	55,847,913	55,847,913	90,166,321
104747028	08/2013	14-DISMANTLEMENT FLOWBACK	(1,413,913)	54,434,000	91,580,234
104765527	08/2013	14-DISMANTLEMENT FLOWBACK	2,504,323	56,938,323	89,075,911
104928005	09/2013	14-DISMANTLEMENT FLOWBACK	1,302,167	58,240,490	87,773,744
104946676	09/2013	14-DISMANTLEMENT FLOWBACK	(58,240,490)	-	146,014,234
105691760	01/2014	14-DISMANTLEMENT FLOWBACK	27,901,016	27,901,016	118,113,218
105856252	02/2014	14-DISMANTLEMENT FLOWBACK	(815,461)	27,085,555	118,928,679
105874882	02/2014	14-DISMANTLEMENT FLOWBACK	3,181,711	30,267,266	115,746,968
106046396	03/2014	14-DISMANTLEMENT FLOWBACK	941,254	31,208,520	114,805,714
106060167	03/2014	14-DISMANTLEMENT FLOWBACK	24,560,346	55,768,866	90,245,368
106238359	04/2014	14-DISMANTLEMENT FLOWBACK	58,302	55,827,168	90,187,066
106253570	04/2014	14-DISMANTLEMENT FLOWBACK	(52,821,581)	3,005,587	143,008,647
106424735	05/2014	14-DISMANTLEMENT FLOWBACK	479,857	3,485,444	142,528,790
106439623	05/2014	14-DISMANTLEMENT FLOWBACK	23,265,015	26,750,459	119,263,775
106614907	06/2014	14-DISMANTLEMENT FLOWBACK	1,125,395	27,875,854	118,138,380
106635318	06/2014	14-DISMANTLEMENT FLOWBACK	25,884,396	53,760,250	92,253,984
106644897	06/2014	REVERSE WD4 DISMANTLEMENT FLOWBACK	(25,884,396)	27,875,854	118,138,380
106644897	06/2014	CORRECT WD4 DISMANTLEMENT FLOWBACK	33,476,269	61,352,123	84,662,111
106654595	07/2014	REVERSE WD4 DISMANTLEMENT FLOWBACK	25,884,396	87,236,519	58,777,715
106654595	07/2014	CORRECT WD4 DISMANTLEMENT FLOWBACK	(33,476,269)	53,760,250	92,253,984
106817852	07/2014	14-DISMANTLEMENT FLOWBACK	6,201,411	59,961,661	86,052,573
106837892	07/2014	14-DISMANTLEMENT FLOWBACK	15,852,454	75,814,115	70,200,119
107005420	08/2014	14-DISMANTLEMENT FLOWBACK	137,500	75,951,615	70,062,619
107027184	08/2014	14-DISMANTLEMENT FLOWBACK	(43,823,031)	32,128,584	113,885,650
107202390	09/2014	14-DISMANTLEMENT FLOWBACK	(1,732,157)	30,396,427	115,617,807
107224798	09/2014	14-DISMANTLEMENT FLOWBACK	(30,396,427)	-	146,014,234
108125676	02/2015	14-DISMANTLEMENT FLOWBACK	11,136,416	11,136,416	134,877,818
108299610	03/2015	14-DISMANTLEMENT FLOWBACK	(2,857,818)	8,278,598	137,735,636
108316958	03/2015	14-DISMANTLEMENT FLOWBACK	(8,278,598)	-	146,014,234
N/A	01/2016	*Forecasted Data*	55,414,064	55,414,064	90,600,170
N/A	02/2016	*Forecasted Data*	29,851,882	85,265,946	60,748,288
N/A	03/2016	*Forecasted Data*	43,523,923	128,789,869	17,224,365
N/A	04/2016	*Forecasted Data*	(12,607,997)	116,181,873	29,832,362
N/A	05/2016	*Forecasted Data*	29,832,362	146,014,234	-
N/A	10/2016	*Forecasted Data*	(23,350,674)	122,663,560	23,350,674
N/A	11/2016	*Forecasted Data*	23,350,674	146,014,234	-
			146,014,234		

FILED MAR 15, 2016
DOCUMENT NO. 01389-16
FPSC - COMMISSION CLERK

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 160021-EI
FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

IN RE: PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DIRECT TESTIMONY & EXHIBITS OF:

KEITH FERGUSON

2017. This plant was not included in the study prepared by BMcD as the Company had recently estimated the dismantlement cost in Docket No. 150075-EI and FPL has reflected this estimate in the 2016 Dismantlement Study;

- FPL is constructing three planned solar additions (Babcock Ranch Solar Energy Center, Citrus Solar Energy Center and Manatee Solar Energy Center) scheduled for commercial operation in 2016; and
- Finally, FPL's Okeechobee Unit is projected to begin commercial operations in mid-2019.

Q. Please describe the results of the 2016 Dismantlement Study.

A. The 2016 Dismantlement Study calculates a current total cost of dismantlement of $477 million, with a resulting accrual of $27.6 million, of which $26.8 million relates to base rate assets. This is an increase of approximately $9.1 million ($8.8 million for the base rate portion), over the current accrual included in FPL's 2017 Test Year and 2018 Subsequent Year. The increase is primarily due to a $5.2 million increase related to plants that have been newly constructed, purchased or repowered since the 2009 dismantlement study was prepared, with the remainder resulting from dismantlement reserve amortization authorized under FPL's 2012 Rate Settlement (approved by the Commission in Order No. PSC-13-0023-S-EI, Docket No. 120015-EI) and other cost changes partially offset by unit retirements.

QUESTION:
For the purposes of the following Interrogatory, please refer to the Stipulation and Settlement, page 19, lines 1-3 (unnumbered), specifically the clause "and up to $1,000 million of the theoretical depreciation reserve surplus effected by the depreciation rates set forth in Exhibit D..."

a. Given that the beginning of the currently proposed Stipulation and Settlement term is January 1, 2017, please elaborate on how the "$1,000 million of the theoretical depreciation reserve surplus", specifically projected at December 31, 2016, is "effected by the depreciation rates set forth in Exhibit D", presumably Column 6?

b. In so far as the proposed depreciation rates set forth in Exhibit D "effect" reserves post December 31, 2016, is this statement meant to imply that a reserve imbalance measurement not resulting from a Commission Order guide the Company's discretion as to the availability of a "theoretical depreciation reserve surplus" over the Minimum Term? Must there be a theoretical depreciation reserve "surplus" at any given time in order to amortize the full $1,000 million over the Minimum Term?

c. Will the balance of the amount specified on page 19, lines 1-3 remain in accumulated depreciation serving to reduce rate base over the Minimum Term until the time/period it is amortized?

d. If the response to 4c. is affirmative, may the Company at its discretion reverse any entries performed over the Minimum Term in a similar manner to that shown on Hearing Exhibit 401, BSP 419-420 (2012 Rate Case Settlement, dismantlement reserve flow-back)? If so, how, if at all, does the Company simultaneously adjust return on equity dollars for Reserve Amount flow-back reversals effecting prior total rate base amounts?

RESPONSE:
a. The compromise changes in depreciation parameters and resulting depreciation rates also result in a total theoretical reserve surplus of $1,070 million as shown in column 8 of Exhibit D. In general, the theoretical reserve imbalance will change if the depreciation parameters and rates change, which is what is reflected in Exhibit D.

b. The theoretical reserve surplus of $1,070 million in column 8 of Exhibit D is calculated based on the compromise changes in depreciation rates for which the signatories are seeking Commission approval as part of the Proposed Settlement Agreement. The theoretical reserve surplus is calculated at a point in time, in this case December 31, 2016. This amount is only impacted by any reserve amortized or reversed over the term of the Proposed Settlement Agreement pursuant to paragraph 12(c).

c. Yes, the amounts will remain in accumulated depreciation until they are amortized per the terms of the Proposed Settlement Agreement. This is the same treatment FPL has been utilizing for its dismantlement reserve in its current stipulation and settlement agreement approved by the Commission in Docket No. 120015-EI.

d. Yes, the Company may reverse any entries performed over the minimum term, provided its retail jurisdictional adjusted return on equity stays within the proposed return on equity range of 9.6% - 11.6%. This is accomplished by evaluating FPL's return on equity on a monthly basis when preparing its earning surveillance report, which is based on a rolling monthly historical average. If the return on equity is above the range, then FPL will reverse any prior amortization utilized in order to bring the return on equity back into the range.

21

Attachments 1-8 of Joint petition for rate reductions or alternative reverse make-whole rate case against FPL (Docket No. 20180224-EI).

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI EXHIBIT: 21
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Attachments 1-8 of Joint petition for rate reductions or alternative reverse make-whole rate case ag...

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 1

Excerpts from October 27, 2016, Hearing Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

PROCEEDINGS: HEARING

COMMISSIONERS PARTICIPATING:
CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Thursday, October 27, 2016

TIME: Commenced at 9:30 a.m.
Concluded at 1:12 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

-and-

ANDREA KOMARIDIS
Premier Reporting
(850)894-0828

APPEARANCES:

JOHN T. BUTLER, R. WADE LITCHFIELD, and MARIA MONCADA, ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, appearing on behalf of Florida Power & Light Company.

J.R. KELLY, PUBLIC COUNSEL; CHARLES REHWINKEL; and PATRICIA A. CHRISTENSEN, ESQUIRES, Office of Public Counsel, c/o the Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida.

MARK F. SUNDBACK, KENNETH L. WISEMAN, and WILLIAM M. RAPPOLT, ESQUIRES, Andrews Kurth, LLP, 1350 I Street NW, Suite 1100, Washington, DC 20005, appearing on behalf of South Florida Hospital and Healthcare Association.

MAJOR ANDREW UNSICKER, ESQUIRE, USAF Utility Law Field Support Center, Air Force Legal Operations Agency, 139 Barnes Drive, Suite 1, Tyndall Air Force Base, Florida 32403, appearing on behalf of Federal Executive Agencies.

DIANA CSANK, ESQUIRE, 50 F Street, NW, 8th Floor, Washington, DC 20001, appearing on behalf of Sierra Club.

APPEARANCES (Continued):

STEPHANIE EATON, 110 Oakwood Drive, Suite 500, Winston-Salem, North Carolina 27103, appearing on behalf of Wal-Mart Stores East, LP, and Sam's East, Inc.

ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III, ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive, Tallahassee, Florida 32308, appearing on behalf of the Florida Retail Federation.

JACK MCRAY, 200 West College Avenue, #304, Tallahassee, Florida, 32301, appearing on behalf of AARP.

SERENA MOYLE, JON C. MOYLE, JR., and KAREN PUTNAL, ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Florida Industrial Power Users Group.

SUZANNE BROWNLESS, KYESHA MAPP, ADRIA HARPER, DANIJELA JANJIC, and MARGO LEATHERS, ESQUIRES, General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the staff of the Florida Public Service Commission.

KEITH HETRICK, ESQUIRE, General Counsel, and MARY ANNE HELTON, ESQUIRE, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing as advisors to the Florida Public Service Commission.

I N D E X

WITNESSES

NAME:	PAGE NO.
TIFFANY COHEN	
Examination by Ms. Moncada	26
Prefiled Testimony Inserted	28
Examination by Ms. Brownless	31
Examination by Ms. Moncada	33
Examination by Ms. Brownless	35
KEITH FERGUSON	
Examination by Mr. Butler	40
Prefiled Testimony Inserted	42
Examination by Ms. Brownless	47
Examination by Mr. Butler	48
Examination by Ms. Brownless	51
Examination by Mr. Butler	57
SAM FORREST	
Examination by Mr. Butler	58
Prefiled Testimony Inserted	60
Examination by Ms. Brownless	64
Examination by Mr. Butler	64
Examination by Ms. Brownless	67
ROBERT E. BARRETT, JR.	
Examination by Mr. Litchfield	73
Prefiled Testimony Inserted	76
Examination by Ms. Brownless	87
Examination by Mr. Litchfield	87
Examination by Ms. Eaton	90
Examination by Ms. Brownless	93
Examination by Mr. Litchfield	122
MICHAEL L. BROSCH	
Examination by Mr. McRay	124
ROBERT E. BARRETT, JR.	
Examination by Mr. Litchfield	143

EXHIBITS

NUMBER:		ID.	ADMTD.
807	Comprehensive Exhibit List	12	12
808	As identified on Comprehensive Exhibit List	12	39
809	As identified on Comprehensive Exhibit List	12	39
810	As identified on Comprehensive Exhibit List	12	39
811	As identified on Comprehensive Exhibit List	12	58
812	FPL's Response to Staff's 43rd Interrogatories Nos. 507 and 508 and FPL's Response to Staff's 22nd Request for POD No. 101	32	123

the commensurate changes in base rates.

Q So it's mainly an -- your idea mainly is to keep your rate case increases and your dismantlement studies simultaneously filed.

A That's correct. We believe that's probably the most appropriate timing of those studies is to kind of align them with the base rate increases.

Q Okay. Looking at your response to our interrogatory No. 534 --

A Okay.

Q -- can you please confirm that any unamortized balance of the newly proposed reserve amount will remain in accumulated depreciation over the settlement term and therefore reduce the rate base until it's amortized?

A That's correct, yes.

Q Now if you could turn to paragraph 6A of the settlement agreement.

A Yes, I'm there.

Q Okay. Is it accurate to say that, based upon this paragraph, storm cost recovery will be limited to the estimate of incremental costs above the level of the storm reserve prior to the storm and to the replenishment of the storm reserve to the level in effect as of August 31st of 2016?

A Yes, that's correct.

Q And was the storm reserve level in effect as of August 31st, 2016, approximately $112 million?

A Yes, that's correct.

Q And what do you project the storm reserve to be as of January 1, 2017?

A As we filed with the Commission on Friday, we expect to deplete that reserve down to zero, and we'll be likely petitioning this Commission for interim recovery under our current settlement agreement by the end of the year.

Q And that would be the 2012 settlement agreement.

A That's correct, the 2012.

Q And basically, just so we have the record complete, why was your reserve depleted to zero?

A We had a little storm called Hurricane Matthew that had a significant impact on our service territory in October.

Q And do you know what the storm reserve is under the provision of the 2012 settlement agreement?

A Yes. It's approximately $117 million.

MS. BROWNLESS: Thank you. That's all we have, sir.

CHAIRMAN BROWN: Thank you.

Commissioners?

Ms. Brownless, you asked all my storm reserve questions, all of them. I could come up with one.

Mr. Ferguson, do you foresee the cessation of an accrual, though, being an impediment moving forward under the settlement agreement?

THE WITNESS: The accrual of -- I'm sorry.

CHAIRMAN BROWN: The storm reserve, on the storm reserve, because it's no longer accruing and you're going to be coming in for a request for a surcharge. But really the reserve level under the settlement agreement can only go up to 112 million.

THE WITNESS: Yeah. It's actually 117, which is what it was as of January 1st, 2017. So -- sorry, 2013.

No, you know, I don't see it as an impediment in terms of it's the mechanism that's been in place since the 2012 settlement agreement and, you know, has kind of, you know, served us well. While fortunately we haven't had significant major storms until this year, you know, I think it's a mechanism that's -- that works.

CHAIRMAN BROWN: So after the surcharge, FPL intends, though, to get that reserve level up to -- is it the 117 or the --

THE WITNESS: That's correct, yeah.

CHAIRMAN BROWN: Okay. Got it.

Commissioners, any other questions?

Thank you. Redirect.

MR. BUTLER: One brief redirect.

EXAMINATION

BY MR. BUTLER:

Q Mr. Ferguson, you were asked about the recovery under the interim storm recovery mechanism for the -- under the current settlement agreement for Hurricane Matthew, and I think you may have referred to recovering the estimated cost through the surcharge. My question to you is whether or not there would ultimately be a true-up to the actual amount of the storm costs.

A Yes. You know, as the nature of these storm costs are typically that they come in over a period of team. And so, you know, while we'll file a petition with kind of our first -- our estimate of what those costs were as the actual costs come in, we would true-up to those actual costs.

MR. BUTLER: Thank you. That's all the redirect that I have.

CHAIRMAN BROWN: Thank you. Exhibits?

MR. BUTLER: Yes. We would move into evidence Exhibit 811.

CHAIRMAN BROWN: Seeing no objection, we'll go fixed term of four years; encouraging management to continue its focus on improving service delivery, realizing additional efficiencies in its operations and creating stronger customer value, while maintaining residential bills that are projected to continue to be among the lowest in the state and nation. This negotiated outcome resolves a number of competing considerations in a way that produces an overall result that is in the public interest.

III. AMORTIZATION OF RESERVE AMOUNT

Q. What is the Reserve Amount as defined in the Proposed Settlement Agreement?

A. Paragraph 12(c) of the Proposed Settlement Agreement defines the Reserve Amount as comprised of two parts: (1) the actual remaining portion as of December 31, 2016 of the reserve amount that the Commission authorized FPL to amortize in Order No. PSC-13-0023-S-EI (adjusted for the Cedar Bay Settlement in Order No. PSC-15-0401-AS-EI) plus (2) up to $1,000 million of the theoretical depreciation reserve surplus effected by the depreciation parameters and resulting rates set forth in Exhibit D of the Proposed Settlement Agreement, subject to certain restrictions. FPL witness Ferguson describes the Reserve Amount in more detail.

Q. What does the Proposed Settlement Agreement provide as it relates to amortization of the Reserve Amount?

A. Paragraph 12 of the Proposed Settlement Agreement provides FPL with the ability to amortize the Reserve Amount, at its discretion, during the settlement term conditioned by the following: (1) for any period in which FPL's actual FPSC adjusted return on equity ("ROE") would otherwise fall below 9.6%, FPL must amortize any remaining Reserve Amount to at least increase the ROE to 9.6%; and, (2) FPL may not amortize the Reserve Amount in an amount that results in FPL achieving an FPSC adjusted ROE greater than 11.6%.

Q. Is this provision critical to the settlement?

A. Yes. The reserve amortization mechanism provides the Company the flexibility necessary to achieve reasonable financial results during the four-year settlement period while also agreeing to substantially lower base revenue increases compared to those requested in the 2016 Rate Petition. Without this flexibility, base rates could not be held constant for such an extended period due to the risk of weather, inflation, rising interest rates, mandated cost increases and other factors affecting FPL's earnings that largely are beyond the Company's control.

Q. What are the benefits of allowing FPL to amortize the Reserve Amount during the settlement term?

A. The amortization of the Reserve Amount provides rate certainty and avoids the need for expensive and disruptive base rate proceedings over the four-year settlement period. The Commission approved a similar mechanism in Order No. PSC-13-0023-S-EI, so the Proposed Settlement Agreement provides nothing new in that regard. Specifically, the reserve amortization mechanism allows the Company to forgo a portion of the cash revenue increases it petitioned for, providing significant benefit to customers through lower rates over the four-year period.

IV. SOLAR BASE RATE ADJUSTMENT

Q. Please provide an overview of the SoBRA included in the Proposed Settlement Agreement.

A. The SoBRA is very similar to the generation base rate adjustment ("GBRA") mechanism the Commission has approved in the past. For purposes of SoBRA cost recovery pursuant to the Proposed Settlement Agreement, FPL may construct approximately 300 MW of solar generating capacity per calendar year, projected to go into service no later than 2021. The cost of the components, engineering and construction for any solar project undertaken pursuant to the Proposed Settlement Agreement will be reasonable and will not exceed $1,750 kWac. Through the SoBRA mechanism, FPL will be allowed to recover the annual base revenue requirements reflecting the first twelve months of operations of each solar generation project.

demand-side management opt-out program.

The reserve amortization mechanism in the proposed settlement agreement helps make it possible for FPL to accept the substantial reduction in cash-based revenue increases compared to the filed request while maintaining the flexibility FPL needs to achieve reasonable financial results over the four-year minimum term.

The reserve amortization mechanism provides confidence to customers and the Commission that FPL will be able to avoid the need for expensive and disruptive base rate proceedings over the four-year settlement period. The SoBRA mechanism will allow FPL to recover costs for up to 300 megawatts of solar generating capacity for each calendar year during the settlement term. The cost for each utility under SoBRA must be reasonable and not exceed $1,750 per kilowatt. These solar facilities will also be subjected to Commission review and approval to ensure cost-effectiveness, which will be determined by whether the solar facility results in lower projected costs for customers over the life of the facility.

Upon approval by the Commission, the SoBRA for each facility will become effective once the facility is placed in service. At that time, FPL's fuel charges company's incentive to continue to look for efficiency improvements during the term of the proposed settlement agreement. Do you recall hearing that testimony?

A I do.

Q Would you please respond to that.

A Yes, I would. Frankly, I found it a little bit offensive that he would make those comments regarding our incentive to continue to improve the business. And I guess, upon reflection, it just shows that he doesn't really know much about our company and culture.

We have a proven track record of looking for cost-improvement opportunities. In fact, if we look back just over the last four years, where we've been under a settlement agreement that's very similar to this one in terms of a range of ROE and reserve amortization mechanism, we have substantially improved our cost position to the benefit of customers. In fact, the 2017 O&M that is in our test year is lower than our 2010 O&M.

So, despite the comments that we heard earlier regarding kind of gutting the incentive for us to continue to improve the business -- that's just patently not true. And it's -- our track record would prove otherwise.

The settlement agreement, itself -- this four-year term provides a period of time where we can really focus on running the business, allowing this reserve mechanism to offset some of the fluctuations in the business. And we've demonstrated that we can do that.

Q Does FPL expect to continue -- during the term of this proposed settlement agreement, if approved -- continue looking for ways to improve the way it delivers services and find efficiencies?

A Absolutely. I would fully expect that, over the next four years, we're going to continue to look for opportunities to increase our efficiency and improve productivity in the business.

MR. LITCHFIELD: Madam Chair, those are the only questions I have for Mr. Barrett.

CHAIRMAN BROWN: Okay. Thank you.

And I just want to confirm that we've got Commissioner Edgar with us. Yes? Okay. Thank you.

All right. Moving on to cross -- AARP, any cross?

MR. McRAY: No questions.

CHAIRMAN BROWN: Okay.

FIPUG?

MS. MOYLE: No questions.

CHAIRMAN BROWN: Walmart?

MS. EATON: No questions.

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 2

Excerpts from August 3, 2016, Robert Barrett Deposition Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY.
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DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM, BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

TELEPHONIC DEPOSITION OF: ROBERT E. BARRETT, JR.

TAKEN AT THE INSTANCE OF: The Staff of the Florida Public Service Commission

PLACE: Room 382D
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida

TIME: Commenced at 8:30 a.m.
Concluded at 5:18 p.m.

DATE: Wednesday, August 3, 2016

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

within approximately 1 percent of its planned net income for 2013 through 2015 when you exclude the impact of the reserve amortization and variances in weather; is that correct?

A Yes, ma'am.

MR. BUTLER: I would note, I think the specific reference is to the straight average for the 1 percent.

MS. HARPER: Okay. Thank you.

BY MS. HARPER:

Q And your calculation showing this in your Exhibit REB-6; is that correct?

A Yes.

Q This is shown in that? Okay.

Mr. Barrett, do you conclude that FPL's past forecasts of annual net income have been accurate in part because of the nature of offsetting variances?

A Yes.

Q Could you please turn to your Exhibit REB-6?

A I'm there.

Q Okay. Can you walk us through the calculation leading to the percentage difference between the planned and actual net income on this page and explain how the offsetting variances operated in this instance?

A Certainly. On this page, I'm primarily making adjustments for two items, the amortization of the reserve and the impact of weather. The plan is always put together using normal weather. So when I talk about an adjustment for weather, that's with respect to deviations from normal.

Q Okay.

A So what I did on REB-6, and let's talk about the planned net income adjustment first because that's only got the one adjustment. You can see the planned net income line. And I apologize that the line numbers are not numbered here, but just stop me if you need me to reference something in a different way.

The planned net income for 2013 in this case was 1,349, a billion 349; and then a billion five in '14; and a billion 641 in 2015.

In that forecast of net income, we had made assumptions for how much amortization of the reserve amount we would be using. So I'm -- and the next line referencing how much was used to get those net income numbers.

Now I should suggest here that the -- let's look at the 184. So the 184 here means that we were actually utilizing $184 million of amortization, which is a credit to income. So it would be like a negative expense, so I'm adding it back. And that's a pre-tax number, the 184, so I'm taking the tax effect, which at our effective tax rate is about $71 million, so that in 2013, if our plan had assumed no utilization of reserve amortization, our net income would have been one billion 236. Are we good so far?

Q Yes. Perfect. Thank you.

A Okay. So let's go up to the actual net income then for 2013.

Q Okay.

A And as I'm looking at this, I realize that I put it in a little different order, so let's look at the line that starts with actual net income of 1,349, a billion 349. Now I'm going to be making some adjustments to that number like I did for the plan. The first adjustment I'm going to make is to remove $15 million related to weather. Now this would suggest that we had $15 million less weather -- I should say less revenues due to weather, and so I'm reducing -- I'm making an adjustment to pull that out. And that's a pre-tax number.

And if I could pause for just a moment, if you look across the years, you will see a similar number in '14, negative 22, and then in 2015, a large $220 million increase to revenues due to weather.

Q Okay.

A Okay. So the next line down, reserve amortization, I'm doing just like I did for the plan. We actually used $155 million in 2013, so I am removing that impact. That also is a pre-tax number.

So the next line, the 54 million tax impact, is the combination of the taxes on both the weather impact and the reserve AMOR impact.

Q Okay.

A So that the adjustment to net income, the sum of all those three is $86 million. So I need to remove $86 million from the actual net income to show what the adjusted actual net income would be, you know, had we not had the extraordinary weather or had we not had any reserve amortization.

Q Okay.

A So let's -- it's called adjusted net income without weather and reserve amortization. So then I'm comparing that to the plan, which is kind of an apples and apples, and neither one of them have amortization in it and neither one have deviations from normal weather in it.

Q Okay.

A So on that basis, actual is 1,263 and adjusted planned was 1,236. So the actual was higher than planned. I mean, the negative number here, it was in reference to plan being lower than actual, and that gives you a negative 2.19 percent variance. So the $27 million deviation from plan represents a 2.19 percent deviation or variance.

I do a similar calculation for '14 and then for '15, and then I sum and average those on a just straight basis, and then also looking at the absolute variance so that I'm not taking into account negatives offsetting positives. And those are the percentages that you see down at the bottom of the page.

Q Okay.

A Now there's one other item that I adjusted in 2015, and you can see the footnote for that, and it's related to an extraordinary entry that was made in December for $94 million. And so I removed the impact of that from the reserve amortization. It was an expense that was offset with reserve amortization, so I felt like pulling out only one side of that event, if you will, would have skewed the analysis here.

Q Okay.

A So that's kind of the summary of how I did what I did here on REB-6.

Q Okay. Great. Thank you. In order to further clarify the nature of the offsetting variances you discuss in your testimony, let's look at the top of the page in which you calculate the adjusted net income without weather and reserve amortization.

A Uh-huh.

Q More specifically, look at the column, the last column on the page, which is data for the year 2015.

A Yes, ma'am.

Q So the identified adjustment at the top of the column shows the removal of the impact of 222 (sic) million associated with the above normal weather; is that correct.

A Yes.

Q 220, sorry.

A Yes.

Q Okay. And then on the next line it shows the removal of the impact of reverse amortization of reserve surplus in the amount of negative 109; is that correct?

A Yes.

Q For the two adjustments we just reviewed, one was positive and one was negative. Is this what you mean by offsetting variances working to reduce the variability of net income?

A Yes.

Q Is the weather outside of FPL's control?

A Yes, it is.

Q In this case, is the amount of reserve surplus amortized -- sorry, that word just gets me. I want to call it AMOR, like you do.

A Let's do it.

Q I should. It's just a tongue twister for me. Sorry.

So is the amount of reserve surplus amortized for any single year in the settlement period outside of FPL's control?

A It is within FPL's control, subject to the constraints of the settlement agreement itself.

Q Does FPL have a reserve surplus available for purposes of amortization to help control its net income in 2018?

A No.

Q Okay. Now please refer to staff's handout titled "Staff Analysis of REB-6."

A I've got it.

Q We will identify this as deposition Exhibit No. 2. I just wanted to clarify that. I think we did that earlier. This handout basically recreates FPL's REB-6 but changes the actual reserve amortizations to equal the planned amortizations, as can be seen on line 2. In effect, this exhibit inserts an assumption that the company's ability to use planned -- to use changes in planned amortizations to effect changes in net income is removed and allows for related tax impacts. The assumption impacts the adjustment to net income without weather and reserve amortization is shown on line 6. Do you agree that the mathematical calculation is correct here to show the assumption of a non-changing plan reserve amortization?

MR. BUTLER: Adria, before he answers, just to clarify the record, you're referring to page 1 of staff's Exhibit 2?

MS. HARPER: Yes, the Tab 1.

MR. BUTLER: Okay.

MS. HARPER: Page 1, yes.

THE WITNESS: Yes, I will agree that the math appears to be right, with the caveat that you guys rounded the effective tax rate.

BY MS. HARPER:

Q Yes, that's correct. We did.

Okay. Under this scenario, the percentage difference in actual to planned net income is 8.63 percent. Can you accept, subject to check, that the mathematical calculations to arrive at this percentage is correct?

A Subject to check, I can accept that the math is right, although obviously disagreeing with the premise or the predicate of the actual scenario.

Q Okay. Again, another subject to check, do you agree that the calculated percentage difference in actual to planned net income for 2015, which is 8.63 percent, is the error in FPL's three-year ahead net income forecast, assuming weather had been equal to normal weather and adjustments to planned reserve amortizations were not at the company's disposal?

A Can you repeat that, please?

Q Sure. Again subject to check, do you agree that the calculated percentage difference in actual to planned net income for 2015, which is 8.63 percent, is the error in FPL's three-year ahead net income forecast, assuming weather had been equal to normal and adjustments to planned reserve amortizations were not at the company's disposal?

A No.

Q Okay. Why not?

A Well, first of all, this was just one year ahead. Each of these plans were done one year ahead of that plan year. And also I would not characterize the impact of weather as an error in the forecast. I would characterize it as a variance, but I would not agree to the characterization of it being an error.

Q Okay. Okay.

A Hold on one second, if you would, please.

Q Yeah. No problem.

(Pause.)

A There's just one other clarification I would make, that the 8.63, as you noted here, assumes that the $61 million of reserve amortization that was in the plan was also in the actuals, as you phrased it. It was not at the company's discretion to change that number. That's not the same as saying that we did not have any reserve amortization mechanism available to use, and that's just a matter of math.

Q Okay. So I just want to clarify, so your REB-6, is this not a three-year ahead forecast? In other words --

A It is not.

Q Okay. Let me pause here for just a second.

(Pause.)

All right. Mr. Barrett, please turn to page 21 of your testimony, lines 19 through 22. Here you state that under the 2012 rate settlement, one factor, the amortization of the reserve amount, tends to mitigate the variability in many of the underlying components of the forecast, primarily weather; is this correct?

A Yes.

Q Okay. Assuming the subsequent test year 2018 is approved, what offsetting factor or factors does FPL believe could be available to the company to allow it to control its variances in net income in 2016, 2017, and 2018 compared to planned net income?

A Let me just kind of bisect the question a little bit.

Q Okay.

A Because you're asking about 2018, but then you threw in 2016 and 2017. Can you clarify that for me, please?

Q Sure. What offsetting factor or factors do you believe -- or does FPL believe could be available to the company to allow it to control its variances compared to planned net income?

A In which year? Are you just saying in the absence of having this mechanism?

Q Yes.

A Okay. So if I could just rephrase the question, make sure I heard it right before I answer it, and you tell me if I've got it right.

Q Okay.

A So this mechanism expires at the end of '16. It expires with the settlement agreement. If something like it is not available to us in '17 and '18 --

Q Yes.

A -- you're asking what is available to us to mitigate variances in the underlying forecast, you know, evasions from plan, if you will.

Q Yes. That's what I'm asking.

A Okay. Well, typically, about the only thing available to us to control the business, if you will, if we have underlying variances in things like weather, are to adjust the timing of expenses, adjust the level of expenses, and some things we can't mitigate. For instance, if we look at 2015, $220 million pre-tax of extra revenues from weather, it would, you know, largely just flow through to income. Correspondingly, if we had had a 100- or 200 million decrease in revenues due to whatever reasons, weather or just lack of customer growth or whatever, you know, something of that magnitude is very hard to respond to.

Minor variations that kind of go up and down can be managed with the timing of expenses and capital investments and such as long as it doesn't compromise the operating plans of the company.

Q Okay. Thank you. Okay. Mr. Barrett, on line 7 of REB-6, your REB-6, FPL's, was the planned net income established as part of the budget plan in 2012 for 20 -- through 2015?

MR. BUTLER: What are you referring to as lines?

THE WITNESS: Yeah, mine are not line numbered.

MS. HARPER: Oh, okay.

MR. BUTLER: Are you talking about the planned net income line under the planned income?

MS. HARPER: Yes, yes, the planned net income.

THE WITNESS: So essentially it's the number 7 on your page 1 of your staff's exhibit.

BY MS. HARPER:

Q Yes. Exactly. Exactly.

A So, again, your question was?

Q Was the planned --

A Now that I'm oriented.

Q Yeah. That's okay. Was the planned net income established as part of the budget plan in 2012 for 2013 through 2015?

A No.

Q Okay.

A I mean, they're just -- they're one year ahead. So the 2013 plan was established in 2012, the 2014 plan was established in 2013, and the 2015 plan was established in 2014.

Q Okay. Okay. Let's look again at staff's handout.

A Okay.

Q Under this scenario, it shows the planned net income deviated from actual net income by 127 in 2015, which is year three in the plan. In your opinion, do you believe that one or two -- one- or two-year ahead forecast of income and expenses would likely result in a significantly lower deviation in net income than this amount?

A I guess -- just to clarify, let me repeat my answer to the last question because I think the predicate to that question was that the '15 plan was put together three years ahead of time. That was not the case.

Q Okay.

A The 2015 plan was put together in 2014, and we did not foresee the $220 million of extra weather that would happen in the year 2015.

Q Okay. Thank you for that --

A And had we --

Q Sorry. Continue.

A Okay. No, that's fine.

Q Okay. Thank you. I think we're done. Thank you for your time.

A Thank you.

MR. BUTLER: Charles?

MR. REHWINKEL: Yes.

MR. BUTLER: This is John Butler. I'm sorry. Do those numbers have some particular significance that you're wanting Mr. Barrett to consider?

MR. REHWINKEL: Those were a hypothetical.

MR. BUTLER: Okay.

MR. REHWINKEL: Purely hypothetical.

BY MR. REHWINKEL:

Q I'm just trying to understand the nature of the words, "If our requested relief is granted." So you're saying that would mean that your requested relief was not granted and, thus, you had no -- you would not be bound by the commitment on 2019 and 2020?

A That's correct.

Q Okay.

A Obviously we want to hear from the Commission, but, I mean, in the context of my testimony, that is a correct interpretation.

Q Okay. I just wanted to understand how that worked.

And let's say that the Commission gave you all of those numbers that we just read out -- 826, 270, and 209 -- for '17, '18, and '19, which are your new as-requested numbers; is that right?

A Yes.

Q Okay. So let's say you got every penny of those requests. What is the nature of your forgoing the '19 and '20 rate relief? Would it mean that under no circumstances would you come in for base rate adjustment above these numbers?

A I believe that is the nature of our proposed commitment.

Q Okay.

A And I would want to clarify that I'm looking at the words "If our requested relief is granted." And I think that goes beyond just the numbers we were just talking about and it encompasses the entirety of our filing. I mean, there are proposed accounting adjustments and there are certain proposals that, you know, that are contained within that filing that, you know, culminate in these revenue increase numbers. But the intent would be if the Commission were to grant our filing as filed, we would commit to not file in 2019 and not file in 2020.

Q Okay. So that would include the depreciation filing approved -- your depreciation study as filed?

A Yes.

Q Okay. And it would include the asset optimization plan modification as filed?

A Yes.

Q Okay. Now the -- just let me understand about the asset optimization as it relates to this. That was filed a month after you filed your -- this testimony here; right?

A I don't recall.

Q Okay. If you could accept, subject to check, it was filed on April 15th.

A Okay.

Q I think your testimony was filed on March 15th. So -- and I'm not trying to trick you or put words in your mouth because I threw the asset optimization in there. Is it the intention that that's included in this "If our requested relief is granted" phrase or not?

A I don't believe so, and I apologize for having tripped on that one before. But the filing, as filed in the rate case, what confuses me and maybe some others is the fact that so many things have kind of gotten consolidated into this proceeding.

Q Okay. I'm just trying to understand. And I apologize. I sort of -- I was doing the same thing and assuming it was -- they were all consolidated. Then as I was asking the question, I realized it was subsequent. So that would be outside of the scope of the commitment as you think about it now; is that right?

A Right. It would only be -- the commitment would relate to the rate case filing itself that was filed in March.

Q Okay. And the depreciation study is intricately bound up in that with respect to the revenue requirements; is that right?

A That's correct.

Q Okay. All right. So -- just so I understand, if it -- on March -- I mean, on December 31, 2019, your ROE is, for whatever reason, 8.5, your achieved ROE, even after getting the revenues associated with Okeechobee -- and I'm assuming that this hypothetical that I'm putting to you, that you got all three of these numbers, 826, 270, and 209, and your ROE is at 8.5, you would not be seeking any type of rate relief, base rate relief for 2020; is that right?

A That is correct. Now the predicate of your question was if in December we were earning. Obviously it's too late to file anything for 2020 in December of 2020. It's probably -- you know, it's -- that's about the time you'd be thinking about filing for 2021.

Q Okay. But they would not -- in other words, it would not be a limited petition opportunity for base rate relief; is that right?

A That's correct.

Q So when you talk about base rate -- just so I understand, right now you're in a file or suspend MFR filing general base rate rate case; correct?

A Yes.

Q Okay. It is possible to get base rate relief through other means, one of which is a limited proceeding. Do you understand that concept?

A I do.

Q Okay.

A What you're referring to there is sort of what we're pursuing for Okeechobee.

Q Okay. Yeah. So you would be foreclosed under your commitment from filing for a limited proceeding base rate relief; is that right?

A Yes.

Q Okay.

A And, you know, I'm not kind of bound up in the legal of it, but it's my understanding that it's our intention to not have an increase in base rates in '19 and '20 other than Okeechobee if we get everything that we filed.

Q Okay. Now you're familiar with the 2012 settlement agreement; correct?

A Yes.

Q And you're familiar with the provision in paragraph 6, I think it is, that is intended to prevent the company from getting clause relief or recovery for investments that are traditionally recovered through base rates?

A Specifically it says, "Traditionally and historically."

Q Okay. So you're familiar with that provision; right?

A I am.

Q Okay. Now would that provision or would that concept apply in this commitment to not increase base rates or would it not?

A Well, if I understand your question, you're asking if we would -- if we're committing to paragraph 6 of the settlement agreement, and I think that goes beyond what is contained in my testimony as the commitment.

Q Okay. It's just not in there. And that provision would assumedly expire at the end of 2016 with the settlement agreement except for those provisions that live on; right?

A Correct.

Q Okay. Okay. On page 8, lines 12 and 13, you make reference to 2013 as a test year last used for

CERTIFICATE OF OATH

STATE OF FLORIDA

COUNTY OF PALM BEACH

I, the undersigned authority, certify that Robert E Barrett, Jr. personally appeared before me at 700 Universe Blvd., Juno Beach, FL 33408, and was duly sworn by me to tell the truth.

WITNESS my hand and official seal in the City of Juno Beach, County of Palm Beach, State of Florida on this 3rd day of August, 2016.

LeeAnn R Br

Notary Public, State of Florida at Large

My commission Expires:

LEEANN R. BREHM
Commission # FF 092442
Expires February 12, 2018
Bonded Thru Troy Fain Insurance 800-385-7019

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 3

Excerpts from NextEra Energy, Inc./Florida Power & Light Company's Reports Filed with the United States Securities and Exchange Commission*

*Highlighting Added by Petitioners

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **September 30, 2018**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY**	59-0247775

700 Universe Boulevard
Juno Beach, Florida 33408
(561) 694-4000

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have 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) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding at September 30, 2018: 477,945,257

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at September 30, 2018, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

This combined Form 10-Q represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction H.(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

DEFINITIONS

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

Term	Meaning
AFUDC	allowance for funds used during construction
AFUDC - equity	equity component of AFUDC
AOCI	accumulated other comprehensive income
capacity clause	capacity cost recovery clause, as established by the FPSC
Duane Arnold	Duane Arnold Energy Center
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly owned NEER subsidiary
FPL	Florida Power & Light Company
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles in the U.S.
ISO	independent system operator
ITC	investment tax credit
kWh	kilowatt-hour(s)
Management's Discussion	Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBtu	One million British thermal units
MW	megawatt(s)
MWh	megawatt-hour(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEER	NextEra Energy Resources, LLC
NEET	NextEra Energy Transmission, LLC
NEP	NextEra Energy Partners, LP
NEP OpCo	NextEra Energy Operating Partners, LP
Note __	Note __ to condensed consolidated financial statements
NRC	U.S. Nuclear Regulatory Commission
O&M expenses	other operations and maintenance expenses in the condensed consolidated statements of income
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PTC	production tax credit
PV	photovoltaic
Recovery Act	American Recovery and Reinvestment Act of 2009, as amended
regulatory ROE	return on common equity as determined for regulatory purposes
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a wholly owned NEER subsidiary has a 42.5% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
tax reform	Tax Cuts and Jobs Act
U.S.	United States of America

NEE, FPL, NEECH and NEER each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, NextEra, FPL Group, FPL Group Capital, FPL Energy, FPLE, NEP and similar references. For convenience and simplicity, in this report the terms NEE, FPL, NEECH and NEER are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

The use of reserve amortization is permitted by a December 2016 FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and revenue and costs not recoverable from retail customers by the FPSC. During both the three and nine months ended September 30, 2018, FPL recorded the reversal of reserve amortization of approximately $301 million, partially restoring the reserve amortization used in December 2017 as discussed below. During the three and nine months ended September 30, 2017, FPL recorded the reversal of reserve amortization of approximately $124 million and reserve amortization of $104 million, respectively.

In September 2017, Hurricane Irma passed through Florida causing damage to much of FPL's service territory. In December 2017, following the enactment of tax reform, FPL determined that it would not seek recovery of Hurricane Irma storm restoration costs through a storm surcharge from customers and, as a result, the regulatory asset associated with Hurricane Irma was written off in December 2017 as storm restoration costs. The FPSC has scheduled a hearing in February 2019 to evaluate FPL's Hurricane Irma storm restoration costs. As allowed under the 2016 rate agreement, FPL used available reserve amortization to offset nearly all of the expense, and plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. In February 2018, the FPSC opened separate dockets for FPL and several other utilities in Florida to address the impacts of tax reform. FPL's hearing before the FPSC to address tax reform has been scheduled for February 2019. FPL believes that the benefits of tax reform will be realized by FPL's customers in accordance with the 2016 rate agreement as discussed above.

In July 2018, the FPSC approved a settlement agreement between FPL and the Office of Public Counsel regarding the recovery of storm costs related to Hurricane Matthew. As part of the settlement agreement, FPL issued a one-time refund to customers totaling approximately $28 million in August 2018.

Operating Revenues

During the three and nine months ended September 30, 2018, FPL's operating revenues decreased $78 million and $168 million, respectively. Retail base revenues increased approximately $127 million and $266 million for the three and nine months ended September 30, 2018, respectively, reflecting additional revenues of approximately $92 million and $237 million, respectively, related to new retail base rates under the 2016 rate agreement. Retail base revenues during the three and nine months ended September 30, 2018 were also impacted by an increase of 1.4% and a decrease of 0.5%, respectively, in the average usage per retail customer and increases of 1.2% and 1.1% in the average number of customer accounts for the respective periods. In September 2017, Hurricane Irma contributed to lower retail usage, resulting in an approximately $60 million reduction in retail base revenues for the three and nine months ended September 30, 2017. In addition, for the three and nine months ended September 30, 2018, FPL's operating revenues decreased by approximately $79 million and $212 million, respectively, due to a decrease in fuel cost recovery revenues primarily as a result of lower average fuel factors and decreased $122 million and $174 million, respectively, due to lower storm-related revenues primarily as a result of the conclusion of the Hurricane Matthew surcharge in February 2018.

Fuel, Purchased Power and Interchange Expense

Fuel, purchased power and interchange expense decreased $95 million and $278 million for the three and nine months ended September 30, 2018, respectively, reflecting lower fuel charges of approximately $33 million and $66 million, respectively, primarily due to lower fuel prices. The decreases also reflect the deferral of approximately $19 million and $83 million of retail fuel costs for the three and nine months ended September 30, 2018, respectively, compared to the recognition of approximately $16 million and $35 million of deferred retail fuel costs in the respective prior year periods. Fuel, purchased power and interchange expense also reflects decreases of approximately $26 million and $93 million during the three and nine months ended September 30, 2018, respectively, primarily as a result of the shutdown of SJRPP in January 2018, which had the effect of terminating a 375 MW take-or-pay purchased power contract. See Note 12 - Contracts.

Depreciation and Amortization Expense

Depreciation and amortization expense increased $100 million and $346 million during the three and nine months ended September 30, 2018, respectively. FPL recorded a reversal of $301 million reserve amortization in the three and nine months ended September 30, 2018 compared to a reversal of $124 million in the three months ended September 30, 2017 and reserve amortization of $104 million in the nine months ended September 30, 2017. Reserve amortization reflects adjustments to accrued asset removal costs provided under the 2016 rate agreement in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to accrued asset removal costs which is included in noncurrent regulatory liabilities on the condensed consolidated balance sheets. At September 30, 2018, there were approximately $301 million of accrued asset removal costs related to reserve amortization. The increase in depreciation and amortization expense during the three and nine months ended September 30, 2018 was partially offset by lower storm-recovery cost amortization as a result of the conclusion of the Hurricane Matthew surcharge in February 2018.

Income Taxes
During the three and nine months ended September 30, 2018, FPL's income taxes decreased $204 million and $493 million, respectively, primarily related to the decrease in federal corporate income tax rates.

NEER: Results of Operations

NEER's net income less net loss attributable to noncontrolling interests decreased $78 million and increased $3,345 million for the three and nine months ended September 30, 2018, respectively. The primary drivers, on an after-tax basis, of the changes are in the following table.

	Increase (Decrease) From Prior Year Period	
	Three Months Ended September 30, 2018	**Nine Months Ended September 30, 2018**
	(millions)	
New investments[a]	$ 1	$ (57)
Existing assets[a]	6	65
Gas infrastructure[a]	21	66
Customer supply and proprietary power and gas trading[b]	1	(18)
Asset sales	—	22
Interest and other general and administrative expenses[c]	(22)	(112)
Income taxes, primarily due to corporate federal income tax rate reduction	56	180
Other	(7)	(5)
Change in non-qualifying hedge activity[d]	(93)	(104)
Tax reform-related[d]	(36)	412
NEP investment gains, net[d]	(18)	2,892
Change in unrealized losses on securities held in NEER's nuclear decommissioning funds and OTTI, net	18	17
Operating results of the solar projects in Spain	(5)	(13)
Increase (decrease) in net income less net loss attributable to noncontrolling interests	$ (78)	$ 3,345

(a) Reflects after-tax project contributions, including PTCs, ITCs and deferred income taxes and other benefits associated with convertible ITCs for wind and solar projects, as applicable, but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects and pipelines are included in new investments during the first twelve months of operation or ownership. Project results are included in existing assets and pipeline results are included in gas infrastructure beginning with the thirteenth month of operation or ownership.
(b) Excludes allocation of interest expense and corporate general and administrative expenses.
(c) Includes differential membership interest costs. Excludes unrealized mark-to-market gains and losses related to interest rate derivative contracts, which are included in change in non-qualifying hedge activity.
(d) See Overview - Adjusted Earnings for additional information.

Supplemental to the primary drivers of the changes in NEER's net income less net loss attributable to noncontrolling interests discussed above, the discussion below describes changes in certain line items set forth in NEE's condensed consolidated statements of income as they relate to NEER.

Operating Revenues
Operating revenues for the three months ended September 30, 2018 decreased $313 million primarily due to:
- higher losses from non-qualifying commodity hedges ($226 million for the three months ended September 30, 2018 compared to $24 million for the comparable period in 2017), and
- lower revenues of approximately $173 million related to the deconsolidation of NEP,

partly offset by,
- other increases in revenues of $62 million, primarily related to the gas infrastructure business and new investments.

Operating revenues for the nine months ended September 30, 2018 decreased $623 million primarily due to:
- lower revenues of approximately $544 million related to the deconsolidation of NEP, and
- the impact of losses from non-qualifying commodity hedges ($231 million of losses for the nine months ended September 30, 2018 compared to $117 million of gains for the comparable period in 2017),

partly offset by,
- other increases in revenues of $269 million, primarily related to the gas infrastructure business and new investments.

Operating Expenses - net
Operating expenses - net for the three months ended September 30, 2018 decreased $40 million primarily due to:
- the absence of approximately $100 million of operating expenses related to NEP which is no longer consolidated,

partly offset by,

UNITED STATES 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, 2015**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

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

		Name of exchange on which registered
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	5.799% Corporate Units	New York Stock Exchange
	6.371% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Yes ☐ No ☑ Florida Power & Light Company Yes ☐ No ☑

Indicate by check mark whether the registrants (1) have 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) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates as of June 30, 2015 (based on the closing market price on the Composite Tape on June 30, 2015) was $44,190,491,194.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 30, 2015.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding as of January 31, 2016: 460,599,691

Number of shares of Florida Power & Light Company common stock, without par value, outstanding as of January 31, 2016, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2016 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

NEE's effective income tax rate for all periods presented reflects the benefit of PTCs for NEER's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs for solar and certain wind projects at NEER. PTCs, ITCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs on certain wind projects after ten years of production (PTC roll off). In addition, NEE's effective income tax rate for 2014 was unfavorably affected by a noncash income tax charge of approximately $45 million associated with structuring Canadian assets in connection with the creation of NEP and for 2013 was unfavorably affected by the establishment of a full valuation allowance on the deferred tax assets associated with the Spain solar projects. See Note 1 - Income Taxes and - Sale of Differential Membership Interests, Note 4 - Nonrecurring Fair Value Measurements and Note 5. Also see Item 1. Business - NEER - Generation and Other Operations - NEER Fuel/Technology Mix - Policy Incentives for Renewable Energy Projects.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2015, 2014 and 2013 was $1,648 million, $1,517 million and $1,349 million, respectively, representing an increase in 2015 of $131 million and an increase in 2014 of $168 million.

The use of reserve amortization is permitted under the 2012 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 rate agreement. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2012 rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization to earn a targeted regulatory ROE. In certain periods, reserve amortization must be reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered from retail customers by the FPSC. In 2015 and 2014, FPL recorded the reversal of reserve amortization of approximately $15 million and $33 million, respectively, and, in 2013, FPL recorded reserve amortization of $155 million.

FPL's regulatory ROE for 2015 and 2014 was 11.50%, compared to 10.96% in 2013. The 2013 regulatory ROE of 10.96% reflects approximately $32 million of after-tax charges associated with the cost savings initiative. These charges were not offset by additional reserve amortization. Excluding the impact of these charges, FPL's regulatory ROE for 2013 would have been approximately 11.25%.

In 2015, the growth in earnings for FPL was primarily driven by the following:

- higher earnings on investment in plant in service of approximately $77 million. Investment in plant in service grew FPL's average retail rate base in 2015 by approximately $1.0 billion reflecting, among other things, ongoing transmission and distribution additions and the modernized Riviera Beach power plant placed in service in April 2014,
- higher AFUDC - equity of $32 million primarily related to the modernization project at Port Everglades and other investments,
- higher earnings of approximately $22 million due to increased use of equity to finance investments, and
- higher cost recovery clause earnings of $10 million primarily related to earnings associated with the incentive mechanism,

partly offset by,

- higher nonrecoverable expenses.

In 2014, the growth in earnings for FPL was primarily driven by the following:

- higher earnings on investment in plant in service of approximately $105 million. Investment in plant in service grew FPL's average retail rate base in 2014 by approximately $2.3 billion reflecting, among other things, the modernized Riviera Beach power plant and ongoing transmission and distribution additions,
- growth in wholesale services provided which increased earnings by $47 million,
- the absence of $32 million of after-tax charges associated with the cost savings initiative recorded in 2013, and
- higher earnings of $30 million related to the increase in the targeted regulatory ROE from 11.25% to 11.50%,

partly offset by,

- lower cost recovery clause results of $22 million primarily due to the transfer of new nuclear capacity to retail rate base as discussed below under Retail Base, Cost Recovery Clauses and Interest Expense, and
- lower AFUDC - equity of $19 million primarily related to the Riviera Beach and Cape Canaveral power plants being placed in service in April 2014 and April 2013, respectively.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2015	2014	2013
		(millions)	
Retail base	$ 5,653	$ 5,347	$ 4,951
Fuel cost recovery	3,875	3,876	3,334
Net deferral of retail fuel revenues	(1)	—	—
Net recognition of previously deferred retail fuel revenues	—	—	44
Other cost recovery clauses and pass-through costs, net of any deferrals	1,645	1,766	1,837
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	479	432	279
Total	$ 11,651	$ 11,421	$ 10,445

Retail Base

FPSC Rate Orders
FPL's retail base revenues for all years presented reflect the 2012 rate agreement as retail base rates and charges were designed to increase retail base revenues approximately $350 million on an annualized basis. In addition, retail base revenues increased in 2015 and 2014 through a $234 million annualized retail base rate increase associated with the Riviera Beach power plant and, in 2014, a $164 million annualized retail base rate increase associated with the Cape Canaveral power plant. The 2012 rate agreement:

- remains in effect until December 2016,
- establishes FPL's allowed regulatory ROE at 10.50%, with a range of plus or minus 100 basis points, and
- allows for an additional retail base rate increase as the modernized Port Everglades project becomes operational (which is expected by April 2016).

In January 2016, FPL filed a formal notification with the FPSC indicating its intent to initiate a base rate proceeding. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 rate agreement and details of FPL's formal notification.

In 2015 and 2014, retail base revenues increased approximately $43 million and $192 million, respectively, related to the modernized Riviera Beach power plant being placed in service in April 2014. Additionally, 2014 included approximately $53 million of additional retail base revenues related to the Cape Canaveral power plant being placed in service in April 2013. Additional retail base revenues of approximately $115 million were recorded in 2014, primarily related to new nuclear capacity which was placed in service in 2013 as permitted by the FPSC's nuclear cost recovery rule. See Cost Recovery Clauses below for discussion of the nuclear cost recovery rule.

Retail Customer Usage and Growth
In 2015 and 2014, FPL experienced a 1.4% and 1.8% increase, respectively, in the average number of customer accounts and a 4.2% increase and 0.4% decrease, respectively, in the average usage per retail customer, which collectively, together with other factors, increased revenues by approximately $263 million and $36 million, respectively. The increase in 2015 usage per retail customer is due to favorable weather. An improvement in the Florida economy contributed to the increased revenues for both periods. FPL expects year over year weather-normalized usage per customer to be between flat and 0.5% negative.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to solar and environmental projects, natural gas reserves and nuclear capacity. See Item 1. - I. FPL - FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses. Fluctuations in fuel cost recovery revenues are primarily driven by changes in fuel and energy charges which are included in fuel, purchased power and interchange expense in the consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity until such capacity goes into service and is recovered in base rates, pre-construction costs associated with the development of two additional nuclear units at the Turkey Point site and changes in energy sales. Capacity charges are included in fuel, purchased power and interchange expense and franchise fee costs are included in taxes other than income taxes and other in the consolidated statements of income. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2015 net overrecovery was approximately $176 million and positively affected NEE's and FPL's cash flows from operating activities in 2015, while the 2014 net underrecovery was approximately $67 million and negatively affected NEE's and FPL's cash flows from operating activities in 2014.

UNITED STATES 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, 2016**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:		Name of exchange on which registered
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	6.371% Corporate Units	New York Stock Exchange
	6.123% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Yes ☐ No ☑ Florida Power & Light Company Yes ☐ No ☑

Indicate by check mark whether the registrants (1) have 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) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates as of June 30, 2016 (based on the closing market price on the Composite Tape on June 30, 2016) was $60,089,366,330.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 30, 2016.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding as of January 31, 2017: 467,581,899

Number of shares of Florida Power & Light Company common stock, without par value, outstanding as of January 31, 2017, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2017 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

The following table provides details of the after-tax adjustments to net income considered in computing NEE's adjusted earnings discussed above.

	Years Ended December 31,					
	2016		2015		2014	
			(millions)			
Net unrealized mark-to-market gains (losses) from non-qualifying hedge activity[a]	$	(92)	$	183	$	153
Merger-related expenses - Corporate and Other	$	(92)	$	(20)	$	—
Operating results of solar projects in Spain - NEER	$	(11)	$	5	$	(32)
Losses from OTTI on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals[b]	$	(1)	$	(15)	$	(2)
Gain associated with Maine fossil - NEER	$	—	$	—	$	12
Gains on sale of natural gas generation facilities[c]	$	219	$	—	$	—
Resolution of contingencies related to a previous asset sale - NEER	$	5	$	—	$	—

(a) For 2016, 2015 and 2014, approximately $233 million of losses, $175 million of gains and $171 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(b) For 2016, 2015 and 2014, approximately $2 million of losses, $14 million of losses and $1 million of income, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(c) Approximately $276 million of the gains is included in NEER's net income; the balance is included in Corporate and Other. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale and Note 5.

The change in unrealized mark-to-market activity from non-qualifying hedges is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

2016 Summary

Net income attributable to NEE for 2016 was higher than 2015 by $160 million, or $0.19 per share, assuming dilution, due to higher results at FPL, NEER and Corporate and Other.

FPL's increase in net income in 2016 was primarily driven by continued investments in plant in service while earning an 11.50% regulatory ROE on its retail rate base.

NEER's results increased in 2016 primarily reflecting earnings from new investments, gains from the sales of natural gas generation facilities and fair value adjustments related to contingent consideration, partly offset by net unrealized losses from non-qualifying hedge activity compared to gains from such hedges in 2015, higher growth-related interest and general and administrative expenses and lower earnings on gas infrastructure and existing assets. In 2016, NEER added approximately 1,465 MW of wind capacity and 980 MW of solar capacity in the U.S., completed the sales of its ownership interests in certain natural gas generation facilities with total generating capacity of 3,724 MW and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2016 increased primarily reflecting net unrealized gains from non-qualifying hedge activity primarily associated with interest rate and foreign currency derivative instruments, partly offset by higher merger-related expenses and unfavorable consolidating income tax adjustments.

NEE and its subsidiaries require funds to support and grow their businesses. These funds are primarily provided by cash flow from operations, borrowings or issuances of short- and long-term debt and proceeds from differential membership investors and, from time to time, issuances of equity securities. See Liquidity and Capital Resources - Liquidity.

RESULTS OF OPERATIONS

Net income attributable to NEE for 2016 was $2.91 billion, compared to $2.75 billion in 2015 and $2.47 billion in 2014. In 2016 and 2015, net income attributable to NEE improved due to higher results at FPL, NEER and Corporate and Other.

NEE's effective income tax rates for 2016, 2015 and 2014 of approximately 31.5%, 30.8% and 32.3%, respectively, primarily reflect income tax expense at the statutory rate of 35% and state income taxes, partly offset by the benefit of PTCs for NEER's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs for solar and certain wind projects at NEER. PTCs, ITCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs on certain wind projects after ten years of production (PTC roll off). In addition, NEE's effective income tax rate for 2014 was unfavorably affected by a noncash income tax charge of approximately $45 million associated with structuring Canadian assets in connection with the creation of NEP. In April 2016, a court approved a reorganization of certain Canadian assets that provided for tax bases in certain of these assets. NEE recorded approximately $30 million of associated income tax adjustments in 2016, which effectively reversed a portion of the charge recorded in 2014. See Note 1 - Income Taxes and Note 5.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2016, 2015 and 2014 was $1,727 million, $1,648 million and $1,517 million, respectively, representing an increase in 2016 of $79 million and an increase in 2015 of $131 million. The primary drivers, on an after-tax basis, of these changes are in the following table.

	Increase (Decrease) From Prior Period Years Ended December 31,	
	2016	2015
	(millions)	
Investment in plant in service[(a)]	$ 131	$ 77
Change in amount of equity used to finance investments	(42)	22
Nonrecoverable expenses	(16)	(15)
Woodford shale investment	(10)	5
Cost recovery clause earnings	11	5
AFUDC - equity	6	32
Other	(1)	5
Increase in net income	$ 79	$ 131

(a) Investment in plant in service grew FPL's average retail rate base by approximately $2.4 billion and $1.0 billion in 2016 and 2015, respectively. For 2016, the increase primarily reflects the modernized Port Everglades Clean Energy Center that was placed in service in April 2016 and ongoing transmission and distribution additions. For 2015, the increase primarily reflects ongoing transmission and distribution additions and the modernized Riviera Beach Clean Energy Center placed in service in April 2014.

The use of reserve amortization was permitted under the 2012 rate agreement and continues during the term of the 2016 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 and 2016 rate agreements. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2012 and 2016 rate agreements, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn a targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered from retail customers by the FPSC. In 2016, FPL recorded reserve amortization of $13 million, and, in 2015 and 2014, FPL recorded the reversal of reserve amortization of approximately $15 million and $33 million, respectively. FPL's regulatory ROE for 2016, 2015 and 2014 was 11.50%.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2016	2015	2014
		(millions)	
Retail base	$ 5,807	$ 5,653	$ 5,347
Fuel cost recovery	3,120	3,875	3,876
Net deferral of retail fuel revenues	—	(1)	—
Net recognition of deferred retail fuel revenues	6	—	—
Other cost recovery clauses and pass-through costs, net of any deferrals	1,467	1,645	1,766
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	495	479	432
Total	$ 10,895	$ 11,651	$ 11,421

Retail Base

FPSC Rate Orders
FPL's retail base revenues for all years presented reflect the 2012 rate agreement. Retail base revenues increased approximately $175 million in 2016 through a $216 million annualized retail base rate increase associated with the modernized Port Everglades Clean Energy Center which was placed in service in April 2016, and, in 2015, increased $43 million through a $234 million annualized retail base rate increase associated with the modernized Riviera Beach Clean Energy Center which was placed in service in April 2014.

In December 2016, the FPSC issued a final order approving the 2016 rate agreement which became effective January 2017 and will remain in effect until at least December 2020, establishes FPL's allowed regulatory ROE at 10.55%, with a range of 9.60% to 11.60%, and allows for retail rate base increases in 2017, 2018 and upon commencement of commercial operations at the Okeechobee Clean Energy Center. In January 2017, the Sierra Club filed a notice of appeal challenging the FPSC's final order approving the 2016 rate agreement, which notice of appeal is pending before the Florida Supreme Court. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2016 rate agreement.

Retail Customer Usage and Growth
In 2016 and 2015, FPL experienced a 1.4% increase each year in the average number of customer accounts and a 2.1% decrease and 4.2% increase, respectively, in the average usage per retail customer, which collectively, together with other factors, decreased revenues by approximately $21 million and increased revenues by $263 million, respectively. The decline in 2016 usage per retail customer is primarily due to milder weather and customer service interruptions as a result of hurricanes that impacted FPL's service territory in 2016 which had a modest negative impact on 2016 base revenue (see Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve), while the increase in 2015 usage per retail customer was due to favorable weather. An improvement in the Florida economy contributed to increased revenues in both periods.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to certain solar and environmental projects and the unamortized balance of the regulatory asset associated with FPL's acquisition of the Cedar Bay generation facility. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2016 and 2015 net overrecoveries were approximately $94 million and $176 million, respectively, and positively affected NEE's and FPL's cash flows from operating activities.

The decrease in fuel cost recovery revenues in 2016 is primarily due to a decrease of approximately $737 million related to a lower average fuel factor. The slight decrease in fuel cost recovery revenues in 2015 reflects lower revenues totaling approximately $118 million from the incentive mechanism and from interchange power sales and $96 million related to a lower average fuel factor, partly offset by increased revenues of $213 million related to higher energy sales.

Declines in 2016 revenues from other cost recovery clauses and pass-through costs were largely due to reductions in purchased power and capacity expenses associated with the capacity clause. The declines in 2015 revenues from other cost recovery clauses and pass-through costs were largely due to reductions in expenses associated with energy conservation programs and the capacity clause.

In 2016, 2015 and 2014, cost recovery clauses contributed $112 million, $103 million and $93 million, respectively, to FPL's net income. The increase in 2016 primarily relates to the acquisition of the Cedar Bay generation facility. The increase in 2015 primarily relates to gains associated with the incentive mechanism, investments in gas reserves and the acquisition of the Cedar Bay generation facility.

In September 2015, FPL assumed ownership of the Cedar Bay generation facility and terminated its long-term purchased power agreement for substantially all of the facility's capacity and energy for a purchase price of approximately $521 million. FPL will recover the purchase price and associated income tax gross-up as a regulatory asset which will be amortized over approximately nine years. See Note 1 - Rate Regulation for further discussion. Additionally, in January 2017, FPL purchased the Indiantown generation facility (see Note 13 - Contracts).

Woodford Shale Investment
In March 2015, after receiving FPSC approval, a wholly owned subsidiary of FPL partnered with a third party to develop up to 38 natural gas production wells in the Woodford Shale region in southeastern Oklahoma and in return began receiving its ownership share of the natural gas produced from these wells. In May 2016, the Florida Supreme Court (Court) reversed the FPSC's order approving FPL's investment in the Woodford Shale wells concluding that the FPSC exceeded its statutory authority when approving recovery of FPL's costs and investment in these wells. During 2016, FPL recorded a provision for refund of approximately $13 million (after tax) associated with the Court's decision. FPL's wholly owned subsidiary, which is not subject to FPSC authority, sells its share of the natural gas produced from the Woodford Shale wells to third parties at market prices. Also, in response to the Court's

decision on the Woodford Shale order, the FPSC vacated its July 2015 order approving a set of guidelines under which FPL could participate in additional natural gas production projects.

Other

The increase in other revenues for 2016 is primarily due to revenues related to sales of natural gas produced from the Woodford Shale wells discussed above. The increase in other revenues for 2015, which did not result in a significant contribution to earnings, primarily reflects higher wholesale and transmission service revenues along with other miscellaneous service revenues.

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense
The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Years Ended December 31,		
	2016	2015	2014
		(millions)	
Fuel and energy charges during the period	$ 3,113	$ 3,593	$ 3,951
Net deferral of retail fuel costs	(11)	—	(109)
Net recognition of deferred retail fuel costs	—	220	—
Other, primarily capacity charges, net of any capacity deferral	195	463	533
Total	$ 3,297	$ 4,276	$ 4,375

The decrease in fuel and energy charges in 2016 primarily reflects approximately $453 million of lower fuel and energy prices and $27 million related to lower energy sales. The decrease in fuel and energy charges in 2015 was due to lower fuel and energy prices of approximately $491 million and a decrease of $68 million in costs related to the incentive mechanism, partly offset by higher energy sales of approximately $201 million. In addition, FPL deferred approximately $11 million and $109 million of retail fuel costs in 2016 and 2014, respectively, compared to the recognition of deferred retail fuel costs of $220 million in 2015. The decrease in other in both periods is primarily due to lower capacity fees in part related to the termination of the Cedar Bay generation facility long-term purchased power agreement after FPL assumed ownership of the Cedar Bay generation facility in September 2015.

Depreciation and Amortization Expense
The major components of FPL's depreciation and amortization expense are as follows:

	Years Ended December 31,		
	2016	2015	2014
		(millions)	
Reserve reversal (amortization) recorded under the 2012 rate agreement	$ (13)	$ 15	$ 33
Other depreciation and amortization recovered under base rates	1,366	1,359	1,211
Depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization	298	202	188
Total	$ 1,651	$ 1,576	$ 1,432

The reserve amortization, or reversal of such amortization, reflects adjustments to the depreciation and fossil dismantlement reserve provided under the 2012 rate agreement in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) accrued asset removal costs which is reflected in noncurrent regulatory liabilities on the consolidated balance sheets. See Note 1 - Rate Regulation regarding a $30 million reduction in the reserve available for amortization under the 2012 rate agreement. Subject to certain conditions, FPL may amortize, over the term of the 2016 rate agreement, up to $1.0 billion of depreciation reserve surplus plus the reserve amount remaining under FPL's 2012 rate agreement (approximately $250 million at December 31, 2016).

The increase in other depreciation and amortization expense recovered under base rates in 2016 primarily relates to higher plant in service balances, including investments in transmission and distribution assets and the modernized Port Everglades Clean Energy Center that was placed in service in April 2016, partly offset by the absence of 2015 amortization expenses associated with analog meters. The increase in other depreciation and amortization expense recovered under base rates in 2015 is due to higher amortization expenses primarily associated with analog meters and higher plant in service balances. The increase in depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization in 2016 primarily relates to amortization of a regulatory asset associated with the September 2015 acquisition of the Cedar Bay generation facility.

UNITED STATES 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, 2017**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

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

		Name of exchange on which registered
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	6.371% Corporate Units	New York Stock Exchange
	6.123% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Yes ☐ No ☑ Florida Power & Light Company Yes ☐ No ☑

Indicate by check mark whether the registrants (1) have 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) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates at June 30, 2017 (based on the closing market price on the Composite Tape on June 30, 2017) was $65,589,650,954.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates at June 30, 2017.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding at January 31, 2018: 470,793,941

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at January 31, 2018, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2018 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I (1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format

Adjusted Earnings

NEE prepares its financial statements under GAAP. However, management uses earnings excluding certain items (adjusted earnings), a non-GAAP financial measure, internally for financial planning, analysis of performance, reporting of results to the Board of Directors and as an input in determining performance-based compensation under NEE's employee incentive compensation plans. NEE also uses adjusted earnings when communicating its financial results and earnings outlook to analysts and investors. NEE's management believes that adjusted earnings provide a more meaningful representation of NEE's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income under GAAP, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing. Adjusted earnings do not represent a substitute for net income, as prepared under GAAP.

The following table provides details of the after-tax adjustments to net income considered in computing NEE's adjusted earnings discussed above.

	Years Ended December 31,		
	2017	2016	2015
		(millions)	
Net gains (losses) associated with non-qualifying hedge activity[a]	$ (35)	$ (92)	$ 183
Merger-related expenses - Corporate and Other[b]	$ (63)	$ (92)	$ (20)
Operating results of solar projects in Spain - NEER	$ 5	$ (11)	$ 5
Income (losses) from OTTI on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals[c]	$ 2	$ (1)	$ (15)
Tax reform-related[d]	$ 1,877	$ —	$ —
Gain on sale of the fiber-optic telecommunications business - Corporate and Other[e]	$ 685	$ —	$ —
Gains on sale of natural gas generation facilities[f]	$ —	$ 219	$ —
Duane Arnold impairment charge[g]	$ (258)	$ —	$ —
Resolution of contingencies related to a previous asset sale - NEER	$ —	$ 5	$ —

(a) For 2017, 2016 and 2015, approximately $47 million of gains, $233 million of losses and $175 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other. The change in non-qualifying hedge activity is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized. In 2017, net losses associated with non-qualifying hedge activity were partly offset by approximately $95 million of tax reform impacts.

(b) See Note 1 - Merger Terminations.

(c) Reflects OTTI losses on securities held in NEER's nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). For 2017, 2016 and 2015, approximately $2 million of income, $2 million of losses and $14 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(d) Approximately $1,925 million of net favorable tax reform impacts and $50 million of net unfavorable tax reform impacts are included in NEER's and FPL's net income, respectively; the balance is included in Corporate and Other. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve and Note 5.

(e) See Note 1 - Assets and Liabilities Associated with Assets Held for Sale for a discussion of the sale of the fiber-optic telecommunications business.

(f) Approximately $276 million of the gains is included in NEER's net income; the balance is included in Corporate and Other. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale for a discussion of the sale of the natural gas generation facilities.

(g) Approximately $246 million of the impairment charge is included in NEER's net income; the balance is included in Corporate and Other. See Note 4 - Nonrecurring Fair Value Measurements.

NEE segregates into two categories unrealized mark-to-market gains and losses and timing impacts related to derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative, interest rate derivative and foreign currency transactions entered into as economic hedges, which do not meet the requirements for hedge accounting, or for which hedge accounting treatment is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to certain of the positions are generally not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the impact of the non-qualifying hedges as a meaningful measure of current period performance. The second category, referred to as trading activities, which is included in adjusted earnings, represents the net unrealized effect of actively traded positions entered into to take advantage of expected market price movements and all other commodity hedging activities. In 2016, NEE discontinued hedge accounting for its interest rate and foreign currency derivative instruments, which could result in increased volatility in the non-qualifying hedge category. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

2017 Summary

Net income attributable to NEE for 2017 was higher than 2016 by $2,466 million, or $5.13 per share, assuming dilution, due to higher results at FPL, NEER and Corporate and Other, including the favorable impacts of tax reform.

FPL's increase in net income in 2017 was primarily driven by continued investments in plant in service and other property and increased retail rate base under the 2016 rate agreement, partly offset by the net impact of storm restoration costs due to Hurricane Irma discussed below.

NEER's results increased in 2017 primarily reflecting the impacts of tax reform, earnings from new investments and the non-qualifying hedge activity, partly offset by the Duane Arnold impairment charge and the absence of 2016 gains from the sale of natural gas generation facilities. In 2017, NEER added approximately 355 MW of new wind generating capacity, 1,596 MW of wind repowering generating capacity and 200 MW of solar generating capacity in the U.S., completed the sale of 80 MW of solar generating capacity and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2017 increased primarily reflecting the gain on sale of the fiber-optic telecommunications business, partly offset by non-qualifying hedge activity.

NEE and its subsidiaries require funds to support and grow their businesses. These funds are primarily provided by cash flow from operations, borrowings or issuances of short- and long-term debt and proceeds from differential membership investors and, from time to time, issuances of equity securities. See Liquidity and Capital Resources - Liquidity.

RESULTS OF OPERATIONS

Net income attributable to NEE for 2017 was $5.38 billion, compared to $2.91 billion in 2016 and $2.75 billion in 2015. In 2017 and 2016, net income attributable to NEE improved due to higher results at FPL, NEER and Corporate and Other.

In 2017, the enactment of tax reform required NEE and its subsidiaries to, among other things, revalue their deferred income tax assets and liabilities to the new 21% federal corporate income tax rate. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve and Note 5 for further discussion of the impacts of tax reform.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2017, 2016 and 2015 was $1,880 million, $1,727 million and $1,648 million, respectively, representing an increase in 2017 of $153 million and an increase in 2016 of $79 million. The increases in 2017 and 2016 were primarily driven by higher earnings from investments in plant in service and other property. Such investments grew FPL's average retail rate base by approximately $3.5 billion and $2.4 billion in 2017 and 2016, respectively, and reflect, among other things, ongoing transmission and distribution additions, the replacement of certain gas turbines with high-efficiency, low-emission turbines, solar generation additions and the modernized Port Everglades Clean Energy Center that was placed in service on April 1, 2016 (Port Everglades power plant).

In September 2017, Hurricane Irma passed through Florida causing damage throughout much of FPL's service territory, resulting in approximately 4.4 million of FPL's customers losing electrical service. FPL restored power to approximately 50% of its affected customers within one day and to approximately 95% of affected customers within seven days. In December 2017, following the enactment of tax reform, FPL used available reserve amortization to offset nearly all of the write-off of Hurricane Irma storm restoration costs, and FPL plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve.

The use of reserve amortization was permitted under the 2012 rate agreement and continues during the term of the 2016 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2016 and 2012 rate agreements. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 and 2012 rate agreements, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and revenue and costs not recoverable from retail customers by the FPSC. In 2017 and 2016, FPL recorded reserve amortization of $1,250 million and $13 million, respectively, and in 2015, FPL recorded the reversal of reserve amortization of approximately $15 million. FPL's regulatory ROE for 2017 was approximately 11.08% and, for both 2016 and 2015, was 11.50%.

During 2017, FPL's operating revenues increased $1,077 million primarily related to increases of approximately $404 million in retail base revenues, $274 million in storm-related surcharge revenues and $262 million in fuel cost recovery revenues. During

2016, FPL's operating revenues decreased $756 million primarily related to decreases of approximately $755 million in fuel cost recovery revenues and $171 million in capacity clause revenues, partly offset by an increase of $154 million in retail base revenues.

Retail Base

FPL's retail base revenues for 2017 reflect the 2016 rate agreement and for 2016 and 2015 reflect the 2012 rate agreement. In December 2016, the FPSC issued a final order approving the 2016 rate agreement which became effective January 2017 and will remain in effect until at least December 2020, establishes FPL's allowed regulatory ROE at 10.55%, with a range of 9.60% to 11.60%, and allows for retail rate base increases in 2017, 2018 and upon commencement of commercial operations at the Okeechobee Clean Energy Center and certain solar projects. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2016 rate agreement.

Retail base revenues increased approximately $45 million in 2017 and $175 million in 2016 through a $216 million annualized retail base rate increase associated with the modernized Port Everglades power plant. In addition, the 2017 increase in retail base revenues reflects additional revenues of approximately $389 million related to new retail base rates under the 2016 rate agreement. In 2017 and 2016, retail base revenues were also impacted by decreases of 2.1% for each period in the average usage per retail customer and increases of 1.3% and 1.4%, respectively, in the average number of customer accounts. Despite generally favorable weather in 2017, usage per retail customer declined. Hurricane Irma contributed to the 2017 decrease in retail usage, resulting in a decrease in retail base revenues of approximately $60 million which represents a 1.0% decrease in retail base revenues. The decline in 2016 usage per retail customer was primarily due to milder weather and customer service interruptions as a result of hurricanes that impacted FPL's service territory in 2016 which had a modest negative impact on 2016 base revenue. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to certain solar and environmental projects and the unamortized balance of the regulatory asset associated with FPL's acquisition of certain generation facilities. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2017 and 2016 net overrecoveries were approximately $82 million and $94 million, respectively, and positively affected NEE's and FPL's cash flows from operating activities.

The 2017 increase in fuel cost recovery revenues primarily reflects a higher average fuel factor resulting in higher revenues of approximately $258 million. The 2016 decrease in fuel cost recovery revenues is primarily due to a decrease of approximately $737 million related to a lower average fuel factor. The 2017 increase in storm-related surcharge revenues relates to FPL's recovery of eligible storm restoration costs following hurricanes impacting FPL's service territory in 2016 and replenishment of the storm reserve for a 12-month period beginning on March 1, 2017. The 2016 decrease in capacity clause revenues was largely due to reductions in purchased power and capacity expenses associated with the capacity clause.

In 2017, 2016 and 2015, cost recovery clauses contributed approximately $120 million, $112 million and $103 million, respectively, to FPL's net income. The increases in 2017 and 2016 primarily relate to the acquisitions of certain generation facilities in 2017 and 2015, a portion of the costs of which were recovered through cost recovery clauses. In January 2017, FPL assumed ownership of a 330 MW coal-fired generation facility located in Indiantown, Florida (Indiantown generation facility) for a purchase price of approximately $451 million (including existing debt of approximately $218 million). In September 2015, FPL assumed ownership of the Cedar Bay generation facility and terminated its long-term purchased power agreement for substantially all of the facility's capacity and energy for a purchase price of approximately $521 million. FPL will recover the purchase price related to the Indiantown and Cedar Bay generation facilities and the associated income tax gross-up on Cedar Bay as regulatory assets which are being amortized over approximately nine years. See Note 1 - Rate Regulation for further discussion.

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense

Fuel, purchased power and interchange expense increased $245 million and decreased $979 million during 2017 and 2016, respectively. The increase for 2017 primarily relates to approximately $314 million of higher fuel and energy prices, partly offset by a decrease of $103 million in capacity fees related in part to the Indiantown generation facility long-term purchased power agreement after FPL assumed ownership of the Indiantown generation facility. The decrease in 2016 primarily relates to approximately $453 million of lower fuel and energy prices and $27 million related to lower energy sales. In addition, FPL recognized approximately $49 million and $220 million of deferred retail fuel costs in 2017 and 2015, respectively, compared to the deferral of $11 million of retail fuel costs in 2016. The decrease in 2016 also reflects lower capacity fees of approximately $267 million related in part to the termination of the Cedar Bay generation facility long-term purchased power agreement after FPL assumed ownership of the Cedar Bay generation facility.

Storm Restoration Costs
In December 2017, following the enactment of tax reform, FPL determined that it would not seek recovery of Hurricane Irma storm restoration costs through a surcharge from customers and, as a result, the regulatory asset associated with Hurricane Irma was written off. As allowed under the 2016 rate agreement, FPL used available reserve amortization to offset nearly all of the expense, and plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve.

Depreciation and Amortization Expense
The major components of FPL's depreciation and amortization expense are as follows:

	Years Ended December 31,		
	2017	2016	2015
		(millions)	
Reserve reversal (amortization) recorded under the 2016 and 2012 rate agreements	$ (1,250)	$ (13)	$ 15
Other depreciation and amortization recovered under base rates	1,608	1,366	1,359
Depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization	575	298	202
Total	$ 933	$ 1,651	$ 1,576

Depreciation expense decreased $718 million and increased $75 million during 2017 and 2016, respectively. The decrease in 2017 primarily reflects approximately $1,237 million of higher reserve amortization, partly offset by higher depreciation recovered under base rates due to higher rates as a result of the 2016 rate agreement, higher storm-recovery cost amortization related to the recovery of restoration costs from hurricanes that impacted FPL's service territory in 2016 and higher plant in service balances. The reserve amortization, or reversal of such amortization, reflects adjustments to accrued asset removal costs provided under the 2016 and 2012 rate agreements in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) accrued asset removal costs which is reflected in noncurrent regulatory liabilities on the consolidated balance sheets. At December 31, 2017, no amounts remain in accrued asset removal costs related to reserve amortization.

The increase in depreciation and amortization expense in 2016 primarily relates to higher amortization of a regulatory asset associated with the September 2015 acquisition of the Cedar Bay generation facility and higher depreciation related to higher plant in service balances, partly offset by the absence of 2015 amortization expenses associated with analog meters.

Taxes Other Than Income Taxes and Other
Taxes other than income taxes and other increased $103 million in 2017 primarily due to higher franchise and revenue taxes, neither of which impacts net income, as well as higher property taxes reflecting growth in plant in service balances.

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 4

Excerpts from August 4, 2016, Moray Dewhurst Deposition Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM, BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

TELEPHONIC DEPOSITION OF:	MORAY DEWHURST
TAKEN AT THE INSTANCE OF:	The Staff of the Florida Public Service Commission
PLACE:	Room 382D Gerald L. Gunter Building 2540 Shumard Oak Boulevard Tallahassee, Florida
TIME:	Commenced at 2:00 p.m. Concluded at 6:06 p.m.
DATE:	Thursday, August 4, 2016
REPORTED BY:	ANDREA KOMARIDIS Court Reporter and Notary Public in and for the State of Florida at Large

APPEARANCES:

CHARLES REHWINKEL, DEPUTY PUBLIC COUNSEL; ERIK L. SAYLER, ESQUIRE, Office of Public Counsel, c/o the Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida.

JESSICA CANO, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, appearing on behalf of Florida Power & Light Company.

ROBERT SCHEFFEL WRIGHT, ESQUIRE, Gardner Law Firm, 1300 Thomaswood Drive, Tallahassee, Florida 32308, appearing on behalf of the Florida Retail Federation and

JON C. MOYLE, JR., ESQUIRE, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Florida Industrial Power Users Group.

MARK F. SUNDBACK and WILLIAM M. RAPPOLT, ESQUIRES, Andrews Kurth LLP, 1350 I Street NW, Suite 1100, Washington, DC 20005, appearing on behalf of South Florida Hospital and Healthcare Association.

SUZANNE BROWNLESS, MARGO LEATHERS, ESQUIRES, General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the staff of the Florida Public Service Commission.

I N D E X

WITNESSES

NAME:	PAGE NO.
MORAY DEWHURST	
Examination by Ms. Leathers	5
Examination by Ms Brownless	8
Examination by Mr. Rehwinkle	48
Further Examination by Ms. Brownless	82
Examination by Mr. Sundback	83
Examination by Mr. Moyle	97
Examination by Ms. Cano	140

EXHIBITS

NUMBER:	ID
1 - Dividend payout stream, late-filed	119

*Huh-uh is a negative response

*Uh-huh is a positive response

situation and whether or not there might be any opportunities for NextEra in that situation.

Q Okay. And today is August 4th, I think, if my memory serves. I've lost track of time lately. And did the FPL -- I mean, NextEra announce some type of merger agreement with Encore last week?

A Yes. It's my understanding that the company is entered into a definitive agreement to acquire the Encore business. That agreement is, then, subject to a whole series of approvals, including regulatory approval and Bankruptcy Court approval.

Q Okay. Let me move away from that background information. I just want to touch on the storm-recovery aspect of your testimony. You answered some questions earlier about named storms to staff counsel.

And I want to ask you, if the named-storms restriction that is in the intent of the settlement agreement provision is brought forward and approved by the Commission as a stand-alone provision in this rate case, you would not object to the Commission making clear that that was a requirement of the storm-recovery mechanism, would you?

A No. That was our intent. That's our -- that's what we thought we were agreeing to at the time. That's what we intend to live by.

Q Okay. Very good.

And I know in your rebuttal testimony, you addressed some of the concerns that were raised by OPC Witness Schultz; is that right?

A I believe I did, yes. I'm trying to find the exact pages. I believe on 62 and 63 of my rebuttal --

Q Correct.

A -- I address the concerns that Mr. Schultz identified.

Q Okay. And I think that you -- you stated -- well, Mr. Schultz commented in his testimony that the prohibition in the settlement storm-recovery mechanism against rate-case-type inquiries and to the consideration of storm-restoration costs did not mean or should not mean that legitimate inquiry into the prudence, reasonableness, method of recovery of the submitted storm-restoration costs could not occur; is that correct?

A That's correct.

Q Okay.

A And I agree that the prudence is a separate issue. In 2006, we had discussions about the prudence of restoration costs that had been incurred in 2004 and 2005, but there was no application of what I would call any earnings test or consideration of where FPL, then, was in its earnings band. And what's what the provision in the settlement agreement was designed to prevent.

Q Okay. And that's what I wanted to make sure I understood.

If there was an assertion that the Commission or the parties were wanting to test that -- that you were submitting, hypothetically, employee costs for double recovery, i.e., they got it in their payroll and it was recovered in rates and then, they asked for it separately, that -- that hypothetical situation -- that would be fair game, if you will, in a regulatory proceeding dealing with the appropriate level of restoration-costs recovery. Would that be right?

MS. CANO: I'm going to object to the form. Just ambiguous, hard to follow.

A Okay. I think I can answer that by way of saying that, I think, the example that you're giving of, you know, how employees' time is recorded was a specific issue in 2006 and was debated at that time. And so, no, we are not precluding that kind of discussion.

Q Okay.

A But again -- excuse me.

Q Yes, sir.

A That -- that discussion should not be conditioned upon where FPL is at that point in time in its earnings band. It should be a function of FPL demonstrating or failing to demonstrate that the costs incurred were prudently incurred in achieving the restoration of the service to our customers.

Q And to follow up on that, I -- I -- I think the intent of the provision, if you can agree with me, is that the -- if there are offsetting costs, for example, maybe you had an efficiency measure that saved $30 million unrelated to storm costs, that would not be allowed as an offset to consideration about whether you were -- to get recovery of, you know, say $410 million of storm damage, right?

A Yes, I agree with that. Those would be separate issues and the discussion of the -- in your instance, 400 some million should be limited to the prudence of the activities that led to the incurring of those costs.

Q Okay. And I -- so, that's your understanding of how the mechanism should work and the -- the kind of the bright line, if you will, about what can and can't be addressed in a storm-restoration mechanism proceeding?

A Correct.

Q Okay. So, if the Commission were to clarify or to put some bounds around that, if they were to

approve the storm-recovery mechanism, you would not find that offensive, correct?

A Not if it had the intent that I just described, no.

Q Okay. Thank you. All right. We can move away from the storm recovery.

And I want to ask you, if the Commission were to prescribe a 55-percent equity ratio in terms of investor-supplied funds, would -- and set rates based on that, would such a decision impact FPL's cash flow relative to the proposal that you have brought forward to the Commission?

A Yes, it would reduce cash flow.

Q Okay. Does NextEra use cash flows that are not needed for FPL operations for general corporate purposes?

A No, directly; indirectly, in the sense that, to the extent that FPL is in a position to declare a dividend, then dividends are passed up from FPL to its shareholder, you know, consistent with normal rights of ownership.

But the cash that FPL controls is controlled completely separately. So, FPL maintains its own balance sheet. It maintains its own cash accounts. It maintains its own lines of credit, et cetera. They are

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 8th day of August, 2016.

ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #EE866180
EXPIRES FEBRUARY 09, 2017

CERTIFICATE OF OATH

STATE OF FLORIDA

COUNTY OF PALM BEACH

I, the undersigned authority, certify that Moray Dewhurst personally appeared before me at 700 Universe Blvd., Juno Beach, FL 33408, and was duly sworn by me to tell the truth.

WITNESS my hand and official seal in the City of Juno Beach, County of Palm Beach, State of Florida on this 4th day of August, 2016.

Jacqueline S Bussey

Notary Public, State of Florida at Large

My commission Expires:

JACQUELINE S. BUSSEY
MY COMMISSION # FF 103317
EXPIRES: July 18, 2018
Bonded Thru Notary Public Underwriters

Personally known ✓ OR produced identification ______.

Type of identification produced ____________________.

5260560

ERRATA SHEET

DO NOT WRITE ON TRANSCRIPT - ENTER CHANGES HERE

IN RE: DOCKET NOS.: 160021-EI, 160061-EI, 160062-EI, 160088-EI

NAME: MORAY DEWHURST

DATE: August 4, 2016

PAGE/LINE	CORRECTION/AMENDMENT	REASON FOR CHANGE
SEE	ATTACHED	DETAIL

Under penalties of perjury, I declare that I have read my deposition and that it is true and correct, subject to any changes in form or substance entered here.

Aug 15 2016
DATE

Moray P. Dewhurst
MORAY DEWHURST

Docket No. 160021-EI
Errata to the Deposition of Moray Dewhurst
August 16, 2016

ERRATA TO THE DEPOSITION OF MORAY DEWHURST

PAGE/LINE	CORRECTION/AMENDMENT	REASON FOR CORRECTION
6 / 19	Change "fallen" to "formed"	transcription error
7 / 15	Change "recovery, the cost" to "recovery, of the costs"	transcription error
18 / 13	Change "had it been" to "we have to be"	clarification
22 / 4	Add "It would drive up the cost of financing if it did not prevent us from financing altogether." after "Yes, certainly."	clarification
39 / 5	Change "ordinate" to "subordinate"	transcription error
39 / 23	Change "profile being that of" to "profile being different from that of"	transcription error
40 / 11	Change "I think, serve the customers" to "I think, and it has served our customers"	clarification
41 / 19	Add "Edison" before "Electric Institute"	transcription error
42 / 13	Complete sentence with a "?"	transcription error
44 / 2	Change "program" to "element"	transcription error
46 / 6	Change "we go at it" to "we have another go at it"	transcription error
54 / 20; 54 / 25; 55 / 6, 9	Change "Encor" to "Oncor"	transcription error
54 / 24	Change "fait to "state"	transcription error
64 / 22	Change "an" to "and"	transcription error
65 / 6	Change "competence" to "competent"	transcription error

Docket No. 160021-EI
Errata to the Deposition of Moray Dewhurst
August 16, 2016

65 / 9	Change "consistent" to "inconsistent"	transcription error
66 / 18	Change "has" to "had"	transcription error
93 / 24	Change "and" to "in"	transcription error
97 / 22; 98 / 3, 7, 17; 99 / 4, 16-17	Capitalize "energy resources"	clarification
105 / 19	Change "in" to "as"	transcription error
107 / 7	Change "requires" to "implies"	transcription error
108 / 8, 20	Change "Everett's" to "Hevert's"	transcription error
110 / 19-20	Change "I've known there are schedules to review." to "There is no regular, scheduled review."	transcription error
112 / 10	Change "Different" to "With different"	transcription error
124 / 15	Change "And the rates" to "And their customer rates"	clarification
129 / 13	Change "Eco" to "HECO"	transcription error

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 5

Excerpts from August 25, 2016, Hearing Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY
_______________________________/

DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY, FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM, BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

VOLUME 20
PAGES 2382 THROUGH 2576

PROCEEDINGS:	HEARING
COMMISSIONERS PARTICIPATING:	CHAIRMAN JULIE I. BROWN COMMISSIONER LISA POLAK EDGAR COMMISSIONER ART GRAHAM COMMISSIONER RONALD A. BRISÉ COMMISSIONER JIMMY PATRONIS
DATE:	Thursday, August 25, 2016
TIME:	Commenced at 7:44 p.m. Concluded at 11:04 p.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida
REPORTED BY:	ANDREA KOMARIDIS Court Reporter
APPEARANCES:	(As heretofore noted.)

I N D E X

WITNESSES

NAME: PAGE NO.

ROBERT HEVERT

Continued Examination by Mr. Rappolt 2385
Examination by Ms. Brownless 2400
Redirect Examination by Mr. Litchfield 2427

MORAY P. DEWHURST

Direct Examination by Mr. Litchfield 2445
Prefiled direct testimony inserted 2447
Examination by Ms. Brownless 2480
~~Redirect~~ Continued Examination by Mr. Litchfield 2482
Examination by Mr. Moyle 2485
Examination by Mr. Rehwinkel 2517
Examination by Mr. Sundback 2529

EXHIBITS

NUMBER:	ID	ADMITTED
124 through 133 (as identified on comprehensive exhibit list)		2437
656 through 657 (as identified in a previous volume)		2437
675 (as identified in a previous volume)		2440
676 through 681 (as identified in a previous volume)		2441
683 through 684 (as identified in a previous volume)		2441
685 - Hevert Work Papers Chart No. 5	2389	2441
686 - excerpt from FPL Witness Hevert's direct testimony before the Missouri Public Service Commission	2390	2442
687 - excerpt from FPL Witness Hevert's direct testimony before the PUC of Texas, Docket No. 3848	2394	2443
688 - FPL's responses to staff's 36 set of interrogatories, No. 424	2401	2443
689 - CAPM application and theory per new regulatory finance by Roger A. Morin, Ph.D.	2408	2443
690 - Direct testimony of Woolridge	2414	2443
691 - U.S. Department of Treasury historical 30-year treasury rates	2415	2443
692 - Mr. Hevert's direct testimony in the Tampa Electric rate case, 130040	2417	2443
693 - utility comparison of nuclear power and percent and natural gas power	2499	
694 - equity-ratio comparison	2499	
695 - 50-basis-point adder	2500	
696 - Chart 1, Page 19 from O'Donnell testimony	2525	
697 - excerpt from a NextEra Energy, November 8th through 11th, 2015, investor presentation	2538	
698 - excerpt from NextEra Energy's 2015 SEC Form 10K	2540	
699 - excerpt from a NextEra Energy June 16th, 2015, Europe 2015, investor presentation	2554	
700 - article by Dewhurst at U.S. Power Conference	2569	

- MD-1 MFRs and Schedules Sponsored and Co-sponsored by Moray P. Dewhurst
- MD-2 FPL's Virtuous Circle
- MD-3 Regional Comparison: ROE and Key Performance Metrics

Q. Are you sponsoring or co-sponsoring any Minimum Filing Requirements ("MFRs") filed in this case?

A. Yes. Exhibit MD-1 shows my sponsorship and co-sponsorship of MFRs.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support key financial elements of FPL's base rate case filing. Specifically, my testimony supports the continued use of FPL's current capital structure as appropriate to meet future requirements and the 11 percent Return on Equity ("ROE") recommended by FPL witness Hevert, as an appropriate ROE. In addition, my testimony supports the adoption of an ROE performance adder of 50 basis points ("bps") for setting rates and the continued use of the Company's current storm cost recovery mechanism.

Q. Please summarize your testimony.

A. FPL has been successful over a sustained period of time in executing its strategy of seeking continuous, incremental improvement in its customer value proposition. This strategy is discussed by FPL witness Silagy, and many of the operational improvements that have resulted from it are discussed by other FPL witnesses. As a result, today FPL's customers enjoy what is surely the best value proposition in the state, combining relatively low bills with high reliability, excellent customer service, and the lowest emissions rate in the state. At the same time, FPL has delivered good financial results for its investors, which in turn has ensured that FPL has ready access to the financial resources to execute its strategy. All of these efforts are consistent with the "Virtuous Circle" methodology depicted on Exhibit MD-2, which has guided FPL's strategy for many years and about which I have testified in the past.

One important aspect of FPL's strategy has been the consistent maintenance of a core set of financial policies, which have ensured that the Company has access to the financial resources it needs at very competitive prices to execute its capital programs, to manage its liquidity needs, and to maintain the flexibility to respond rapidly to unexpected changes in the external environment – all of which are necessary to deliver superior customer value. FPL's principal financial policies have focused on maintaining:

- A strong overall financial position;
- A balanced capital structure;
- Ready access to sufficient liquidity to support fluctuations in cash flow;
- Competitive returns to investors to compensate them for the use of their capital; and
- A mechanism for managing the financial impacts of storm restoration efforts.

These financial policies have served FPL and its customers extremely well. Among the 15 major investor-owned utilities ("IOUs") providing service in the Southeast United States, FPL ranks number one in three important categories: (i) FPL's typical residential bill is the lowest; (ii) FPL's non-fuel O&M cost per MWh is the lowest; and (iii) FPL's carbon dioxide emissions rate is the lowest. Additionally, FPL received the ReliabilityOne™ Award for Outstanding Reliability Performance among large utilities in the Southeast region, and FPL's customer satisfaction score in the JD Power analysis is the second highest in the region. These comparisons are shown on Exhibit MD-3. At the same time, FPL has represented for investors a high-quality and attractive investment opportunity, thus ensuring ready and consistent access to the capital needed to execute FPL's strategy.

Given the demonstrated success of both FPL's overall strategy and the financial policies that have underpinned it, there is no reason to make major changes at this time. FPL's filing proposes a continuation of the successful policies of the past, updated to reflect today's market conditions, to support a continued strategy of improving the customer value proposition. Specifically, (i) the continued use of FPL's historical capital structure, (ii) the provision of an allowed ROE consistent with current capital market conditions, and (iii) the provision of a suitable mechanism for the prompt recovery of prudently incurred storm restoration costs are three major elements that will continue to support FPL's ability to improve its already excellent customer value proposition.

In addition, the provision of a 50 bps ROE adder is appropriate for important policy reasons. Such an incentive would send a strong signal, not just to FPL but also to investors and other stakeholders, of the importance of consistently seeking to improve value delivery for customers and of being willing to innovate and take risks in pursuit of superior outcomes for customers.

II. THE ROLE AND IMPORTANCE OF A STRONG FINANCIAL POSITION

Q. What have been FPL's financial policies?

A. In broad terms, the financial policies FPL has employed for well over a decade have emphasized the importance of a strong financial position and the benefits it provides customers. To that end, and recognizing the Company's specific challenges, FPL has maintained ample liquidity, employed a balanced capital structure consistent with other financially strong utilities, sought authorization for and delivered a competitive ROE consistent with its risk profile and market factors, and sought authorization for and utilized storm cost recovery mechanisms that support quick service restoration for customers.

Q. What have been the results of these financial policies?

would likely have the effect of increasing investor focus on customer value, and result in investors urging utility management to improve customer value in hopes of earning a higher authorized return. This effect would tighten the linkage between the long-term interests of investors and customers.

VII. STORM COST RECOVERY

Q. Is FPL requesting a storm accrual in this proceeding?

A. No. FPL is not requesting a storm accrual in this proceeding.

Q. How does FPL propose to address storm recovery in this proceeding?

A. FPL proposes to continue to recover prudently incurred storm costs under the framework prescribed by the 2010 Rate Settlement, and continued by the 2012 Rate Settlement. Specifically, if FPL incurs storm costs related to a named tropical storm, the Company may begin collecting up to $4 per 1,000 kWh (roughly $400 million annually) beginning 60 days after filing a petition for recovery with the FPSC. This interim recovery period will last up to 12 months. If costs related to named storms exceed $800 million in any one year, the Company can also request that the Commission increase the $4 per 1,000 kWh accordingly. This cost recovery mechanism also would be used to replenish the Company's storm reserve in the event that it was fully depleted by storm costs. Any cost not recovered under this mechanism is deferred on the balance sheet and recovered beyond the initial 12 months as determined by the Commission.

Q. Is this proposal a departure from prior FPL positions on this issue?

A. Yes. Prior to the 2010 Rate Settlement, the Commission employed a regulatory framework for storm cost recovery consisting of three main parts: (1) an annual storm accrual, adjusted over time as circumstances change; (2) a storm damage reserve adequate to accommodate most but not all storm years; and (3) a provision for utilities to seek recovery of costs that went beyond the storm reserve. These three parts acting together allowed FPL over time to recover the full costs of storm restoration, while at the same time balancing competing customer interests: that is, minimizing and mitigating the ongoing impact as much as possible, softening the impact to customer bills because the reserve may have been insufficient, and intergenerational equity.

Q. Why is FPL not proposing in this proceeding to use a framework that has proven successful in the past?

A. As a former CFO with direct experience of the impact on FPL's financial position of multiple major tropical systems, I still believe the approach taken prior to 2009 is the best compromise that balances multiple and sometimes conflicting objectives. However, I understand that not everyone agrees and that several intervenors have indicated that they prefer not to contribute to a regular accrual. Thus, FPL has essentially taken this issue off the table and proposes to continue, for the four-year term of FPL's rate proposal, the alternative cost recovery framework that was approved in the 2010 Rate Settlement and continued by the 2012 Rate Settlement.

Q. Does the alternative cost recovery framework eliminate all risk?

A. No. In the event of significant storm damage FPL will have access to a storm reserve smaller than it otherwise would have been, and the resulting supplemental charge will be larger and/or will last longer than it otherwise might have. The lack of an adequate storm reserve underscores the need for a strong balance sheet to quickly access capital. FPL continues to believe that the best long term policy is to revert to the traditional proven framework and reinstitute an annual accrual, recovered through rates, to the storm reserve. From a financial or actuarial standpoint, over a period of years, storm restoration costs are an entirely foreseeable and legitimate exposure associated with operating in a geography like Florida and are properly recoverable through base rates.

Q. Does this conclude your testimony?

A. Yes.

MR. MOYLE: -- Madam Chair.

CHAIRMAN BROWN: Thank you.

Staff, are you done?

MS. BROWNLESS: That's all. Thank you so much.

CHAIRMAN BROWN: Thank you.

CONTINUED EXAMINATION

BY MR. LITCHFIELD:

Q Mr. Dewhurst, would you, now, provide a summary of your direct testimony for the Commission.

A Yes.

Good evening, Commissioners, Madam Chair. My direct testimony addresses the related areas of financial strength, risk profile, capital structure, and return on equity. I also propose the implementation of an ROE performance adder. And I support the continuation of the storm cost-recovery mechanism that's part of the current settlement agreement.

With respect to financial strength, risk, capital structure, and ROE, the essence of my testimony is simple. FPL has maintained a consistent set of financial policies for many years. These policies have been integral to our overall strategy and have served FPL and its customers well, as reflected in our overall delivery of customer value. There is no reason to change these policies at this time.

Our financial policies include the maintenance of a strong overall financial position, a balance capital structure with roughly 60 percent of investor-sourced funds in the form of equity, ready access to sufficient liquidity to meet potentially large needs for cash, competitive returns to investors to compensate them for the use of their capital, and a mechanism for managing the financial impacts of storm-restoration efforts.

Maintaining our current capital structure, coupled with the provision of an adequate ROE consistent with current capital-market conditions as reflected in Witness Hevert's analysis, and the continuation of the storm cost-recovery mechanism like the one contained in our current settlement agreement will enable us to maintain our current strategy and to continue our strong track record of delivering superior value to our customers.

With respect to the ROE performance adder, our proposal would represent good policy, aligning well with the principle that regulation should serve as a surrogate for competition, and would send a strong signal to FPL, to its investors, and to others of the importance of striving to deliver superior customer value.

The concept of the adder is justified by sound regulatory principles. Its applicability to FPL today is warranted by the superior value FPL is delivering to its customers, as reflected in the overall combination of low bills, higher reliability, excellence in customer service, and low emissions that characterize FPL's position today.

That completes my summary. Thank you.

CHAIRMAN BROWN: Um --

MR. LITCHFIELD: Mr. Dewhurst is available for cross examination.

CHAIRMAN BROWN: Thank you.

MR. LITCHFIELD: You had a question right out of the gate, didn't you?

(Laughter.)

CHAIRMAN BROWN: Thank you.

Good -- good evening, Mr. Dewhurst.

THE WITNESS: Good evening.

CHAIRMAN BROWN: Mr. Rehwinkel?

MR. REHWINKEL: I've been told there was a deal.

CHAIRMAN BROWN: Okay. That -- that applies -- the deal applies for this witness as well. Okay. And the deal is that FIPUG would go

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 6

October 2, 2018, Direct Testimony of Ralph Smith, CPA

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for Florida Power & Light Company.	DOCKET NO. 20180046-EI FILED: October 2, 2018

DIRECT TESTIMONY

OF

RALPH SMITH, CPA

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

J. R. Kelly
Public Counsel

Patty Christensen
Associate Public Counsel

Stephanie Morse
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Attorneys for the Citizens
of the State of Florida

TABLE OF CONTENTS

I. INTRODUCTION 1

II. QUANTIFICATION, CLASSIFICATION AND APPLICATION OF EXCESS ACCUMULATED DEFERRED INCOME TAXES 3

III. 2018 INCOME TAX SAVINGS IN BASE RATES RELATED TO THE REDUCTION IN THE FEDERAL INCOME TAX RATE TO 21 PERCENT 13

IV. WHETHER A PRIVATE LETTER RULING ("PLR") SHOULD BE REQUIRED, AND ISSUES RELATED TO A PLR REQUEST 15

V. FINDINGS AND RECOMMENDATIONS 17

DIRECT TESTIMONY

OF

RALPH SMITH

On Behalf of the Office of Public Counsel

Before the

Florida Public Service Commission

20180046-EI

I. INTRODUCTION

Q. WHAT ARE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS?

A. My name is Ralph Smith. I am a Certified Public Accountant licensed in the State of Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan, 48154.

Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.

A. Larkin & Associates, PLLC, ("Larkin") is a Certified Public Accounting and Regulatory Consulting Firm. The firm performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin has extensive experience in the utility regulatory field as expert witnesses in over 600 regulatory proceedings, including numerous electric, water and wastewater, gas and telephone utility cases.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION?

A. Yes, I have testified before the Florida Public Service Commission ("FPSC" or "Commission") previously. I have also testified before several other state regulatory commissions.

Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. I have attached Exhibit RCS-1, which is a summary of my regulatory experience and qualifications.

Q. ON WHOSE BEHALF ARE YOU APPEARING?

A. Larkin & Associates, PLLC, was retained by the Florida Office of Public Counsel ("OPC") to review the impacts on public utility revenue requirements due to the Tax Cuts and Jobs Act of 2017 ("TCJA" or "2017 Tax Act"). My testimony addresses the impacts of the TCJA on Florida Power & Light Company ("FPL" or "Company") on behalf of the OPC. Accordingly, I am appearing on behalf of the Citizens of the State of Florida.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I am presenting OPC's recommendations regarding certain aspects of the TCJA impacts on the Company. In this testimony, I address TCJA impacts on FPL.

Q. WHAT INFORMATION DID YOU REVIEW IN PREPARATION OF YOUR TESTIMONY?

A. I reviewed the Company's filing, including the direct testimony and exhibits. I also reviewed the Company's responses to OPC's formal and informal discovery and other materials pertaining to the TCJA and its impacts on the Company. In addition, I reviewed Rule 25-14.011, Florida Administrative Code ("F.A.C."), concerning procedures for processing requests for rulings to be filed with the Internal Revenue Service ("IRS").

Q. PLEASE DESCRIBE HOW THE REMAINDER OF YOUR TESTIMONY IS ORGANIZED.

A. After this introduction (Section I), I address the TCJA impacts related to each of the following issues:

- In Section II, I address the amount and recommended treatment of "Protected" and "Unprotected" Excess Accumulated Deferred Income Taxes ("EADIT").
- In Section III, I address the amount of estimated 2018 income tax savings in base rates related to the reduction in the federal income tax rate to 21 percent.
- In Section IV, I address whether a Private Letter Ruling ("PLR") should be required for the Company, and issues related to a PLR request.
- In Section V, I summarize my findings and recommendations.

II. QUANTIFICATION, CLASSIFICATION AND APPLICATION OF EXCESS ACCUMULATED DEFERRED INCOME TAXES

Q. WHAT ARE ACCUMULATED DEFERRED INCOME TAXES ("ADIT")?

A. ADIT is a source of cost-free capital to reflect that the utility collects money from ratepayers for Deferred Income Tax Expense and holds onto that money prior to eventually paying the income taxes to the government. ADIT results from differences between book and tax accounting. ADIT is referred to as Accumulated Deferred Income Taxes to recognize that these balances typically build up (or accumulate) over time, e.g., as tax deductions exceed corresponding book expense. One primary source of ADIT results from claiming accelerated tax deductions. The tax depreciation deductions on public utility property typically occur on an accelerated basis (i.e., method differences) and over a shorter period (i.e., life differences) than book depreciation accruals relating to the original cost of the public utility property. These types of differences between book and tax depreciation are referred to as "method/life" differences. Unlike many other types of book-tax differences, the tax depreciation "method/life" differences are subject to normalization requirements under Sections 167 and 168 of the Internal Revenue Code.

Q. WHAT ARE "EXCESS" ACCUMULATED DEFERRED INCOME TAXES ("EXCESS ADIT" OR "EADIT")?

A. Regulated public utilities will be required to identify the portions of their ADIT balances that represent "excess" ADIT based on recalculations using the difference between the old federal corporate income tax ("FIT") rate (typically 35%) under which the ADIT was originally accumulated and the new FIT rate of 21% provided for in the TCJA. Basically, the utility's ADIT must be revalued at the new FIT rate (as if it had always been applicable) and the amounts that have been accumulated using the federal income tax rates that are higher than the current 21% rate will represent "excess" ADIT.

Q. WHAT AMOUNT OF EXCESS ACCUMULATED DEFERRED INCOME TAXES ("EADIT") DOES FPL SHOW?

A. FPL shows a total EADIT net liability of $3.241 billion. A summary of this is presented on Exhibit RCS-2, which reproduces in summary format the contents of an Excel file that was provided to OPC by FPL after on-site discussions. The Company indicates it will true-up these estimates after filing its 2017 tax return in October 2018. The total EADIT net liability of $3.241 billion consists of a property-related (account 282) EADIT liability of approximately $3.084 billion and a non-property related net EADIT liability of approximately $157.4 million.

Q. HOW HAS FPL CLASSIFIED THE PROPERTY-RELATED EADIT BETWEEN "PROTECTED" AND "UNPROTECTED"?

A. In its response to OPC Production of Documents (POD) No. 10, FPL shows a property-related (account 282) EADIT liability of $3.084 billion, of which FPL indicates $2.382 billion is "protected" and $701.4 million is "unprotected". FPL indicates that it tracks these property-related EADIT amounts in PowerTax (FPL's computer tax program).

Q. HOW HAS FPL CLASSIFIED THE NON-PROPERTY-RELATED EADIT BETWEEN "PROTECTED" AND "UNPROTECTED"?

A. As noted above, FPL shows an "other" EADIT liability (for EADIT tracked by FPL outside of PowerTax) of $157.4 million. A summary of these items is shown on Exhibit RCS-2, attached to my testimony. The "other" EADIT liability has been classified by FPL as "unprotected" except for the following two items:

- a $36.145 million EADIT liability for Florida bonus depreciation[1] and
- a $57.5 million EADIT asset for "Depreciation Protected - ICL"[2]

Q. DO THE EADIT AMOUNTS INCLUDE A TAX "GROSS-UP"?

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[1] See "Code" items DEP118, DEP133 and DEP134 on Exhibit RCS-2.

[2] This relates to FPL's acquisition of an Indiantown CoGeneration facility (referred to as "ICL"); see "Code" items DEP101 on Exhibit RCS-2.

A. Yes. The amounts listed above include the "gross up" amount. The EADIT resulting from the tax rate change is increased or "grossed up" for the current income tax rate. The "grossed up" amount of the EADIT regulatory liability (or asset) will then be amortized and subject to income taxes at the current rate; therefore, the net income impact equals the amortized tax benefit.

Q. HOW DO IRS NORMALIZATION REQUIREMENTS AFFECT THE CATEGORIZATION OF ADIT AND EXCESS ADIT?

A. IRS normalization requirements will apply to the portion of the property-related ADIT that relates to the use of accelerated tax depreciation (including bonus tax depreciation). This will result in two general categories of excess ADIT: (1) "protected" (i.e., related to the use of accelerated tax depreciation and subject to the normalization requirements) and (2) "unprotected" property and non-property related excess ADIT (which is not subject to normalization requirements and for which the amortization or application is up to the discretion of the Commission).

Q. HOW DOES THE CATEGORIZATION OF "PROTECTED" OR "UNPROTECTED" AFFECT THE AMORTIZATION OF THE EADIT?

A. The 2017 Tax Act provides that the Average Rate Assumption Method ("ARAM") must be used for the "protected" portion of the EADIT. The flow back of the "protected" excess ADIT, therefore, must follow the prescribed method to comply with normalization requirements. In contrast, the flow back of the "unprotected" portion of the excess ADIT will be up to the discretion of the Commission. "Unprotected" ADIT is not subject to normalization requirements. The "unprotected" ADIT will be revalued at the lower 21% tax rate, creating balances of excess "unprotected" ADIT that can be flowed back to customers over amortization periods to be determined by the Commission, or applied in some other manner to be determined by the Commission (e.g., such as for the recovery of regulatory assets).

Q. DO YOU AGREE WITH FPL'S CLASSIFICATION OF THE EADIT BETWEEN THE "PROTECTED" AND "UNPROTECTED" CATEGORIES?

A. I have no disagreement with the Company's updated classification of EADIT. However, I note that the guidance provided in the TCJA and in previous IRS rulings presents some degree of uncertainty as to the classification of the EADIT related to at least one of the large book-tax differences, specifically to the EADIT relating to cost of removal/negative net salvage.

Q. WHAT IS THE APPROPRIATE DISPOSITION OF THE "PROTECTED" EADIT?

A. The "protected" EADIT should be reversed using an ARAM if the utility has the available information to calculate the ARAM, or via another appropriate method that complies with normalization requirements, if the Company does not have the information to compute the ARAM. FPL has the information needed for the ARAM calculations, so it should use the ARAM for its "protected" EADIT.

Q. ARE YOU CONTESTING THE AMOUNTS ASSOCIATED WITH THE COMPANY'S PROPOSED EADIT?

A. No. The Company has indicated that its EADIT amounts are estimates and are subject to correction after it files its 2017 tax return in October. I have accepted the Company's amounts as reasonable estimates, subject to the later true up.

Q. WHAT AMORTIZATION DOES FPL PROPOSE FOR ITS PROPERTY-RELATED "PROTECTED" AND "UNPROTECTED" EADIT?

A. FPL is proposing to use ARAM for both the "protected" and "unprotected" property-related EADIT.

Q. DO YOU AGREE WITH FPL'S PROPOSAL TO APPLY THE ARAM FOR THE "PROTECTED" PORTION OF ITS PROPERTY-RELATED EADIT?

A. Yes, I do. Application of the ARAM for the "protected" EADIT is required by the Internal Revenue Code and TCJA. I agree with FPL's proposal to use the ARAM, but only for the "protected" EADIT. As explained below, I disagree with FPL's proposal to apply the ARAM to "unprotected" EADIT.

Q. DO YOU AGREE WITH FPL'S PROPOSAL TO APPLY THE ARAM FOR THE "UNPROTECTED" PORTION OF ITS PROPERTY-RELATED EADIT?

A. No, I do not. There is no Internal Revenue Code or TCJA requirement that the "unprotected" EADIT must be amortized using the ARAM. The amortization of FPL's "unprotected" EADIT is up to the discretion of the Commission. Since this EADIT is by definition "excess" (meaning amounts that are in excess, or more than needed, based on the current federal corporate income tax rate of 21 percent) and the balance is a liability (meaning the amounts are being held by the Company and should be returned to ratepayers), a shorter amortization period should be considered.

Q. DO YOU HAVE A RECOMMENDATION FOR THE AMORTIZATION OF THE "UNPROTECTED" PORTION OF FPL'S PROPERTY-RELATED EADIT?

A. Yes. I recommend that FPL's "unprotected" property-related EADIT be amortized over ten years on a straight-line basis. A ten-year straight-line amortization period for "unprotected" EADIT is being used by another Florida regulated utility, Tampa Electric Company[3], and is a reasonable period for returning these excess amounts to customers. In addition, Duke Energy Florida has agreed to flow back its "unprotected" EADIT over a maximum period of 10 years pursuant to a 2017 settlement.[4] Moreover, Gulf Power Company agreed to return its entire "unprotected" property-related EADIT in 2018.[5] Thus, a ten-year flow back is reasonable for FPL to return this money to its ratepayers.

Q. WHAT ANNUAL AMORTIZATION OF THE "UNPROTECTED" PORTION OF FPL'S PROPERTY-RELATED EADIT IS PRODUCED BY A TEN-YEAR STRAIGHT-LINE AMORTIZATION?

A. Amortizing the "unprotected" property-related EADIT liability of $701,315,829 over ten years produces an annual amortization amount of $70,131,583.

Q. HOW DO THE RESULTS OF A 10-YEAR AMORTIZATION OF THE "UNPROTECTED" PROPERTY-RELATED EADIT COMPARE WITH FPL'S PROPOSED 2018 ARAM-BASED AMORTIZATION FOR THAT EADIT?

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[3] In re: Consideration of the Tax Impacts Associated with Tax Cuts and Jobs Act of 2017 for Tampa Electric Company, Order No. PSC-2018-0457-FOF-EI, issued September 10, 2018, in Docket No. 20180046-EI at p. 5.

[4] In re: Application for Limited Proceeding to Approve 2017 Second Revised and Restated Settlement Agreement, including Certain Rate Adjustments, by Duke Energy Florida, LLC., Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, et. al., at p. 40.

[5] In re: Consideration of the Stipulation and Settlement Agreement Between Gulf Power Company, the Office of Public Counsel, Florida Industrial Power Users Group, and Southern Alliance for Clean Energy Regarding the Tax Cuts and Jobs Act of 2017, Order No. PSC-2018-0180-FOF-EI, issued April 12, 2018, in Docket No. 20180039-EI, at pp. 11-12.

A. Using a ten-year straight line amortization of FPL's "unprotected" property-related EADIT liability would increase the 2018 amortization amount by approximately $41.46 million, as summarized in the following table:

Florida Power & Light Co & Subs Unprotected Property-Related EADIT		Amount	Source
EADIT Liabiltiy Amount	$	701,315,829	Ex. RCS-1
Annual Amortization			
OPC proposed 2018 amortization (10 year straight line basis)	$	70,131,583	EADIT / 10 years
FPL proposed 2018 amortization using ARAM		28,671,032	Ex. RCS-1
Increased 2018 EADIT amortization using 10-year vs ARAM	$	41,460,551	

Q. HOW HAS FPL CLASSIFIED THE EADIT RELATED TO COST OF REMOVAL/NEGATIVE NET SALVAGE?

A. As shown on FPL's response to OPC POD No.10, FPL has identified an EADIT net asset of approximately $20 million for cost of removal/salvage in its property-related EADIT. FPL has classified that EADIT as "protected" in its response to OPC POD No. 10. FPL's response to OPC Interrogatory No. 29(a) provides an additional explanation of FPL's reasoning for classifying the EADIT for cost of removal as "protected." Later in my testimony, I discuss the potential need to request a Private Letter Ruling from the IRS related to the cost of removal component of EADIT.

Q. WHAT DOES THE COMPANY PROPOSE FOR THE AMORTIZATION OF THE NON-PROPERTY EADIT?

A. As explained in Company witness Bores' testimony at page 7, FPL proposes to apply what it refers to as the "Reverse South Georgia Method" ("RSGM") to its non-property EADIT. At page 7 of his Direct Testimony, FPL witness Bores states the RSGM provides for the turnaround of the "unprotected" EADIT on a straight-line basis over the estimated remaining life of the related assets and liabilities.

Q. DO YOU AGREE WITH APPLYING A STRAIGHT-LINE METHOD FOR AMORTIZING THE "UNPROTECTED" EADIT?

A. Yes. Amortizing the "unprotected" EADIT using a straight-line method is a straightforward approach that is simple to administer.

Q. IS IT NECESSARY THAT THE "UNPROTECTED" EADIT BE FLOWED BACK OVER A PERIOD SIMILAR TO HOW THE ADIT WOULD HAVE FLOWED BACK IN THE ABSENCE OF THE TCJA?

A. No. The amortization of the "unprotected" EADIT is subject to the discretion of the Commission. There is no need to allow utilities to hold "unprotected" EADIT amounts for decades into the future. As described above, the EADIT amounts are "excess" and, if in a liability position (i.e., if they represent amounts owed to customers), these amounts should be flowed back over a quicker period. This quicker flow back reduces intergenerational inequity by returning the money to the customers who paid the higher tax rates rather than stretching the timeframe into the future for the benefit of customers who may never have paid for the "excess" ADIT. I am recommending amortization periods that are no longer than ten years as the flow back period for FPL's "unprotected" EADIT balances.

Q. HAS THE COMPANY PROVIDED A DETAILED SCHEDULE SHOWING ITS PROPOSED AMORTIZATION OF THE NON-PROPERTY EADIT?

A. Yes. The Company provided OPC with an Excel file that presents a summary of the periods for which FPL proposes to amortize the non-property EADIT. Those periods are also shown in the "Turn Period (Years)" column of Exhibit RCS-2.

Q. REFERRING TO THE INFORMATION SHOWN IN THE "TURN PERIOD (YEARS)" COLUMN OF EXHIBIT RCS-2, ARE YOU RECOMMENDING ALTERNATIVE AMORTIZATION PERIODS FOR SOME OF FPL'S NON-PROPERTY RELATED "UNPROTECTED" EADIT?

A. Yes. In general, I am not taking issue with the accrual/reversal items of non-property related EADIT. FPL indicates those items will reverse in one year; thus, the "turn period" proposed by FPL is one year. I agree with FPL's use of a one-year "turn period" for EADIT for such accrual/reversal type items.

In addition, I am not recommending alternative amortization periods for the other "unprotected" non-property EADIT for which FPL shows a "turn period" of up to ten years. There are several "unprotected" EADIT items which FPL shows "turn periods" of 5 or 10 years. For those items, I have accepted FPL's proposed amortization.

However, there are some "unprotected" EADIT items that FPL proposes using periods longer than ten years. For those items, I recommend that the amortization occur over a period of no longer than 10 years.

Q. WHAT ADJUSTMENT TO THE 2018 NON-PLANT EADIT AMORTIZATION RESULTS FROM USING AN AMORTIZATION PERIOD OF NO LONGER THAN 10 YEARS FOR THE ITEMS OF "UNPROTECTED" EADIT FOR WHICH FPL PROPOSED USING LONGER AMORTIATON PERIODS?

A. Exhibit RCS-3 presents a calculation of the EADIT amortization on "non-plant" EADIT proposed by FPL. This calculation includes acceptance of FPL's proposed amortization periods for items where FPL proposed a "turn period" of 1 to 10 years, and application of a maximum amortization period of 10 years for the items for which FPL proposed longer amortizations. As shown on Exhibit RCS-3, FPL's total proposed 2018 amortization for such items is approximately $7.938 million.

In contrast, accepting FPL's proposed amortization periods for items where FPL proposed a "turn period" of 1 to 10 years, and applying a maximum amortization period of 10 years for the "unprotected" items for which FPL proposed longer amortizations, produces a 2018 annual amortization of approximately $18.774 million.

In summary, the 2018 non-property EADIT amortization amount is increased by $10.836 million over FPL's proposal, if the amortization periods for the "unprotected" EADIT components are capped at 10 years.

III. 2018 INCOME TAX SAVINGS IN BASE RATES RELATED TO THE REDUCTION IN THE FEDERAL INCOME TAX RATE TO 21 PERCENT.

Q. HOW MUCH 2018 INCOME TAX SAVINGS FROM BASE RATES HAS THE COMPANY IDENTIFIED?

A. Company witness Bores' Direct Testimony at pages 7-12 refers to calculations made by FPL using its 2018 Forecasted Earnings Surveillance Report ("2018 FESR"). At page 11 of his Direct Testimony, Mr. Bores identifies the overall forecast change in the Company's 2018 FPSC adjusted revenue requirement as a result of the TCJA to be a reduction of $684.8 million, consisting of the following five primary components:

1) a $582.7 million reduction in the base rate revenue requirement as a result of the lower federal income tax rate;

2) a $154.9 million reduction from the EADIT amortization proposed by FPL;

3) a $26.0 million increase related to the loss of the manufacturer's deduction[6];

4) a $10.3 million increase due to higher sources of investor capital associated with lower bonus tax depreciation; and

5) a $16.5 million increase related to higher sources of investor capital due to less ADIT related to depreciation timing differences on plant going into service in 2018.

Q. IF A MORE RAPID AMORTIZATION IS APPLIED TO THE "UNPROTECTED" EADIT AS YOU HAVE RECOMMENDED, WOULD THAT IMPACT THE ABOVE AMOUNTS FROM FPL'S APPLICATION?

A. Yes. The more rapid amortization I am recommending for "unprotected" EADIT would impact the second item listed above. The reduction related to the TCJA in 2018 would be higher if the amount of "unprotected" EADIT amortization in 2018 were higher. There would also be an impact on the sources of investor capital if investor capital was needed in 2018 to replace the amounts of net regulatory liability related to that "unprotected" EADIT and the related higher amortization amount in 2018.

Q. WHAT TREATMENT HAS THE COMPANY PROPOSED FOR THE 2018 BASE RATE INCOME TAX SAVINGS?

A. FPL's application references the Settlement Agreement in its rate case and Order No. PSC-16-0560-AS-EI issued on December 15, 2016 wherein the Commission approved that Settlement Agreement. As described in FPL's application, in paragraph 7, when the TCJA

[6] This is also referred to as the Domestic Production Activities Deduction, and was allowable under Section 199 of the Internal Revenue Code, which was repealed by the TCJA.

was signed into law, FPL concluded it had the opportunity to combine expected tax savings with the flexible amortization of a depreciation Reserve Amount under the Settlement Agreement, to avoid an interim storm charge due to Hurricane Irma. In paragraph 8 of its application, FPL states it expects that from 2018 through 2020, tax savings under the TCJA will enable FPL to partially reverse the one-time amortization of the Reserve Amount, while staying within its authorized ROE range. By applying TCJA savings in such a manner, FPL indicates in its application in paragraph 9 that it expects rate stability under the Settlement Agreement to continue for up to two additional years past the end of 2020. Thus, FPL wants to effectively retain all of the TCJA tax savings related to its base rate revenue requirement and to return none of this money directly to its ratepayers.

Q. HOW DOES THE OPC PROPOSE TO APPLY THE TCJA SAVINGS FOR FPL?

A. OPC has determined that the application of TCJA savings for FPL involve legal interpretations of the Settlement Agreement. Therefore, the OPC's proposed application of the TCJA savings for FPL will be addressed in OPC's legal pleadings. I am not offering an opinion on the ultimate method of returning the total tax savings to FPL's customers.

IV. <u>WHETHER A PRIVATE LETTER RULING ("PLR") SHOULD BE REQUIRED, AND ISSUES RELATED TO A PLR REQUEST.</u>

Q. DID THE COMPANY'S FILING CONTAIN A CLASSIFICATION OF EADIT RELATED TO COST-OF-REMOVAL?

A. Yes. FPL's property-related EADIT contains a net asset of approximately $20 million for cost-of-removal. This is shown on the Company's response to OPC POD No. 10 and described in FPL's response to OPC Interrogatory No. 29.

Q. DO YOU HAVE AN OPINION AS TO WHETHER THE EADIT RELATED TO COST OF REMOVAL/NEGATIVE NET SALVAGE IS "PROTECTED" OR "UNPROTECTED"?

A. Yes, I do. Based on currently available guidance, it is my opinion that the EADIT related to cost of removal/negative net salvage is "unprotected." This is because the tax deduction for cost of removal is not addressed under §167 or §168 of the Internal Revenue Code ("IRC" or "Code"), which are the sections pertaining to the use of accelerated tax depreciation and the sections which contain the normalization requirements pertaining to the continued use of accelerated tax depreciation. Deductions provided for under other sections of the Code are not subject to the normalization requirements associated with the Company's ability to continue to use accelerated depreciation for federal income tax purposes.

Q. IS THERE SOME UNCERTAINTY IN THIS AREA?

A. Yes, there is. The comparison of utility book and tax depreciation for purposes of tracking the method/life and other differences can be very complex. Utility book depreciation rates typically include a component for negative net salvage (as well as for the recovery of original cost over the estimated useful life of the assets). The normalization process involves comparing book and tax depreciation; however, the calculations can be very complex. Such calculations are typically done by larger utilities using specialized software, such as PowerPlan and PowerTax, and the proper application can require significant additional analytical work by the utility and the vendor. Since the comparison of book and tax depreciation involves complex calculations and utility book depreciation typically includes an element for negative net salvage, some jurisdictions (e.g., New York) have raised concerns about the cost of removal/negative net salvage component of book depreciation and the risks presented for potential normalization violations. For example, FPL appears to be taking a different position than Tampa Electric Company ("TECO") and Peoples' Gas System ("PGS") concerning the treatment of cost of removal/negative net salvage and has proposed to treat that item as "protected," pending receipt of additional guidance.

Q. **SHOULD FPL SEEK A PRIVATE LETTER RULING FROM THE IRS REGARDING ITS CLASSIFICATION OF THE EXCESS ADIT RELATING TO COST OF REMOVAL/NEGATIVE NET SALVAGE AS "UNPROTECTED"?**

A. Possibly, yes.

Q. **IF FPL SEEKS A PRIVATE LETTER RULING AND THE IRS RULES THEREIN (OR IN ANOTHER PRIVATE LETTER RULING) THAT THE EADIT RELATING TO COST OF REMOVAL/NEGATIVE NET SALVAGE IS TO BE TREATED AS "PROTECTED," WHAT PROCESS SHOULD BE FOLLOWED FOR THE RECLASSIFICATION?**

A. Pending clarification of the appropriate classification of EADIT for cost of removal/negative net salvage, FPL should amortize the related EADIT using the ARAM if the classification ruled by the IRS indicates this is "protected."

V. FINDINGS AND RECOMMENDATIONS

Q. **ARE YOU RECOMMENDING ANY ADJUSTMENTS TO THE COMPANY'S QUANTIFICATIONS OF THE TCJA IMPACTS AT THIS TIME?**

A. No, I am not. The Companies' quantifications do not appear to be unreasonable for the purposes of estimating the one-time annual revenue requirement reduction and EADIT related to the TCJA.

Q. **ARE YOU RECOMMENDING ANY DIFFERENT AMORTIZATION PERIODS FOR FPL'S EADIT?**

A. Yes. For FPL's "unprotected" property-related EADIT, I recommend an amortization period of ten years. As explained above in my testimony, FPL has an "unprotected" property-related EADIT Liability Amount of approximately $701.3 million. Amortizing that over 10 years results in an annual amortization of $70.132 million per year. Compared with FPL proposed 2018 amortization (which used ARAM approach) of $28.671 million, applying a 10-year straight-line approach for the "unprotected" property-related EADIT versus FPL's proposed ARAM-based approach results in an increased 2018 EADIT amortization of $41.461 million.

Additionally, for FPL's "unprotected" non-property-related EADIT, I recommend accepting FPL's proposed "turn period" where FPL has proposed turn periods of 10 years or less. For the "unprotected" non-property related EADIT, where FPL proposed a "turn period" longer than ten years, I recommend that a ten-year turn period be used instead. As shown on Exhibit RCS-3, this results in a 2018 "unprotected" EADIT amortization of $18.774 million, which is $10.836 million higher than the $7.938 million proposed by FPL.

Q. **PLEASE SUMMARIZE YOUR RECOMMENDED ADJUSTMENTS FOR THE FLOW BACKS FOR THE TCJA SAVINGS.**

A As noted above, FPL quantified the FPSC adjusted revenue requirement as a result of the TCJA to be a reduction of $684.8 million, consisting of the following five primary components:

1) a $582.7 million reduction in the base rate revenue requirement as a result of the lower federal income tax rate;

2) a $154.9 million reduction from the EADIT amortization proposed by FPL;

3) a $26.0 million increase related to the loss of the manufacturer's deduction;

4) a $10.3 million increase due to higher sources of investor capital associated with lower bonus tax depreciation; and

5) a $16.5 million increase related to higher sources of investor capital due to less ADIT related to depreciation timing differences on plant going into service in 2018.

I am recommending the EADIT amortizations identified in Item No.2 above to be increased, which will reduce FPL's 2018 revenue requirement. As discussed above, my recommended sum for 2018 EADIT amortizations results in increases of $41.461 million for "unprotected" property-related EADIT and $10.836 million for "unprotected" non-property-related EADIT is approximately $52 million. Therefore, the $154.9 million reduction from the EADIT amortization proposed by FPL should be increased by approximately $52 million. This produces a reduction to FPL's 2018 revenue requirement from EADIT amortization of approximately $204.9 million, or $52 million larger than the $154.9 million proposed by FPL for Item No. 2 in the above list.

Similarly, adding the $52 million additional EADIT amortization to FPL's identified total net TCJA revenue requirement reduction amount of $684.8 million increases that reduction amount to $736.8 million.

Q. COULD THERE BE A RELATED IMPACT ON INVESTOR CAPITAL SOURCES ASSOCIATED WITH INCREASED EADIT AMORTIZATION IN 2018?

A. Yes. I acknowledge that, other things being equal, the increased 2018 EADIT amortization could have an impact related to requiring higher sources of investor capital (similar to Item No. 5 on FPL's list). If the non-investor supplied cost-free capital represented by that EADIT is being amortized at higher amounts in 2018, other things being equal, that could require sources of investor-supplied capital to support rate base; however, I have not quantified that impact. Presumably, that could be quantified by FPL in a compliance filing if the Commission adopts the recommended 2018 EADIT amortizations that I have described above.

Q. **DOES THIS COMPLETE YOUR PREFILED TESTIMONY?**

A. Yes, it does.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony of Ralph Smith, CPA has been furnished by electronic mail on this 2nd day of October, 2018, to the following:

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QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company -- Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA &76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA & 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001 & ER-85647001	New England Power Company (FERC)
850782-EI & 850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU & 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102 T E-1032-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
89-0033	Illinois Bell Telephone Company (Illinois CC)
U-89-2688-T	Puget Sound Power & Light Company (Washington UTC))
R-891364	Philadelphia Electric Company (Pennsylvania PUC)
F.C. 889	Potomac Electric Power Company (District of Columbia PSC)
Case No. 88/546	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
87-11628	Duquesne Light Company, et al, plaintiffs, against Gulf+ Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)
6531	Hawaiian Electric Company (Hawaii PUCs)

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102 & U-1551-89-103	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and TC-91-040B	Intrastate Access Charge Methodology, Pool and Rates Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS & 911-67-WS	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314 & M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 & U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC))
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 & U-1032-93-193	Citizens Utilities Company - Gas Division (Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/ E-1032-93-169	Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)
94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed Staff Investigation	Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission)
E-1032-95-473	Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC)
E-1032-95-433	Citizens Utility Co. - Arizona Electric Division (Arizona CC)
	Collaborative Ratemaking Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285	Missouri Gas Energy (Missouri PSC)
94-10-45	Southern New England Telephone Company (Connecticut PUC)
A.96-08-001 et al.	California Utilities' Applications to Identify Sunk Costs of Non-Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324	Bell Atlantic - Delaware, Inc. (Delaware PSC)
96-08-070, et al.	Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12	Connecticut Light & Power (Connecticut PUC)
R-00973953	Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65	Application of Delmarva Power &Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705	Entergy Gulf States, Inc. (Cities Steering Committee)
E-1072-97-067	Southwestern Telephone Co. (Arizona Corporation Commission)
Non-Docketed Staff Investigation	Delaware - Estimate Impact of Universal Services Issues (Delaware PSC)
PU-314-97-12	US West Communications, Inc. Cost Studies (North Dakota PSC)
97-0351	Consumer Illinois Water Company (Illinois CC)
97-8001	Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I	San Diego Gas & Electric Co., Section 386 costs (California PUC)
9355-U	Georgia Power Company Rate Case (Georgia PUC)
97-12-020 - Phase I	Pacific Gas & Electric Company (California PUC)
U-98-56, U-98-60, U-98-65, U-98-67	Investigation of 1998 Intrastate Access charge filings (Alaska PUC)
(U-99-66, U-99-65, U-99-56, U-99-52)	Investigation of 1999 Intrastate Access Charge filing (Alaska PUC)
Phase II of 97-SCCC-149-GIT	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
PU-314-97-465	US West Universal Service Cost Model (North Dakota PSC)
Non-docketed Assistance	Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC)
Contract Dispute	City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL)
Non-docketed Project	Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No. 98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No. 99-01-016, Phase I	Post-Transition Ratemaking Mechanisms for the Electric Industry Restructuring (US Department of Navy)
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020 Phase II	Pacific Gas & Electric Company Rate Case (California PUC)
01-10-10	United Illuminating Company (Connecticut OCC)
13711-U	Georgia Power FCR (Georgia PSC)
02-001	Verizon Delaware § 271(Delaware DPA)
02-BLVT-377-AUD	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No. E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No. 05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No. 03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363, Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM, Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT-1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT-607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT-060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA, 06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No.UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208, R-2010-2166210, R-2010-2166212, & R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
PSC Docket No. 09-0602	Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC)
10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
Docket No. 31958	Georgia Power Company (Georgia PSC)
Docket No. 10-0467	Commonwealth Edison Company (Illinois CC)
PSC Docket No. 10-237	Delmarva Power & Light Company (Delaware PSC)
U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
A.10-07-007	California-American Water Company (California PUC)
A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit I (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080	Hawaiian Electric Company, Inc. (Hawaii PUC)
G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
PSC Docket No. 11-207	Artesian Water Company, Inc. (Delaware PSC)
Cause No. 44022	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
UE-111048 & UE-111049	Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721	Commonwealth Edison Company (Illinois CC)
11AL-947E	Public Service Company of Colorado (Colorado PSC)
U-11-77 & U-11-78	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767	Illinois-American Water Company (Illinois CC)
PSC Docket No. 11-397	Tidewater Utilities, Inc. (Delaware PSC)
Cause No. 44075	Indiana Michigan Power Company (Indiana Utility Regulatory Commission)
Docket No. 12-0001	Ameren Illinois Company (Illinois CC)
11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528	Delmarva Power & Light Company (Delaware PSC)
11-281-EL-FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
E-04230A-14-0011 & E-01933A-14-0011	Reorganization of UNS Energy Corporation with Fortis, Inc. (Arizona CC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)

2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)
PUE-2015-00027	Virginia Electric and Power Company (Commonwealth of Virginia SCC)
Docket No. 2015-0022	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T	West Virginia-American Water Company (West Virginia PSC)
15-07-38^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)
Docket No. 15-00042	B&W Pipeline, LLC (Tennessee Regulatory Authority)
WR-2015-0301/SR-2015-0302	Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 16-00001	Kingsport Power Company d/b/a AEP Appalachian Power (Tennessee Regulatory Authority)
PUE-2015-00097	Virginia-American Water Company (Commonwealth of Virginia SCC)
15-1854-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
P-15-014	PTE Pipeline LLC (Regulatory Commission of Alaska)
P-15-020	Swanson River Oil Pipeline, LLC (Regulatory Commission of Alaska)
Docket No. 40161	Georgia Power Company – Integrated Resource Plan (Georgia PSC)
Formal Case No. 1137	Washington Gas Light Company (District of Columbia PSC)
160021-EI, et al.	Florida Power Company (Florida PSC)
R-2016-2537349	Metropolitan Edison Company (Pennsylvania PUC)
R-2016-2537352	Pennsylvania Electric Company (Pennsylvania PUC)
R-2016-2537355	Pennsylvania Power Company (Pennsylvania PUC)
R-2016-2537359	West Penn Power Company (Pennsylvania PUC)
16-0717-G-390P	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
15-1256-G-390P (Reopening)/16-0922-G-390P	Mountaineer Gas Company (West Virginia PSC)
16-0550-W-P	West Virginia-American Water Company (West Virginia PSC)
CEPR-AP-2015-0001	Puerto Rico Electric Power Authority (Puerto Rico Energy Commission)
E-01345A-16-0036	Arizona Public Service Company (Arizona CC)
Docket No. 4618	Providence Water Supply Board (Rhode Island PUC)
Docket No. 46238	Joint Report and Application of Oncor Electric Delivery Company LLC and NextEra Energy Inc. (Texas State Office of Administrative Hearings; Texas PUC)
U-16-066	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Case No. 2016-00370	Kentucky Utilities Company (Kentucky PSC)
Case No. 2016-00371	Louisville Gas and Electric Company (Kentucky PSC)
P-2015-2508942	Metropolitan Edison Company (Pennsylvania PUC)
P-2015-2508936	Pennsylvania Electric Company (Pennsylvania PUC)
P-2015-2508931	Pennsylvania Power Company (Pennsylvania PUC)
P-2015-2508948	West Penn Power Company (Pennsylvania PUC)
E-04204A-15-0142*	UNS Electric, Inc. (Arizona CC)
E-01933A-15-0322*	Tucson Electric Power Company (Arizona CC)
UE-170033 & UG-170034*	Puget Sound Energy, Inc. (Washington UTC)
Case No. U-18239	Consumers Energy Company (Michigan PSC)
Case No. U-18248	DTE Electric Company (Michigan PSC)

Case No. 9449	Merger of AltaGas Ltd. and WGL Holdings (Maryland PSC)
Formal Case No. 1142	Merger of AltaGas Ltd. and WGL Holdings (District of Columbia PSC)
Case No. 2017-00179	Kentucky Power Company (Kentucky PSC)
Docket No. 29849	Georgia Power Plant Vogtle Units 3 and 4, VCM 17 (Georgia PSC)
Docket No .2017-AD-112	Mississippi Power Company (Mississippi PSC)
Docket No. D2017.9.79	Montana-Dakota Utilities Co. (Montana PSC)
SW-01428A-17-0058 et al	Liberty Utilities (Litchfield Park Water & Sewer) Corp. (Arizona CC)

* Testimony filed, examination not completed
** Issues stipulated
*** Company withdrew case
^ Testimony filed, case withdrawn after proposed decision issued
^^ Issues stipulated before testimony was filed

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
				Excess Deferred Tax Balance @ 12/31/2017			
		Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*
5	AMO201	Tx Refund Int Below	49,560	(6,938)	382	0	(6,557)
5	AMO301	Gain Disp Prop Abv	33,013,660	(4,621,912)	254,205	0	(4,367,707)
15	AMO312	Reg Liab SWAPC - ECCR	46,801,764	(6,552,247)	360,374	0	(6,191,873)
1	AMO316	Reg Liab - CB Bk/Tx Diff - L/T	14,074,913	(1,970,488)	108,377	0	(1,862,111)
1	AMO319	Reg Liab - CB Bk/Tx Diff - Current	1,893,506	(265,091)	14,580	0	(250,511)
1	BAD101	Bad Debt Expense	2,533,098	(354,634)	19,505	0	(335,129)
5	DBT102	Gain on Reacq Debt	1,620,377	(226,853)	12,477	0	(214,376)
30	DCM101	Decommissioning Accrual	356,332,180	(49,886,505)	2,743,758	0	(47,142,747)
30	DCM201	Decommissioning Below	711,184,357	(99,565,810)	5,476,120	0	(94,089,690)
1	EMP103	Non Ded Medic Contr	2,700,883	(378,124)	20,797	0	(357,327)
1	EMP201	Employee Bonus Accrual	112,726,470	(15,781,706)	867,994	0	(14,913,712)
1	EMP202	Accrued FICA Taxes	9,163,181	(1,282,845)	70,556	0	(1,212,289)
10	EMP802	Post Retirement SFAS 112 - NC	19,068,000	(2,669,520)	146,824	0	(2,522,696)
1	EMP806	Post Retirement Benefits - FAS106 Curren	15,845,690	(2,218,397)	122,012	0	(2,096,385)
10	EMP807	Post Retirement Benefits - FAS106 NC	188,314,186	(26,363,986)	1,450,019	0	(24,913,967)
10	EMP810	Medicare Part D Subsidy	(4,656,347)	651,889	(35,854)	0	616,035
10	EMP901	Def Compensation	3,387,857	(474,300)	26,086	0	(448,213)
1	EMP903	SERP Current Portion	360,882	(50,523)	2,779	0	(47,745)
10	EMP907	SERP Fund Activity and Thrift, BOD Pensic	7,124,177	(997,385)	54,856	0	(942,529)
5	FIN403	FIN48 Interest Payable-State	964,905	(135,087)	7,430	0	(127,657)
5	FIN405	Int Accrued St Current - FIN48	393,572	(55,100)	3,031	0	(52,070)
1	FUL301	Def Franchise Fee Rev	7,731,068	(1,082,350)	59,529	0	(1,022,820)
5	INC602	Premium Lighting Prog Rev	6,198,290	(867,761)	47,727	0	(820,034)
10	INC605	Deferred Income - NC	386,594	(54,123)	2,977	0	(51,146)
5	INJ101	Injuries and Damages	17,972,160	(2,516,102)	138,386	0	(2,377,717)
21	ITC101	Conv ITC Amort & GU	52,065,738	(7,289,203)	400,906	0	(6,888,297)
22	ITC103	Space Coast ITC GU	22,292,084	(3,120,892)	171,649	0	(2,949,243)
21	ITC105	Martin Solar ITC G/U	154,080,973	(21,571,336)	1,186,423	0	(20,384,913)

				Excess Deferred Tax Balance @ 12/31/2017			
		Tax Rates		-14.0%	0.7700%	0.0%	-13.23%
Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
30	NUC106	Nuclear Rule Book/Tax Basis	250,215,443	(35,030,162)	1,926,659	0	(33,103,503)
30	PSP101	Reverse Partnership Book (Income) Loss	(8,294,334)	1,161,207	(63,866)	0	1,097,340
5	PSP108	Sangroup Partnership LLC	44,414	(6,218)	342	0	(5,876)
2	REP501	Nuc Maint Reserve	16,580,661	(2,321,293)	127,671	0	(2,193,621)
5	RES106	Legal Reserve	7,312,500	(1,023,750)	56,306	0	(967,444)
5	RES109	Fuel Storage Reserve	5,447,994	(762,719)	41,950	0	(720,770)
30	RES113	Nuc Last Core Expense	111,722,086	(15,641,092)	860,260	0	(14,780,832)
30	RES114	Nuc M and S Inventory	24,065,820	(3,369,215)	185,307	0	(3,183,908)
1	RES126	Nuclear Rad Waste	9,273,516	(1,298,292)	71,406	0	(1,226,886)
10	RES137	Savings/Warrant Reserve	42,712	(5,980)	329	0	(5,651)
1	RES137	Savings/Warrant Reserve	118,819	(16,635)	915	0	(15,720)
1	RES139	Scherer Supplemental Perf Fee	6,131,708	(858,439)	47,214	0	(811,225)
10	RES301	Environmental Liability	135,891,407	(19,024,797)	1,046,364	0	(17,978,433)
1	RES401	Vacation Pay Accrual	5,457,391	(764,035)	42,022	0	(722,013)
5	RES601	Dormant Materials	63,554	(8,898)	489	0	(8,408)
1	REV103	Measurement And Verification Incom	1,289,929	(180,590)	9,932	0	(170,658)
5	SAL301	Cap Gain Emiss Allow	886	(124)	7	0	(117)
3	SJR101	SJRPP Decommissioning	39,923,306	(5,589,263)	307,409	0	(5,281,853)
3	SJR102	SJRPP Def Interest	12,382,353	(1,733,529)	95,344	0	(1,638,185)
1	STM402	Over/Under Recovery - FREC	4,897,596	(685,663)	37,711	0	(647,952)
1	STM409	Storm-Reg Asset - Regulated	74,274,946	(10,398,492)	571,917	0	(9,826,575)
1	UBR102	Unbilled Revenue FPSC	22,311,769	(3,123,648)	171,801	0	(2,951,847)
		Sub-Total Account 190	2,502,778,254	(350,388,956)	19,271,393	0	(331,117,563)
1	CAC102	Primeco CIAC Below	661	(93)	5	0	(87)
1	DEP101	Tax Depreciation	(10,855,470)	1,519,766	(83,587)	0	1,436,179
20	DEP101	Tax Depreciation	434,568,750	(60,839,625)	3,346,179	0	(57,493,446)
10	DEP102	Fossil Dismantlement	370,901,893	(51,926,265)	2,855,945	0	(49,070,320)

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
		Tax Rates		*Excess Deferred Tax Balance @ 12/31/2017* -14.0%	0.7700%	0.0%	-13.23%
1	DEP102	Fossil Dismantlement	(5,540,839)	775,717	(42,664)	0	733,053
30	DEP107	Def ITC Interest Synch	6,779,781	(949,169)	52,204	0	(896,965)
30	DEP131	FAS90 Depr Reclass	87,006,154	(12,180,862)	669,947	0	(11,510,914)
20	DEP201	ARO Accretion	10,885,315	(1,523,944)	83,817	0	(1,440,127)
20	DEP202	ARO Asset	(10,885,315)	1,523,944	(83,817)	0	1,440,127
30	NUC107	Nuclear Rule Book/Tax - Plant In Service	7,541,981	(1,055,877)	58,073	0	(997,804)
5	SAL602	Gain on Sale of MIT Credits	110,606,293	(15,484,881)	851,668	0	(14,633,213)
		Sub-Total Account 282	1,001,009,204	(140,141,289)	7,707,771	0	(132,433,518)
1	AMO102	Amortization of Intangibles	258,666	(36,213)	1,992	0	(34,222)
1	AMO202	Int Tx Deficiency Above	(1,737,676)	243,275	(13,380)	0	229,895
5	AMO303	Loss Disp Prop Abv	(193,657)	27,112	(1,491)	0	25,621
20	AMO304	Reg Asset - Surplus Flowback	(1,208,675,515)	169,214,572	(9,306,801)	0	159,907,771
1	AMO309	Reg Asset - FAS90 Current	4,526,984	(633,778)	34,858	0	(598,920)
30	AMO310	Reg Asset - FAS90 L/T	(91,533,137)	12,814,639	(704,805)	0	12,109,834
20	AMO311	Reg Asset - Dism Resv - Surplus Flowback	(146,014,234)	20,441,993	(1,124,310)	0	19,317,683
6	AMO314	Reg Asset - CB PPA Loss - L/T	(334,607,191)	46,845,007	(2,576,475)	0	44,268,531
6	AMO315	Reg Asset - CB Tax GU - L/T	(210,133,794)	29,418,731	(1,618,030)	0	27,800,701
6	AMO317	Reg Asset - CB PPA Loss - Current	(55,767,857)	7,807,500	(429,412)	0	7,378,087
6	AMO318	Reg Asset - CB Tax GU - Current	(35,022,306)	4,903,123	(269,672)	0	4,633,451
10	AMO320	Reg Asset - PTN Cooling Canals	(112,422,793)	15,739,191	(865,656)	0	14,873,536
30	AMO321	Reg Asset - ICL - PPA Loss	(401,333,333)	56,186,667	(3,090,267)	0	53,096,400
10	AMO322	Reg Asset - Environmental Remediation	(687,448)	96,243	(5,293)	0	90,949
30	CAP202	Nustart Energy	(1,812,112)	253,696	(13,953)	0	239,742
2	CAP301	Rate Case Expenses	(2,519,917)	352,788	(19,403)	0	333,385
5	DBT101	Loss on Reacq Debt	(92,180,381)	12,905,253	(709,789)	0	12,195,464
30	EMP102	Pension SFAS 87	(1,350,835,622)	189,116,987	(10,401,434)	0	178,715,553
5	FIN404	FIN48 Interest Receivable-State	(1,358,477)	190,187	(10,460)	0	179,727

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
				Excess Deferred Tax Balance @ 12/31/2017			
		Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*
1	FUL102	Def Fuel Cost FERC	(30,351)	4,249	(234)	0	4,015
1	FUL103	Def Fuel Cost FPSC - Current	(6,358,244)	890,154	(48,958)	0	841,196
1	FUL109	EPU Asset Retirements	(1,008,527)	141,194	(7,766)	0	133,428
1	FUL302	Franchise Fee Costs	(3,389,162)	474,483	(26,097)	0	448,386
1	INC608	Accrued Revenues - GPIF	(9,656,036)	1,351,845	(74,351)	0	1,277,494
1	INC609	Accrued Revenues - Asset Optimization	(10,101,485)	1,414,208	(77,781)	0	1,336,426
21	ITC102	Conv ITC Depr Loss	(26,032,853)	3,644,599	(200,453)	0	3,444,146
22	ITC104	Space Coast ITC Depr Loss	(11,146,139)	1,560,459	(85,825)	0	1,474,634
21	ITC106	Martin ITC Depr Loss	(77,040,475)	10,785,667	(593,212)	0	10,192,455
30	NUC103	Nuclear Cola Payroll	(29,298,885)	4,101,844	(225,601)	0	3,876,242
1	PPD101	Prepaid Insurance	(12,825,069)	1,795,510	(98,753)	0	1,696,757
1	PPD202	Prepaid Franchise Fees	(14,597,066)	2,043,589	(112,397)	0	1,931,192
1	PPD203	Prepaid State Motor Vehicle Taxes	(742,563)	103,959	(5,718)	0	98,241
30	RSH102	Research and Experimental Costs	(2,804,913)	392,688	(21,598)	0	371,090
1	STM401	Storm Recovery Property	(67,547,937)	9,456,711	(520,119)	0	8,936,592
1	STM407	Storm Recovery - Current	(115,491,986)	16,168,878	(889,288)	0	15,279,590
5	STM408	Involuntary Conversion - Storm - Deferrec	5,224,057	(731,368)	40,225	0	(691,143)
		Sub-Total Account 283	(4,424,897,434)	619,485,641	(34,071,710)	0	585,413,931
		Total Federal & State	**(921,109,976)**	**128,955,397**	**(7,092,547)**	**0**	**121,862,850**
6	DEP118	Florida Bonus Depreciation	4,674,495,003	0	35,993,612	0	35,993,612
2	DEP133	Florida Bonus Depreciation - 2014	23,579,500	0	181,562	0	181,562
3	DEP134	Florida Bonus Depreciation - 2015	(3,929,917)	0	(30,260)	0	(30,260)
		Total State Modifications	**4,694,144,586**	**0**	**36,144,913**	**0**	**36,144,913**
		Total with State Modifications	**3,773,034,610**	**128,955,397**	**29,052,366**	**0**	**158,007,763**

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
				Excess Deferred Tax Balance @ 12/31/2017			
		Tax Rates		*-14.0%*	*0.7700%*	*0.0%*	*-13.23%*
30	RATE_ADJ_ST	Adjust for tax rates & apportionment		0	(662,685)	0	(662,685)
		Miscellaneous Difference (offset w/ PT misc diff)		(639,456)	697,855	0	58,398
		Total Deferred Only		(639,456)	35,170	0	(604,286)
:ted/Protected		**Non PowerTax Excess Deferred Taxes**		**128,315,940**	**29,087,537**	**0**	**157,403,477**
							2,382,142,972
							701,315,829
Protected/Unprotected		**PowerTax Excess Deferred Taxes**	[A]	**3,261,169,792**	**(179,953,840)**	**2,242,854**	**3,083,458,807**
		GRAND TOTAL Excess Deferred Taxes		**3,389,485,732**	**(150,866,304)**	**2,242,854**	**3,240,862,284**
		Amortization:					
		Protected					2,360,794,440
		UnProtected					880,067,838
							3,240,862,278
							(1)
		EADIT BALANCE					2,360,794,440
		Protected					880,067,838
		UnProtected					3,240,862,278

Florida Power & Light Co & Subs
Turnaround of Excess Deferred Taxes
Year Ended December 2017

Co	FERC	Type	FPL Turn Period (Years)	OPC Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total	FPL Proposed 2018 Activity	OPC Proposed 2018 Activity	Adjustment to 2018 EADIT Amortization
								Excess Deferred Tax Balance @ 12/31/2017						
						Tax Rates		-14.0%	0.7700%	0.0%	-13.23%			
1500	190	Other Unprotected - 5	5	5	AMO201	Tx Refund Int Below	49,560	(6,938)	382	0	(6,557)	(1,311)	(1,311)	0
1500	190	Other Unprotected - 5	5	5	AMO301	Gain Disp Prop Abv	33,013,660	(4,621,912)	254,205	0	(4,367,707)	(873,541)	(873,541)	0
1500	190	Other Unprotected - 15	15	10	AMO312	Reg Liab SWAPC - ECCR	46,801,764	(6,552,247)	360,374	0	(6,191,873)	(412,792)	(619,187)	(206,396)
1504	190	Other Unprotected	1	1	AMO316	Reg Liab - CB Bk/Tx Diff - L/T	14,074,913	(1,970,488)	108,377	0	(1,862,111)	(1,862,111)	(1,862,111)	0
1504	190	Other Unprotected	1	1	AMO319	Reg Liab - CB Bk/Tx Diff - Current	1,893,506	(265,091)	14,580	0	(250,511)	(250,511)	(250,511)	0
1500	190	Other Unprotected - 1	1	1	BAD101	Bad Debt Expense	2,533,098	(354,634)	19,505	0	(335,129)	(335,129)	(335,129)	0
1500	190	Other Unprotected - 5	5	5	DBT102	Gain on Reacq Debt	1,620,377	(226,853)	12,477	0	(214,376)	(42,875)	(42,875)	0
1500	190	Other Unprotected - 30	30	10	DCM101	Decommissioning Accrual	356,332,180	(49,886,505)	2,743,758	0	(47,142,747)	(1,571,425)	(4,714,275)	(3,142,850)
1500	190	Other Unprotected - 30	30	10	DCM201	Decommissioning Below	711,184,357	(99,565,810)	5,476,120	0	(94,089,690)	(3,136,323)	(9,408,969)	(6,272,646)
1500	190	Other Unprotected - 1	1	1	EMP103	Non Ded Medic Contr	2,700,883	(378,124)	20,797	0	(357,327)	(357,327)	(357,327)	0
1500	190	Other Unprotected - 1	1	1	EMP201	Employee Bonus Accrual	112,726,470	(15,781,706)	867,994	0	(14,913,712)	(14,913,712)	(14,913,712)	0
1500	190	Other Unprotected - 1	1	1	EMP202	Accrued FICA Taxes	9,163,181	(1,282,845)	70,556	0	(1,212,289)	(1,212,289)	(1,212,289)	0
1500	190	Other Unprotected - 10	10	10	EMP802	Post Retirement SFAS 112 - NC	19,068,000	(2,669,520)	146,824	0	(2,522,696)	(252,270)	(252,270)	0
1500	190	Other Unprotected - 1	1	1	EMP806	Post Retirement Benefits - FAS106 Curre	15,845,690	(2,218,397)	122,012	0	(2,096,385)	(2,096,385)	(2,096,385)	0
1500	190	Other Unprotected - 10	10	10	EMP807	Post Retirement Benefits - FAS106 NC	188,314,186	(26,363,986)	1,450,019	0	(24,913,967)	(2,491,397)	(2,491,397)	0
1500	190	Other Unprotected - 10	10	10	EMP810	Medicare Part D Subsidy	(4,656,347)	651,889	(35,854)	0	616,035	61,603	61,603	0
1500	190	Other Unprotected - 10	10	10	EMP901	Def Compensation	3,387,857	(474,300)	26,086	0	(448,213)	(44,821)	(44,821)	0
1500	190	Other Unprotected - 1	1	1	EMP903	SERP Current Portion	360,882	(50,523)	2,779	0	(47,745)	(47,745)	(47,745)	0
1500	190	Other Unprotected - 10	10	10	EMP907	SERP Fund Activity and Thrift, BOD Pensi	7,124,177	(997,385)	54,856	0	(942,529)	(94,253)	(94,253)	0
1500	190	Other Unprotected - 5	5	5	FIN403	FIN48 Interest Payable-State	964,905	(135,087)	7,430	0	(127,657)	(25,531)	(25,531)	0
1500	190	Other Unprotected - 5	5	5	FIN405	Int Accrued St Current - FIN48	393,572	(55,100)	3,031	0	(52,070)	(10,414)	(10,414)	0
1500	190	Other Unprotected - 1	1	1	FUL301	Def Franchise Fee Rev	7,731,068	(1,082,350)	59,529	0	(1,022,820)	(1,022,820)	(1,022,820)	0
1500	190	Other Unprotected - 5	5	5	INC602	Premium Lighting Prog Rev	6,198,290	(867,761)	47,727	0	(820,034)	(164,007)	(164,007)	0
1500	190	Other Unprotected - 10	10	10	INC605	Deferred Income - NC	386,594	(54,123)	2,977	0	(51,146)	(5,115)	(5,115)	0
1500	190	Other Unprotected - 5	5	5	INJ101	Injuries and Damages	17,972,160	(2,516,102)	138,386	0	(2,377,717)	(475,543)	(475,543)	0
1500	190	Other Unprotected - 21	21	10	ITC101	Conv ITC Amort & GU	52,065,738	(7,289,203)	400,906	0	(6,888,297)	(328,014)	(688,830)	(360,816)
1500	190	Other Unprotected - 22	22	10	ITC103	Space Coast ITC GU	22,292,084	(3,120,892)	171,649	0	(2,949,243)	(134,056)	(294,924)	(160,868)
1500	190	Other Unprotected - 21	21	10	ITC105	Martin Solar ITC G/U	154,080,973	(21,571,336)	1,186,423	0	(20,384,913)	(970,710)	(2,038,491)	(1,067,781)
1500	190	Other Unprotected - 30	30	10	NUC106	Nuclear Rule Book/Tax Basis	250,215,443	(35,030,162)	1,926,659	0	(33,103,503)	(1,103,450)	(3,310,350)	(2,206,900)
1500	190	Other Unprotected - 30	30	10	PSP101	Reverse Partnership Book (Income) Loss	(8,294,334)	1,161,207	(63,866)	0	1,097,340	36,578	109,734	73,156
1500	190	Other Unprotected - 5	5	5	PSP103	Sangroup Partnership LLC	44,414	(6,218)	342	0	(5,876)	(1,175)	(1,175)	0
1500	190	Other Unprotected - 2	2	2	REP501	Nuc Maint Reserve	16,580,661	(2,321,293)	127,671	0	(2,193,621)	(1,096,811)	(1,096,811)	0
1500	190	Other Unprotected - 5	5	5	RES106	Legal Reserve	7,312,500	(1,023,750)	56,306	0	(967,444)	(193,489)	(193,489)	0
1500	190	Other Unprotected - 5	5	5	RES109	Fuel Storage Reserve	5,447,994	(762,719)	41,950	0	(720,770)	(144,154)	(144,154)	0
1500	190	Other Unprotected - 30	30	10	RES113	Nuc Last Core Expense	111,722,086	(15,641,092)	860,260	0	(14,780,832)	(492,694)	(1,478,083)	(985,389)
1500	190	Other Unprotected - 30	30	10	RES114	Nuc M and S Inventory	24,065,820	(3,369,215)	185,307	0	(3,183,908)	(106,130)	(318,391)	(212,261)
1500	190	Other Unprotected - 1	1	1	RES126	Nuclear Rad Waste	9,273,516	(1,298,292)	71,406	0	(1,226,886)	(1,226,886)	(1,226,886)	0
1500	190	Other Unprotected - 10	10	10	RES137	Savings/Warrant Reserve	42,712	(5,980)	329	0	(5,651)	(565)	(565)	0
1511	190	Other Unprotected	1	1	RES137	Savings/Warrant Reserve	118,819	(16,635)	915	0	(15,720)	(15,720)	(15,720)	0
1500	190	Other Unprotected - 1	1	1	RES139	Scherer Supplemental Perf Fee	6,131,708	(858,439)	47,214	0	(811,225)	(811,225)	(811,225)	0
1500	190	Other Unprotected - 10	10	10	RES301	Environmental Liability	135,891,407	(19,024,797)	1,046,364	0	(17,978,433)	(1,797,843)	(1,797,843)	0
1500	190	Other Unprotected - 1	1	1	RES401	Vacation Pay Accrual	5,457,391	(764,035)	42,022	0	(722,013)	(722,013)	(722,013)	0
1500	190	Other Unprotected - 5	5	5	RES601	Dormant Materials	63,554	(8,898)	489	0	(8,408)	(1,682)	(1,682)	0
1511	190	Other Unprotected	1	1	REV103	Measurement And Verification Incom	1,289,929	(180,590)	9,932	0	(170,658)	(170,658)	(170,658)	0
1500	190	Other Unprotected - 5	5	5	SAL301	Cap Gain Emiss Allow	886	(124)	7	0	(117)	(23)	(23)	0
1500	190	Other Unprotected - 3	3	3	SJR101	SJRPP Decommissioning	39,923,306	(5,589,263)	307,409	0	(5,281,853)	(1,760,618)	(1,760,618)	0
1500	190	Other Unprotected - 3	3	3	SJR102	SJRPP Def Interest	12,382,353	(1,733,529)	95,344	0	(1,638,185)	(546,062)	(546,062)	0
1500	190	Other Unprotected - 1	1	1	STM402	Over/Under Recovery - FREC	4,897,596	(685,663)	37,711	0	(647,952)	(647,952)	(647,952)	0
1500	190	Other Unprotected - 1	1	1	STM409	Storm-Reg Asset - Regulated	74,274,946	(10,398,492)	571,917	0	(9,826,575)	(9,826,575)	(9,826,575)	0
1500	190	Other Unprotected - 1	1	1	UBR102	Unbilled Revenue FPSC	22,311,769	(3,123,648)	171,801	0	(2,951,847)	(2,951,847)	(2,951,847)	0
						Sub-Total Account 190	2,502,778,254	(350,388,956)	19,271,393	0	(331,117,563)	(56,651,818)	(71,194,567)	(14,542,750)
1500	282	Other Unprotected - 1	1	1	CAC102	Primeco CIAC Below	661	(93)	5	0	(87)	(87)	(87)	0
1504	282	Other Unprotected	1	1	DEP101	Tax Depreciation	(10,855,470)	1,519,766	(83,587)	0	1,436,179	1,436,179	1,436,179	0
1508	282	Depreciation Protected - ICL	20	20	DEP101	Tax Depreciation	434,568,750	(60,839,625)	3,346,179	0	(57,493,446)	(2,874,672)	(2,874,672)	0

Florida Power & Light Co & Subs
Turnaround of Excess Deferred Taxes
Year Ended December 2017

Co	FERC	Type	FPL Turn Period (Years)	OPC Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total	FPL Proposed 2018 Activity	OPC Proposed 2018 Activity	Adjustment to 2018 EADIT Amortization
								Excess Deferred Tax Balance @ 12/31/2017						
						Tax Rates		-14.0%	0.7700%	0.0%	-13.23%	1	1	
1500	282	Other Unprotected - 10	10	10	DEP102	Fossil Dismantlement	370,901,893	(51,926,265)	2,855,945	0	(49,070,320)	(4,907,032)	(4,907,032)	0
1504	282	Other Unprotected	1	1	DEP102	Fossil Dismantlement	(5,540,839)	775,717	(42,664)	0	733,053	733,053	733,053	0
1500	282	Other Unprotected - 30	30	10	DEP107	Def ITC Interest Synch	6,779,781	(949,169)	52,204	0	(896,965)	(29,899)	(89,697)	(59,798)
1500	282	Other Unprotected - 30	30	10	DEP131	FAS90 Depr Reclass	87,006,154	(12,180,862)	669,947	0	(11,510,914)	(383,697)	(1,151,091)	(767,394)
1508	282	Other Unprotected	20	10	DEP201	ARO Accretion	10,885,315	(1,523,944)	83,817	0	(1,440,127)	(72,006)	(144,013)	(72,006)
1508	282	Other Unprotected	20	10	DEP202	ARO Asset	(10,885,315)	1,523,944	(83,817)	0	1,440,127	72,006	144,013	72,006
1500	282	Other Unprotected - 30	30	10	NUC107	Nuclear Rule Book/Tax - Plant In Service	7,541,981	(1,055,877)	58,073	0	(997,804)	(33,260)	(99,780)	(66,520)
1500	282	Other Unprotected - 5	5	5	SAL602	Gain on Sale of MIT Credits	110,606,293	(15,484,881)	851,668	0	(14,633,213)	(2,926,643)	(2,926,643)	0
						Sub-Total Account 282	1,001,009,204	(140,141,289)	7,707,771	0	(132,433,518)	(8,986,059)	(9,879,771)	(893,712)
1500	283	Other Unprotected - 1	1	1	AMO102	Amortization of Intangibles	258,666	(36,213)	1,992	0	(34,222)	(34,222)	(34,222)	0
1500	283	Other Unprotected - 1	1	1	AMO202	Int Tx Deficiency Above	(1,737,676)	243,275	(13,380)	0	229,895	229,895	229,895	0
1500	283	Other Unprotected - 5	5	5	AMO303	Loss Disp Prop Abv	(193,657)	27,112	(1,491)	0	25,621	5,124	5,124	0
1500	283	Other Unprotected - 20	20	10	AMO304	Reg Asset - Surplus Flowback	(1,208,675,515)	169,214,572	(9,306,801)	0	159,907,771	7,995,389	15,990,777	7,995,389
1500	283	Other Unprotected - 1	1	1	AMO309	Reg Asset - FAS90 Current	4,526,984	(633,778)	34,858	0	(598,920)	(598,920)	(598,920)	0
1500	283	Other Unprotected - 30	30	10	AMO310	Reg Asset - FAS90 L/T	(91,533,137)	12,814,639	(704,805)	0	12,109,834	403,661	1,210,983	807,322
1500	283	Other Unprotected - 20	20	10	AMO311	Reg Asset - Dism Resv - Surplus Flowback	(146,014,234)	20,441,993	(1,124,310)	0	19,317,683	965,884	1,931,768	965,884
1500	283	Other Unprotected - 6	6	6	AMO314	Reg Asset - CB PPA Loss - L/T	(334,607,191)	46,845,007	(2,576,475)	0	44,268,531	7,378,089	7,378,089	0
1500	283	Other Unprotected - 6	6	6	AMO315	Reg Asset - CB Tax GU - L/T	(210,133,794)	29,418,731	(1,618,030)	0	27,800,701	4,633,450	4,633,450	0
1500	283	Other Unprotected - 6	6	6	AMO317	Reg Asset - CB PPA Loss - Current	(55,767,857)	7,807,500	(429,412)	0	7,378,087	1,229,681	1,229,681	0
1500	283	Other Unprotected - 6	6	6	AMO318	Reg Asset - CB Tax GU - Current	(35,022,306)	4,903,123	(269,672)	0	4,633,451	772,242	772,242	0
1500	283	Other Unprotected - 10	10	10	AMO320	Reg Asset - PTN Cooling Canals	(112,422,793)	15,739,191	(865,656)	0	14,873,536	1,487,354	1,487,354	0
1500	283	Other Unprotected - 30	30	10	AMO321	Reg Asset - ICL - PPA Loss	(401,333,333)	56,186,667	(3,090,267)	0	53,096,400	1,769,880	5,309,640	3,539,760
1500	283	Other Unprotected - 10	10	10	AMO322	Reg Asset - Environmental Remediation	(687,448)	96,243	(5,293)	0	90,949	9,095	9,095	0
1500	283	Other Unprotected - 30	30	10	CAP202	Nustart Energy	(1,812,112)	253,696	(13,953)	0	239,742	7,991	23,974	15,983
1500	283	Other Unprotected - 2	2	2	CAP301	Rate Case Expenses	(2,519,917)	352,788	(19,403)	0	333,385	166,693	166,693	0
1500	283	Other Unprotected - 5	5	5	DBT101	Loss on Reacq Debt	(92,180,381)	12,905,253	(709,789)	0	12,195,464	2,439,093	2,439,093	0
1500	283	Other Unprotected - 30	30	10	EMP102	Pension SFAS 87	(1,350,835,622)	189,116,987	(10,401,434)	0	178,715,553	5,957,185	17,871,555	11,914,370
1500	283	Other Unprotected - 5	5	5	FIN404	FIN48 Interest Receivable-State	(1,358,477)	190,187	(10,460)	0	179,727	35,945	35,945	0
1500	283	Other Unprotected - 1	1	1	FUL102	Def Fuel Cost FERC	(30,351)	4,249	(234)	0	4,015	4,015	4,015	0
1500	283	Other Unprotected - 1	1	1	FUL103	Def Fuel Cost FPSC - Current	(6,358,244)	890,154	(48,958)	0	841,196	841,196	841,196	0
1500	283	Other Unprotected - 1	1	1	FUL109	EPU Asset Retirements	(1,008,527)	141,194	(7,766)	0	133,428	133,428	133,428	0
1500	283	Other Unprotected - 1	1	1	FUL302	Franchise Fee Costs	(3,389,162)	474,483	(26,097)	0	448,386	448,386	448,386	0
1500	283	Other Unprotected - 1	1	1	INC608	Accrued Revenues - GPIF	(9,656,036)	1,351,845	(74,351)	0	1,277,494	1,277,494	1,277,494	0
1500	283	Other Unprotected - 1	1	1	INC609	Accrued Revenues - Asset Optimization	(10,101,485)	1,414,208	(77,781)	0	1,336,426	1,336,426	1,336,426	0
1500	283	Other Unprotected - 21	21	10	ITC102	Conv ITC Depr Loss	(26,032,853)	3,644,599	(200,453)	0	3,444,146	164,007	344,415	180,408
1500	283	Other Unprotected - 22	22	10	ITC104	Space Coast ITC Depr Loss	(11,146,139)	1,560,459	(85,825)	0	1,474,634	67,029	147,463	80,435
1500	283	Other Unprotected - 21	21	10	ITC106	Martin ITC Depr Loss	(77,040,475)	10,785,667	(593,212)	0	10,192,455	485,355	1,019,245	533,890
1500	283	Other Unprotected - 30	30	10	NUC103	Nuclear Cola Payroll	(29,298,885)	4,101,844	(225,601)	0	3,876,242	129,208	387,624	258,416
1500	283	Other Unprotected - 1	1	1	PPD101	Prepaid Insurance	(12,825,069)	1,795,510	(98,753)	0	1,696,757	1,696,757	1,696,757	0
1500	283	Other Unprotected - 1	1	1	PPD202	Prepaid Franchise Fees	(14,597,066)	2,043,589	(112,397)	0	1,931,192	1,931,192	1,931,192	0
1500	283	Other Unprotected - 1	1	1	PPD203	Prepaid State Motor Vehicle Taxes	(742,563)	103,959	(5,718)	0	98,241	98,241	98,241	0
1500	283	Other Unprotected - 30	30	10	RSH102	Research and Experimental Costs	(2,804,913)	392,688	(21,598)	0	371,090	12,370	37,109	24,739
1500	283	Other Unprotected - 1	1	1	STM401	Storm Recovery Property	(67,547,937)	9,456,711	(520,119)	0	8,936,592	8,936,592	8,936,592	0
1500	283	Other Unprotected - 1	1	1	STM407	Storm Recovery - Current	(115,491,986)	16,168,878	(889,288)	0	15,279,590	15,279,590	15,279,590	0
1500	283	Other Unprotected - 5	5	5	STM408	Involuntary Conversion - Storm - Deferre	5,224,057	(731,368)	40,225	0	(691,143)	(138,229)	(138,229)	0
						Sub-Total Account 283	(4,424,897,434)	619,485,641	(34,071,710)	0	585,413,931	67,556,565	93,873,162	26,316,596
						Total Federal & State	**(921,109,976)**	**128,955,397**	**(7,092,547)**	**0**	**121,862,850**	**1,918,689**	**12,798,823**	**10,880,134**
State Modifications														
1500	282	Protected State Mod - 6	6	6	DEP118	Florida Bonus Depreciation	4,674,495,003	0	35,993,612	0	35,993,612	5,998,935	5,998,935	0
1500	282	Protected State Mod - 2	2	2	DEP133	Florida Bonus Depreciation - 2014	23,579,500	0	181,562	0	181,562	90,781	90,781	0
1500	282	Protected State Mod - 3	3	3	DEP134	Florida Bonus Depreciation - 2015	(3,929,917)	0	(30,260)	0	(30,260)	(10,087)	(10,087)	0
						Total State Modifications	**4,694,144,586**	**0**	**36,144,913**	**0**	**36,144,913**	**6,079,630**	**6,079,630**	**0**

Florida Power & Light Co & Subs
Turnaround of Excess Deferred Taxes
Year Ended December 2017

								Excess Deferred Tax Balance @ 12/31/2017						
						Tax Rates		-14.0%	0.7700%	0.0%	-13.23%	1	1	
Co	FERC	Type	FPL Turn Period (Years)	OPC Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total	FPL Proposed 2018 Activity	OPC Proposed 2018 Activity	Adjustment to 2018 EADIT Amortization
						Total with State Modifications	**3,773,034,610**	**128,955,397**	**29,052,366**	**0**	**158,007,763**	**7,998,319**	**18,878,453**	**10,880,134**
Deferred Only														
1500	282	Other Unprotected - 30	30	10	RATE_ADJ_ST	Adjust for tax rates & apportionment		0	(662,685)	0	(662,685)	(22,089)	(66,268)	(44,179)
						Miscellaneous Difference (offset w/ PT misc diff)		(639,456)	697,855	0	58,398	(38,339)	(38,339)	0
						Total Deferred Only		(639,456)	35,170	0	(604,286)	(60,429)	(104,608)	(44,179)
		NonPowerTax - UnProtected/Protected				**Non PowerTax Excess Deferred Taxes**		**128,315,940**	**29,087,537**	**0**	**157,403,477**	**7,937,890**	**18,773,845**	**10,835,955**

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 7

January 26, 2018, NextEra Energy, Inc.
Press Release

EX-99 2 neeq42017exhibit99.htm EXHIBIT 99

Exhibit 99

NextEra Energy, Inc.
Media Line: 561-694-4442
Jan. 26, 2018

FOR IMMEDIATE RELEASE

NextEra Energy reports 2017 fourth-quarter and full-year financial results

- NextEra Energy achieves strong 2017 results; increases financial expectations and extends outlook by an additional year through 2021
- FPL will reduce customer bills by using federal tax savings to forgo recovery of the approximately $1.3 billion Hurricane Irma restoration cost – saving each of FPL's nearly 5 million customers an average of $250 and potentially avoiding a base rate increase for up to two years
- NextEra Energy Resources executes record year for wind and solar origination, adding approximately 2,700 megawatts to its contracted renewables backlog and 700 megawatts to its repowering backlog

JUNO BEACH, Fla. - NextEra Energy, Inc. (NYSE: NEE) today reported 2017 fourth-quarter net income attributable to NextEra Energy on a GAAP basis of $2.155 billion, or $4.55 per share, compared to $966 million, or $2.06 per share, for the fourth quarter of 2016. On an adjusted basis, NextEra Energy's 2017 fourth-quarter earnings were $590 million, or $1.25 per share, compared to $566 million, or $1.21 per share, in the fourth quarter of 2016.

For the full year 2017, NextEra Energy reported net income attributable to NextEra Energy on a GAAP basis of $5.378 billion, or $11.38 per share, compared to $2.912 billion, or $6.25 per share, in 2016. On an adjusted basis, NextEra Energy's full-year 2017 earnings were $3.165 billion, or $6.70 per share, compared to $2.884 billion, or $6.19 per share, in 2016, which represents year-over-year growth in adjusted earnings per share of 8.2 percent.

Adjusted earnings for these periods exclude the effects of non-qualifying hedges, the impacts of tax reform, an impairment charge, gains on disposal of a business/assets, the net effect of other than temporary impairments (OTTI) on certain investments, operating results from the Spain solar projects and merger-related expenses.

NextEra Energy's management uses adjusted earnings, which is a non-GAAP financial measure, internally for financial planning, analysis of performance, reporting of results to the board of directors and as an input in determining performance-based compensation under the company's employee incentive compensation plans. NextEra Energy also uses earnings expressed in this fashion when communicating its financial results and earnings outlook to analysts and investors. NextEra Energy's management believes that adjusted earnings provide a more meaningful representation of NextEra Energy's fundamental earnings power. A reconciliation of historical adjusted earnings to net income attributable to NextEra Energy, which is the most directly comparable GAAP measure, is included in the attachments to this news release.

"Our performance during 2017 was strong both financially and operationally with outstanding execution on our initiatives across the board," said Jim Robo, chairman and chief executive officer of NextEra Energy. "We grew 2017 adjusted earnings per share by 8.2 percent and delivered a total shareholder return of more than 34 percent, outperforming both the S&P 500 and the S&P 500 Utilities Index by a wide margin. Last week, NextEra Energy was ranked No. 1 overall among electric and gas utilities on Fortune's 2018 list of the 'Most Admired Companies' for the 11th time in 12 years. This is a testament to our employees' passion, hard work and relentless commitment to excellence each and every day. At FPL, we grew regulatory capital employed approximately 10.3 percent by making significant progress on our major initiatives, including advancing one of the largest solar expansions ever in the eastern U.S., while keeping electric bills low, maintaining high reliability and delivering superior customer service. NextEra Energy Resources had a record year, adding approximately 2,700 megawatts to its contracted renewables backlog and 700 megawatts to its repowering backlog, while commissioning roughly 2,150 megawatts of wind and solar projects, including repowering. Additionally, the federal tax reform outcome is positive and will immediately benefit FPL customers while being accretive to NextEra Energy shareholders. Overall, NextEra Energy is as well-positioned as it's ever been with excellent prospects for growth and one of the strongest balance sheets in the sector. We are extremely proud of our long-term track record of providing value creation for our shareholders and are poised to continue that track record going forward. With this in mind, we are increasing our financial expectations to reflect the approximately 45 cents per share 2018 benefit from tax reform and extending them by an additional year through 2021."

Florida Power & Light Company

NextEra Energy's principal rate-regulated electric utility subsidiary, Florida Power & Light Company (FPL), reported fourth-quarter 2017 net income on a GAAP basis of $344 million, or $0.73 per share, compared to $371 million, or $0.79 per share, for the prior-year quarter. For the fourth quarter and full year 2017, FPL is excluding as a tax reform-related item from adjusted earnings the $50 million after-tax net impact that results primarily from the shortfall of available reserve amortization to offset the Hurricane Irma cost recovery expense. On an adjusted basis, FPL's earnings for the fourth quarter of 2017 were $394 million, or $0.84 per share, compared to $371 million, or $0.79 per share, for the fourth quarter of 2016. For the full year 2017, FPL reported net income on a GAAP basis of $1.880 billion, or $3.98 per share, compared to $1.727 billion, or $3.71 per share, in 2016. On an adjusted basis, FPL's earnings for the full year 2017 were $1.930 billion, or $4.09 per share, compared to $1.727 billion, or $3.71 per share in 2016.

FPL's growth was driven by continued investments in clean, efficient, modernized generation, as well as a stronger and smarter grid, to further improve the already outstanding efficiency and reliability of its system. FPL's capital expenditures were approximately $1.5 billion in the fourth quarter of 2017, bringing full-year capital investments to approximately $5.3 billion. Regulatory capital employed in 2017 grew approximately 10.3 percent, compared to the prior year. During the fourth quarter, FPL's average number of customers increased by approximately 55,300 from the prior-year comparable quarter.

FPL continued to deliver a customer value proposition that includes high reliability, award-winning customer service, a clean emissions profile and a typical residential customer bill that is among the lowest in Florida and the nation. In 2017, FPL achieved its best-ever service reliability performance, and was named the winner of the 2017 ReliabilityOne™ Award for Outstanding Reliability Performance in the Southeast U.S. by PA Consulting Group, Inc. for the fourth consecutive year.

In 2017, FPL responded to Hurricane Irma – one of the largest, most powerful storms to ever hit Florida – and the company's response was unprecedented both in scale and the speed of power restoration. FPL had previously announced its intention to begin recovering the approximately $1.3 billion restoration cost by implementing a surcharge on customer bills through 2020. Instead, FPL plans to reduce customer bills by using federal tax savings to forgo recovery of the Hurricane Irma restoration cost, which will save each of FPL's nearly 5 million customers an average of approximately $250. In addition, FPL may be able to

20180046-EI Staff Hearing Exhibits 00206 use future federal tax savings to continue operating under the current base rate agreement beyond the initial term, which covers through 2020, for up to two additional years, potentially avoiding base rate increases to customer bills in 2021 and 2022. FPL believes this is the fastest way to begin passing tax savings along to customers and the most appropriate approach to keeping rates low and stable for years to come.

FPL continued to make significant progress on its major initiatives in 2017, including advancing one of the largest solar expansions ever in the eastern U.S. Construction on four solar energy centers, totaling approximately 300 MW, was completed on schedule and under budget. An additional four 74.5-MW solar energy centers are being built across FPL's service territory and are all on track to begin providing cost-effective energy to FPL customers this quarter. Development continues on an additional 1,600 MW of solar projects planned for beyond 2018, and FPL has secured potential sites that could support more than 5 gigawatts of FPL's ongoing solar expansion.

Construction on the state-of-the-art, natural-gas fueled FPL Okeechobee Clean Energy Center remains on schedule and on budget. The approximately 1,750-MW project, expected to begin operation in mid-2019, will be one of the cleanest, most efficient plants of its kind in the world. Additionally, progress continues to advance on the 1,200-MW FPL Dania Beach Clean Energy Center. The facility, which will be highly efficient and fueled by clean-burning natural gas, is expected to begin operation by mid-2022 and produce more than $335 million in projected net savings for FPL customers over its operational life.

This month, FPL retired the St. Johns River Power Park in Jacksonville, Florida, an approximately 1,300-MW coal-fired power plant co-owned with JEA. Closure of the plant is projected to prevent more than 5.6 million tons of carbon dioxide emissions annually and save FPL customers an estimated $183 million.

NextEra Energy Resources

NextEra Energy Resources, the competitive energy business of NextEra Energy, reported a fourth-quarter 2017 contribution to net income attributable to NextEra Energy on a GAAP basis of $1.894 billion, or $4.00 per share, compared to $360 million, or $0.77 per share, in the prior-year quarter. On an adjusted basis, NextEra Energy Resources' earnings for the fourth quarter of 2017 were $230 million, or $0.49 per share, compared to $191 million, or $0.41 per share, for the fourth quarter of 2016. For the full year 2017, NextEra Energy Resources reported net income attributable to NextEra Energy on a GAAP basis of $2.963 billion, or $6.27 per share, compared to $1.125 billion, or $2.41 per share, in 2016. On an adjusted basis, NextEra Energy Resources' earnings for the full year 2017 were $1.230 billion, or $2.61 per share, compared to $1.090 billion, or $2.33 per share, for the full year 2016.

This quarter's adjusted results exclude a $1.925 billion gain related to a reduction in deferred tax liabilities resulting from tax reform and a charge associated with the Duane Arnold Energy Center. In late 2017, the company concluded that it is unlikely that the facility's primary customer will extend the current contract after it expires in 2025. Without a contract extension, the facility would likely close at the end of 2025 despite being licensed to operate until 2034. As a result, during the fourth quarter, Duane Arnold Energy Center's book value and asset retirement obligation were reviewed and an after-tax impairment of $258 million was recorded, reflecting the company's belief that it is unlikely the project will operate after 2025. NextEra Energy Resources continues to pursue a contract extension that would enable Duane Arnold Energy Center to continue operations.

NextEra Energy Resources' contribution to adjusted earnings per share in the fourth quarter of 2017 increased by $0.08 against the prior-year comparable period. The business' results were primarily driven by contributions from new investments and increased contributions from existing generation assets as a result of repowering, partially offset by lower contributions from the gas infrastructure business.

For the full year 2017, NextEra Energy Resources' contribution to adjusted earnings per share increased $0.28 from the prior-year comparable period. Growth was driven by continued new additions to its renewables portfolio, including the roughly 2,500 MW of new wind and solar projects commissioned in

2016, which are included in new investments during the first 12 months of operation, as well as contributions from new natural gas pipeline investments.

NextEra Energy Resources achieved another record year of origination with approximately 1,700 MW of new wind projects and more than 1,000 MW of new solar projects, including the largest combined solar and storage facility in the U.S. announced to date, and added roughly 700 MW of wind repowering to its backlog. In addition, the company commissioned approximately 2,150 MW of wind and solar in the U.S., including the first approximately 1,600 MW of its repowering program.

Both the Sabal Trail and Florida Southeast Connection natural gas pipeline projects successfully achieved commercial operation on budget and on schedule. Additionally, the Mountain Valley Pipeline made excellent progress over the year, receiving its first limited notice to proceed from the Federal Energy Regulatory Commission this week, and it remains on track to achieve a year-end 2018 commercial operation date.

Corporate and Other
In the fourth quarter of 2017 on a GAAP basis, Corporate and Other earnings decreased $0.68 per share, compared to the prior-year quarter. On an adjusted basis, Corporate and Other earnings for the fourth quarter of 2017 decreased $0.09 per share, compared to the prior-year quarter. During the fourth quarter of 2017, the company capitalized on the ongoing favorable financing market conditions and completed several refinancing initiatives. The combined financings, which have roughly a $165 million after-tax net present value benefit on a cash basis, resulted in a net income reduction of approximately $33 million, or $0.07 per share. For full year 2017, Corporate and Other earnings increased $1.00 per share on a GAAP basis, compared to 2016, due to a gain on the sale of FiberNet in early 2017. On an adjusted basis, full-year 2017 Corporate and Other earnings decreased $0.15 per share year-over-year, primarily reflecting the costs related to fourth quarter 2017 refinancing initiatives.

Outlook
Based on the tax reform benefit, which is expected to be approximately 45 cents in 2018, NextEra Energy is increasing its financial expectations ranges and now expects adjusted earnings per share to be in the range of $7.45 to $7.95 for 2018. With the certainty provided by the new tax reform legislation and the anticipated continued strength of the investment opportunities at both FPL and NextEra Energy Resources, NextEra Energy is also extending its longer-term growth outlook to 2021. The company expects a compound annual growth rate in adjusted earnings per share to be in a range of 6 to 8 percent through 2021, off a revised base at the midpoint of the new 2018 range, or $7.70 per share. In 2019, the company now expects adjusted earnings per share to be in the range of $8.00 to $8.50. For 2020 and 2021, the company now expects adjusted earnings per share to be in the range of $8.55 to $9.05 and $9.20 to $9.75, respectively.

NextEra Energy's adjusted earnings expectations exclude the cumulative effect of adopting new accounting standards, the effect of non-qualifying hedges, the effects of tax reform, the net gains related to the investment in NextEra Energy Partners, LP, as well as unrealized gains and losses on equity securities and net OTTI losses on debt securities held in NextEra Energy Resources' nuclear decommissioning funds, none of which can be determined at this time. Adjusted earnings expectations also exclude the operating results from the Spain solar projects and merger-related expenses. In addition, adjusted earnings expectations assume, among other things: normal weather and operating conditions; continued recovery of the national and the Florida economy; supportive commodity markets; current forward curves; public policy support for wind and solar development and construction; market demand and transmission expansion to support wind and solar development; market demand for pipeline capacity; access to capital at reasonable cost and terms; no divestitures other than to NextEra Energy Partners, LP or acquisitions; no adverse litigation decisions; and no changes to governmental tax policy or incentives. Please see the accompanying cautionary statements for a list of the risk factors that may affect future results.

As previously announced, NextEra Energy's 2017 fourth-quarter and full-year earnings conference call is scheduled for 9 a.m. ET today. Also discussed during the call will be the 2017 fourth-quarter and full-year financial results for NextEra Energy Partners, LP (NYSE: NEP). The listen-only webcast will be available on NextEra Energy's website by accessing the following link: **www.NextEraEnergy.com/investors**. The news release and slides accompanying the presentation may be downloaded at **www.NextEraEnergy.com/investors**, beginning at 7:30 a.m. ET today. A replay will be available for 90 days by accessing the same link as listed above.

This news release should be read in conjunction with the attached unaudited financial information.

NextEra Energy, Inc.

NextEra Energy, Inc. (NYSE: NEE) is a leading clean energy company with consolidated revenues of approximately $17.2 billion, operates approximately 46,790 megawatts of net generating capacity and employs approximately 14,000 people in 33 states and Canada as of year-end 2017. Headquartered in Juno Beach, Florida, NextEra Energy's principal subsidiaries are Florida Power & Light Company, which serves approximately 5 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the United States, and NextEra Energy Resources, LLC, which, together with its affiliated entities, is the world's largest generator of renewable energy from the wind and sun. Through its subsidiaries, NextEra Energy generates clean, emissions-free electricity from eight commercial nuclear power units in Florida, New Hampshire, Iowa and Wisconsin. A Fortune 200 company and included in the S&P 100 index, NextEra Energy has been recognized often by third parties for its efforts in sustainability, corporate responsibility, ethics and compliance, and diversity, and has been ranked No. 1 in the electric and gas utilities industry in Fortune's 2018 list of "World's Most Admired Companies." For more information about NextEra Energy companies, visit these websites: www.NextEraEnergy.com, www.FPL.com, www.NextEraEnergyResources.com.

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Cautionary Statements and Risk Factors That May Affect Future Results

This news release contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical facts, but instead represent the current expectations of NextEra Energy, Inc. (NextEra Energy) and Florida Power & Light Company (FPL) regarding future operating results and other future events, many of which, by their nature, are inherently uncertain and outside of NextEra Energy's and FPL's control. Forward-looking statements in this news release include, among others, statements concerning adjusted earnings per share expectations and future operating performance, and statements concerning future dividends. In some cases, you can identify the forward-looking statements by words or phrases such as "will," "may result," "expect," "anticipate," "believe," "intend," "plan," "seek," "potential," "projection," "forecast," "predict," "goals," "target," "outlook," "should," "would" or similar words or expressions. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance. The future results of NextEra Energy and FPL and their business and financial condition are subject to risks and uncertainties that could cause their actual results to differ materially from those expressed or implied in the forward-looking statements, or may require them to limit or eliminate certain operations. These risks and uncertainties include, but are not limited to, the following: effects of extensive regulation of NextEra Energy's and FPL's business operations; inability of NextEra Energy and FPL to recover in a timely manner any significant amount of costs, a return on certain assets or a reasonable return on invested capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise; impact of political, regulatory and economic factors on regulatory decisions important to NextEra Energy and FPL; disallowance of cost recovery by FPL based on a finding of imprudent use of derivative instruments; effect of any reductions or modifications to, or elimination of, governmental incentives or policies that support utility scale renewable energy projects of NextEra Energy Resources, LLC and its affiliated entities (NextEra Energy Resources) or the imposition of additional tax laws, policies or assessments on renewable energy; impact of new or revised laws, regulations, interpretations or other regulatory initiatives on NextEra Energy and FPL; capital expenditures, increased operating costs and various liabilities attributable to environmental laws, regulations and other standards applicable to NextEra Energy and FPL; effects on NextEra Energy and FPL of federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions; exposure of NextEra Energy and FPL to significant and increasing compliance costs and substantial monetary penalties and other sanctions as a result of extensive federal regulation of their operations and businesses; effect on NextEra Energy and FPL of changes in tax laws, guidance or policies as well as in judgments and estimates used to determine tax-related asset and liability amounts; impact on NextEra Energy and FPL of adverse results of litigation; effect on NextEra Energy and FPL of failure to proceed with projects under development or inability to complete the construction of (or capital improvements to) electric generation, transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget; impact on development and operating activities of NextEra Energy and FPL resulting from risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements; risks involved in the operation and maintenance of electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities; effect on NextEra Energy and FPL of a lack of growth or slower growth in the number of customers or in customer usage; impact on NextEra Energy and FPL of severe weather and other weather conditions; threats of terrorism and catastrophic events that could result from terrorism, cyber attacks or other attempts to disrupt NextEra Energy's and FPL's business or the businesses of third parties; inability to obtain adequate insurance coverage for protection of NextEra Energy and FPL against significant losses and risk that insurance coverage does not provide protection against all significant losses; a prolonged period of low gas and oil prices could impact NextEra Energy Resources' gas infrastructure business and cause NextEra Energy Resources to delay or cancel certain gas infrastructure projects and for certain existing projects to be impaired; risk to NextEra Energy Resources of increased operating costs resulting from unfavorable supply costs necessary to provide NextEra Energy Resources' full energy and capacity requirement services; inability or failure by NextEra Energy Resources to manage properly or hedge effectively the commodity risk within its portfolio; effect of reductions in the liquidity of energy markets on NextEra Energy's ability to manage operational risks; effectiveness of NextEra Energy's and FPL's risk management tools associated with their hedging and trading procedures to protect against significant losses, including the effect of unforeseen price variances from historical behavior; impact of unavailability or disruption of power transmission or commodity transportation facilities on sale and delivery of power or natural gas by FPL and NextEra Energy Resources; exposure of NextEra Energy and FPL to credit and performance risk from customers, hedging counterparties and vendors; failure of NextEra Energy or FPL counterparties to perform under derivative contracts or of requirement for NextEra Energy or FPL to post margin cash collateral under derivative contracts; failure or breach of NextEra Energy's or FPL's information technology systems; risks to NextEra Energy and FPL's retail businesses from compromise of sensitive customer data; losses from volatility in the market values of derivative instruments and limited liquidity in OTC markets; impact of negative publicity; inability of NextEra Energy and FPL to maintain, negotiate or renegotiate acceptable franchise agreements with municipalities and counties in Florida; occurrence of work strikes or stoppages and increasing personnel costs; NextEra Energy's ability to successfully identify, complete and integrate acquisitions, including the effect of increased competition for acquisitions; NextEra Energy Partners, LP's (NEP's) acquisitions may not be completed and, even if completed, NextEra Energy may not realize the anticipated benefits of any acquisitions; environmental, health and financial risks associated with NextEra Energy Resources' and FPL's ownership and operation of nuclear generation facilities; liability of NextEra Energy and FPL for significant retrospective assessments and/or retrospective insurance premiums in the event of an incident at certain nuclear generation facilities; increased operating and capital expenditures and/or result in reduced revenues at nuclear generation facilities of NextEra Energy or FPL resulting from orders or new regulations of the Nuclear Regulatory Commission; inability to operate any of NextEra Energy Resources' or FPL's owned nuclear generation units through the end of their respective operating licenses; effect of disruptions, uncertainty or volatility in the credit and capital markets on NextEra Energy's and FPL's ability to fund their liquidity and capital needs and meet their growth objectives; inability of NextEra Energy, FPL and NextEra Energy Capital Holdings, Inc. to maintain their current credit ratings; impairment of NextEra Energy's and FPL's liquidity from inability of credit providers to fund their credit commitments or to maintain their current credit ratings; poor market performance and other economic factors that could affect NextEra Energy's defined benefit pension plan's funded status; poor market performance and other risks to the asset values of NextEra Energy's and FPL's nuclear decommissioning funds; changes in market value and other risks to certain of NextEra Energy's investments; effect of inability of NextEra Energy subsidiaries to pay upstream dividends or repay funds to NextEra Energy or of NextEra Energy's performance under guarantees of subsidiary obligations on NextEra Energy's ability to meet its financial obligations and to pay dividends on its common stock; the fact that the amount and timing of dividends payable on NextEra Energy's common stock, as well as the dividend policy approved by NextEra Energy's board of directors from time to time, and changes to that policy, are within the sole discretion of NextEra Energy's board of directors and, if declared and paid, dividends may be in amounts that are less than might be expected by shareholders; NEP's inability to access sources of capital on commercially reasonable terms could have an effect on its ability to consummate future acquisitions and on the value of NextEra Energy's limited partner interest in NextEra Energy Operating Partners, LP; and effects of disruptions, uncertainty or volatility in the credit and capital markets on the market price of NextEra Energy's common stock. NextEra Energy and FPL discuss these and other risks and uncertainties in their annual report on Form 10-K for the year ended December 31, 2016 and other SEC filings, and this news release should be read in conjunction with such SEC filings made through the date of this news release. The forward-looking statements made in this news release are made only as of the date of this news release and NextEra Energy and FPL undertake no obligation to update any forward-looking statements.

NextEra Energy, Inc.
Condensed Consolidated Statements of Income
(millions, except per share amounts)
(unaudited)

Preliminary

Three Months Ended December 31, 2017	FPL	NEER	Corporate and Other(1)	NextEra Energy
Operating Revenues	$ 2,877	$ 1,134	$ (1)	$ 4,010
Operating Expenses (Income)				
Fuel, purchased power and interchange	846	164	(31)	979
Other operations and maintenance	423	487	17	927
Storm restoration costs	1,255	—	—	1,255
Impairment charges	—	426	—	426
Merger-related	—	—	52	52
Depreciation and amortization	(580)	354	7	(219)
Losses (gains) on disposal of a business/assets - net	(1)	(5)	1	(5)
Taxes other than income taxes and other - net	316	40	3	359
Total operating expenses - net	2,259	1,466	49	3,774
Operating Income (Loss)	618	(332)	(50)	236
Other Income (Deductions)				
Interest expense	(122)	(188)	(77)	(387)
Benefits associated with differential membership interests - net	—	149	—	149
Equity in earnings (losses) of equity method investees	—	(11)	(1)	(12)
Allowance for equity funds used during construction	24	—	—	24
Interest income	1	19	2	22
Gains (losses) on disposal of investments and other property - net	—	51	(1)	50
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(2)	—	(2)
Other - net	(4)	10	—	6
Total other income (deductions) - net	(101)	28	(77)	(150)
Income (Loss) before Income Taxes	517	(304)	(127)	86
Income Tax Expense (Benefit)	173	(2,111)	(44)	(1,982)
Net Income (Loss)	344	1,807	(83)	2,068
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	(87)	—	(87)
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 344**	**$ 1,894**	**$ (83)**	**$ 2,155**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 344**	**$ 1,894**	**$ (83)**	**$ 2,155**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges(2)	—	170	6	176
Loss (income) from other than temporary impairments - net(3)	—	(18)	—	(18)
Tax reform(4)	50	(1,925)	(2)	(1,877)
Duane Arnold impairment charge(5)	—	420	—	420
Operating loss (income) of Spain solar projects(6)	—	2	—	2
Merger-related expenses(7)	—	—	52	52
Less related income tax expense (benefit)	—	(313)	(7)	(320)
Adjusted Earnings (Loss)	**$ 394**	**$ 230**	**$ (34)**	**$ 590**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 0.73**	**$ 4.00**	**$ (0.18)**	**$ 4.55**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges(2)	—	0.36	0.01	0.37

Loss (income) from other than temporary impairments - net[3]	—	(0.04)	—	(0.04)
Tax reform[4]	0.11	(4.06)	—	(3.95)
Duane Arnold impairment charge[5]	—	0.89	—	0.89
Operating loss (income) of Spain solar projects[6]	—	—	—	—
Merger-related expenses[7]	—	—	0.11	0.11
Less related income tax expense (benefit)	—	(0.66)	(0.02)	(0.68)
Adjusted Earnings (Loss) Per Share	**$ 0.84**	**$ 0.49**	**$ (0.08)**	**$ 1.25**
Weighted-average shares outstanding (assuming dilution)				**474**

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[1] Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

[2] After tax impact on adjusted earnings by segment is $0, $10, $4, $14, or $0.00, $0.02, $0.01, $0.03 per share, respectively.

[3] After tax impact on adjusted earnings is $2 or $0.00 per share.

[4] Net of approximately $40 million or $0.08 of income tax benefit at FPL.

[5] After tax impact on adjusted earnings by segment is $0, $246, $12, $258 or $0.00, $0.52, $0.02, $0.54 per share, respectively.

[6] After tax impact on adjusted earnings is $3 or $0.01 per share.

[7] After tax impact on adjusted earnings is $35 or $0.07 per share.

NextEra Energy, Inc.
Condensed Consolidated Statements of Income
(millions, except per share amounts)
(unaudited)

Preliminary

Three Months Ended December 31, 2016	FPL	NEER	Corporate and Other[1]	NextEra Energy
Operating Revenues	$ 2,558	$ 1,052	$ 89	$ 3,699
Operating Expenses (Income)				
Fuel, purchased power and interchange	741	189	6	936
Other operations and maintenance	397	482	36	915
Impairment charges	—	3	—	3
Merger-related	—	—	5	5
Depreciation and amortization	445	360	10	815
Losses (gains) on disposal of a business/assets - net	(1)	(188)	1	(188)
Taxes other than income taxes and other - net	282	(2)	7	287
Total operating expenses - net	1,864	844	65	2,773
Operating Income (Loss)	694	208	24	926
Other Income (Deductions)				
Interest expense	(113)	134	366	387
Benefits associated with differential membership interests - net	—	90	—	90
Equity in earnings (losses) of equity method investees	—	2	—	2
Allowance for equity funds used during construction	19	4	1	24
Interest income	—	17	4	21
Gains (losses) on disposal of investments and other property - net	—	4	—	4
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(4)	—	(4)
Revaluation of contingent consideration	—	71	—	71
Other - net	(1)	16	(15)	—
Total other income (deductions) - net	(95)	334	356	595
Income (Loss) before Income Taxes	599	542	380	1,521
Income Tax Expense (Benefit)	228	131	145	504
Net Income (Loss)	371	411	235	1,017
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	51	—	51
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 371**	**$ 360**	**$ 235**	**$ 966**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 371**	**$ 360**	**$ 235**	**$ 966**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	(79)	(391)	(470)
Loss (income) from other than temporary impairments - net[3]	—	(5)	—	(5)
Gains on disposal of a business/assets[4]	—	(191)	—	(191)
Operating loss (income) of Spain solar projects[5]	—	7	—	7
Merger-related expenses[6]	—	—	5	5
Less related income tax expense (benefit)	—	99	155	254
Adjusted Earnings (Loss)	**$ 371**	**$ 191**	**$ 4**	**$ 566**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 0.79**	**$ 0.77**	**$ 0.50**	**$ 2.06**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	(0.17)	(0.83)	(1.00)
Loss (income) from other than temporary impairments - net[3]	—	(0.01)	—	(0.01)

Gains on disposal of a business/assets[4]	—	(0.41)	—	(0.41)
Operating loss (income) of Spain solar projects[5]	—	0.02	—	0.02
Merger-related expenses[6]	—	—	0.01	0.01
Less related income tax expense (benefit)	—	0.21	0.33	0.54
Adjusted Earnings (Loss) Per Share	**$ 0.79**	**$ 0.41**	**$ 0.01**	**$ 1.21**
Weighted-average shares outstanding (assuming dilution)				**469**

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[1] Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

[2] After tax impact on adjusted earnings by segment is $0, ($61), ($235), ($296), or $0.00, ($0.13), ($0.50), ($0.63) per share, respectively.

[3] After tax impact on adjusted earnings is ($3) or ($0.01) per share.

[4] After tax impact on adjusted earnings by segment is $0, ($112), ($1), ($113) or $0.00, ($0.24), $0.00, ($0.24) per share, respectively.

[5] After tax impact on adjusted earnings is $7 or $0.02 per share.

[6] After tax impact on adjusted earnings is $5 or $0.01 per share.

NextEra Energy, Inc.
Condensed Consolidated Statements of Income
(millions, except per share amounts)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2017	FPL	NEER	Corporate and Other[1]	NextEra Energy
Operating Revenues	$ 11,972	$ 5,186	$ 37	$ 17,195
Operating Expenses (Income)				
Fuel, purchased power and interchange	3,542	623	(94)	4,071
Other operations and maintenance	1,559	1,719	49	3,327
Storm restoration costs	1,255	—	—	1,255
Impairment charges	—	446	—	446
Merger-related	—	—	69	69
Depreciation and amortization	933	1,398	26	2,357
Losses (gains) on disposal of a business/assets - net	(6)	(12)	(1,093)	(1,111)
Taxes other than income taxes and other - net	1,298	144	13	1,455
Total operating expenses - net	8,581	4,318	(1,030)	11,869
Operating Income (Loss)	3,391	868	1,067	5,326
Other Income (Deductions)				
Interest expense	(482)	(801)	(275)	(1,558)
Benefits associated with differential membership interests - net	—	460	—	460
Equity in earnings (losses) of equity method investees	—	136	5	141
Allowance for equity funds used during construction	79	12	1	92
Interest income	2	72	7	81
Gains (losses) on disposal of investments and other property - net	—	98	16	114
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(10)	—	(10)
Other - net	(4)	45	(20)	21
Total other income (deductions) - net	(405)	12	(266)	(659)
Income (Loss) before Income Taxes	2,986	880	801	4,667
Income Tax Expense (Benefit)	1,106	(2,025)	266	(653)
Net Income (Loss)	1,880	2,905	535	5,320
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	(58)	—	(58)
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 1,880**	**$ 2,963**	**$ 535**	**$ 5,378**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 1,880**	**$ 2,963**	**$ 535**	**$ 5,378**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	80	136	216
Loss (income) from other than temporary impairments - net[3]	—	(25)	—	(25)
Tax reform[4]	50	(1,925)	(2)	(1,877)
Duane Arnold impairment charge[5]	—	420	—	420
Gains on disposal of a business/assets[6]	—	—	(1,096)	(1,096)
Operating loss (income) of Spain solar projects[7]	—	(4)	—	(4)
Merger-related expenses[8]	—	—	93	93
Less related income tax expense (benefit)	—	(279)	339	60
Adjusted Earnings (Loss)	**$ 1,930**	**$ 1,230**	**$ 5**	**$ 3,165**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 3.98**	**$ 6.27**	**$ 1.13**	**$ 11.38**
Adjustments - pretax				

Net losses (gains) associated with non-qualifying hedges(2)	—	0.17	0.29	0.46
Loss (income) from other than temporary impairments - net(3)	—	(0.05)	—	(0.05)
Tax reform(4)	0.11	(4.07)	—	(3.96)
Duane Arnold impairment charge(5)	—	0.89	—	0.89
Gains on disposal of a business/assets(6)	—	—	(2.32)	(2.32)
Operating loss (income) of Spain solar projects(7)	—	(0.01)	—	(0.01)
Merger-related expenses(8)	—	—	0.20	0.20
Less related income tax expense (benefit)	—	(0.59)	0.70	0.11
Adjusted Earnings (Loss) Per Share	**$ 4.09**	**$ 2.61**	**$ —**	**$ 6.70**
Weighted-average shares outstanding (assuming dilution)				**473**

(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

(2) After tax impact on adjusted earnings by segment is $0, ($47), $82, $35, or $0.00, ($0.10), $0.17, $0.07 per share, respectively.

(3) After tax impact on adjusted earnings is ($2) or $0.00 per share.

(4) Net of approximately $40 million or $0.08 of income tax benefit at FPL.

(5) After tax impact on adjusted earnings by segment is $0, $246, $12, $258 or $0.00, $0.52, $0.02, $0.54 per share, respectively.

(6) After tax impact on adjusted earnings is ($685) or ($1.45) per share.

(7) After tax impact on adjusted earnings is ($5) or ($0.01) per share.

(8) After tax impact on adjusted earnings is $63 or $0.13 per share.

NextEra Energy, Inc.
Condensed Consolidated Statements of Income
(millions, except per share amounts)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2016	FPL	NEER	Corporate and Other(1)	NextEra Energy
Operating Revenues	$ 10,895	$ 4,893	$ 367	$ 16,155
Operating Expenses (Income)				
Fuel, purchased power and interchange	3,297	706	39	4,042
Other operations and maintenance	1,600	1,658	131	3,389
Impairment charges	—	7	—	7
Merger-related	—	—	135	135
Depreciation and amortization	1,651	1,366	60	3,077
Losses (gains) on disposal of a business/assets - net	(6)	(444)	4	(446)
Taxes other than income taxes and other - net	1,195	126	22	1,343
Total operating expenses - net	7,737	3,419	391	11,547
Operating Income (Loss)	3,158	1,474	(24)	4,608
Other Income (Deductions)				
Interest expense	(456)	(732)	95	(1,093)
Benefits associated with differential membership interests - net	—	309	—	309
Equity in earnings (losses) of equity method investees	—	119	29	148
Allowance for equity funds used during construction	74	11	1	86
Interest income	2	34	46	82
Gains (losses) on disposal of investments and other property - net	—	40	—	40
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(23)	—	(23)
Revaluation of contingent consideration	—	189	—	189
Other - net	—	39	3	42
Total other income (deductions) - net	(380)	(14)	174	(220)
Income (Loss) before Income Taxes	2,778	1,460	150	4,388
Income Tax Expense (Benefit)	1,051	242	90	1,383
Net Income (Loss)	1,727	1,218	60	3,005
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	93	—	93
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 1,727**	**$ 1,125**	**$ 60**	**$ 2,912**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 1,727**	**$ 1,125**	**$ 60**	**$ 2,912**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges(2)	—	336	(228)	108
Loss (income) from other than temporary impairments - net(3)	—	5	—	5
Resolution of contingencies related to a previous asset sale(4)	—	(9)	—	(9)
Gains on disposal of a business/assets(5)	—	(445)	—	(445)
Operating loss (income) of Spain solar projects(6)	—	12	—	12
Merger-related expenses(7)	—	—	135	135
Less related income tax expense (benefit)	—	66	100	166
Adjusted Earnings (Loss)	**$ 1,727**	**$ 1,090**	**$ 67**	**$ 2,884**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 3.71**	**$ 2.41**	**$ 0.13**	**$ 6.25**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges(2)	—	0.72	(0.49)	0.23

Loss (income) from other than temporary impairments - net(3)	—	—	—	—
Resolution of contingencies related to a previous asset sale(4)	—	(0.02)	—	(0.02)
Gains on disposal of a business/assets(5)	—	(0.95)	—	(0.95)
Operating loss (income) of Spain solar projects(6)	—	0.03	—	0.03
Merger-related expenses(7)	—	—	0.29	0.29
Less related income tax expense (benefit)	—	0.14	0.22	0.36
Adjusted Earnings (Loss) Per Share	**$ 3.71**	**$ 2.33**	**$ 0.15**	**$ 6.19**
Weighted-average shares outstanding (assuming dilution)				**466**

(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

(2) After tax impact on adjusted earnings by segment is $0, $233, ($141), $92, or $0.00, $0.50, ($0.30), $0.20 per share, respectively.

(3) After tax impact on adjusted earnings by segment is $0, $2, ($1), $1 or $0.00 per share, respectively.

(4) After tax impact on adjusted earnings is ($5) or ($0.01) per share.

(5) After tax impact on adjusted earnings by segment is $0, ($276), $57, ($219) or $0.00, ($0.59), $0.12, ($0.47) per share, respectively.

(6) After tax impact on adjusted earnings is $11 or $0.02 per share.

(7) After tax impact on adjusted earnings is $92 or $0.20 per share.

NextEra Energy, Inc.
Condensed Consolidated Balance Sheets

(millions)
(unaudited)

Preliminary

December 31, 2017	FPL	NEER	Corporate and Other(1)	NextEra Energy
Property, Plant and Equipment				
Electric plant in service and other property	$ 47,167	$ 37,182	$ 988	$ 85,337
Nuclear fuel	1,192	575	—	1,767
Construction work in progress	3,623	3,010	46	6,679
Accumulated depreciation and amortization	(12,802)	(8,452)	(113)	(21,367)
Total property, plant and equipment - net	39,180	32,315	921	72,416
Current Assets				
Cash and cash equivalents	33	743	938	1,714
Customer receivables, net of allowances	1,073	1,127	20	2,220
Other receivables	160	814	(457)	517
Materials, supplies and fossil fuel inventory	840	433	—	1,273
Regulatory assets	335	—	1	336
Derivatives	2	484	3	489
Assets held for sale	—	140	—	140
Other	241	226	1	468
Total current assets	2,684	3,967	506	7,157
Other Assets				
Special use funds	4,090	1,913	—	6,003
Other investments	4	2,637	318	2,959
Prepaid benefit costs	1,351	—	76	1,427
Regulatory assets	2,249	9	211	2,469
Derivatives	—	1,304	11	1,315
Other	686	3,404	(9)	4,081
Total other assets	8,380	9,267	607	18,254
Total Assets	**$ 50,244**	**$ 45,549**	**$ 2,034**	**$ 97,827**
Capitalization				
Common stock	$ 1,373	$ —	$ (1,368)	$ 5
Additional paid-in capital	8,291	7,936	(7,127)	9,100
Retained earnings	7,376	12,244	(628)	18,992
Accumulated other comprehensive income (loss)	—	162	(51)	111
Total common shareholders' equity	17,040	20,342	(9,174)	28,208
Noncontrolling interests	—	1,290	—	1,290
Total equity	17,040	21,632	(9,174)	29,498
Long-term debt	11,236	9,616	10,611	31,463
Total capitalization	28,276	31,248	1,437	60,961
Current Liabilities				
Commercial paper	1,687	—	—	1,687
Other short-term debt	250	5	—	255
Current maturities of long-term debt	466	565	645	1,676
Accounts payable	893	2,385	(43)	3,235
Customer deposits	445	3	—	448
Accrued interest and taxes	439	374	(191)	622

Derivatives	2	341	21	364
Accrued construction-related expenditures	300	729	4	1,033
Regulatory liabilities	333	—	13	346
Liabilities associated with assets held for sale	—	18	—	18
Other	982	465	101	1,548
Total current liabilities	5,797	4,885	550	11,232
Other Liabilities and Deferred Credits				
Asset retirement obligations	2,047	984	—	3,031
Deferred income taxes	5,005	1,120	(371)	5,754
Regulatory liabilities	8,642	—	123	8,765
Derivatives	—	494	41	535
Deferral related to differential membership interests	—	5,403	—	5,403
Other	477	1,415	254	2,146
Total other liabilities and deferred credits	16,171	9,416	47	25,634
Commitments and Contingencies				
Total Capitalization and Liabilities	**$ 50,244**	**$ 45,549**	**$ 2,034**	**$ 97,827**

(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

NextEra Energy, Inc.
Condensed Consolidated Balance Sheets

Preliminary

(millions)

(unaudited)

December 31, 2016	FPL	NEER	Corporate and Other(1)	NextEra Energy
Property, Plant and Equipment				
Electric plant in service and other property	$ 44,966	$ 34,158	$ 1,026	$ 80,150
Nuclear fuel	1,308	823	—	2,131
Construction work in progress	2,039	2,663	30	4,732
Accumulated depreciation and amortization	(12,304)	(7,655)	(142)	(20,101)
Total property, plant and equipment - net	36,009	29,989	914	66,912
Current Assets				
Cash and cash equivalents	33	603	656	1,292
Customer receivables, net of allowances	768	986	30	1,784
Other receivables	148	572	(65)	655
Materials, supplies and fossil fuel inventory	851	438	—	1,289
Regulatory assets	524	—	—	524
Derivatives	209	505	171	885
Assets held for sale	—	—	452	452
Other	213	312	3	528
Total current assets	2,746	3,416	1,247	7,409
Other Assets				
Special use funds	3,665	1,769	—	5,434
Other investments	4	2,158	320	2,482
Prepaid benefit costs	1,301	—	(124)	1,177
Regulatory assets	1,573	9	312	1,894
Derivatives	—	1,287	63	1,350
Other	203	3,115	17	3,335
Total other assets	6,746	8,338	588	15,672
Total Assets	**$ 45,501**	**$ 41,743**	**$ 2,749**	**$ 89,993**
Capitalization				
Common stock	$ 1,373	$ —	$ (1,368)	$ 5
Additional paid-in capital	8,332	7,725	(7,109)	8,948
Retained earnings	6,875	9,281	(698)	15,458
Accumulated other comprehensive income (loss)	—	27	(97)	(70)
Total common shareholders' equity	16,580	17,033	(9,272)	24,341
Noncontrolling interests	—	990	—	990
Total equity	16,580	18,023	(9,272)	25,331
Long-term debt	9,705	8,631	9,482	27,818
Total capitalization	26,285	26,654	210	53,149
Current Liabilities				
Commercial paper	268	—	—	268
Other short-term debt	150	—	—	150
Current maturities of long-term debt	367	513	1,724	2,604
Accounts payable	837	2,645	(35)	3,447
Customer deposits	466	4	—	470

Accrued interest and taxes	240	309	(69)	480
Derivatives	1	329	74	404
Accrued construction-related expenditures	262	855	3	1,120
Regulatory liabilities	294	—	5	299
Liabilities associated with assets held for sale	—	—	451	451
Other	496	615	115	1,226
Total current liabilities	3,381	5,270	2,268	10,919
Other Liabilities and Deferred Credits				
Asset retirement obligations	1,919	817	—	2,736
Deferred income taxes	8,541	2,685	(125)	11,101
Regulatory liabilities	4,893	—	13	4,906
Derivatives	—	436	41	477
Deferral related to differential membership interests	—	4,656	—	4,656
Other	482	1,225	342	2,049
Total other liabilities and deferred credits	15,835	9,819	271	25,925
Commitments and Contingencies				
Total Capitalization and Liabilities	**$ 45,501**	**$ 41,743**	**$ 2,749**	**$ 89,993**

(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

NextEra Energy, Inc.
Condensed Consolidated Statements of Cash Flows
(millions)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2017	FPL	NEER	Corporate and Other(1)	NextEra Energy
Cash Flows From Operating Activities				
Net income	$ 1,880	$ 2,905	$ 535	$ 5,320
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	933	1,398	26	2,357
Nuclear fuel and other amortization	157	68	47	272
Impairment charges	—	446	—	446
Unrealized losses (gains) on marked to market derivative contracts - net	—	189	247	436
Foreign currency transaction losses (gains)	—	(11)	(14)	(25)
Deferred income taxes	905	(1,580)	(200)	(875)
Cost recovery clauses and franchise fees	82	—	—	82
Acquisition of purchased power agreement	(243)	—	—	(243)
Benefits associated with differential membership interests - net	—	(460)	—	(460)
Gains on disposal of a business, assets and investments - net	(6)	(110)	(1,109)	(1,225)
Recoverable storm-related costs - net	(108)	—	—	(108)
Other - net	(133)	88	135	90
Changes in operating assets and liabilities:				
Current assets	(190)	(536)	373	(353)
Noncurrent assets	(37)	(36)	13	(60)
Current liabilities	701	105	(40)	766
Noncurrent liabilities	(32)	51	(26)	(7)
Net cash provided by (used in) operating activities	**3,909**	**2,517**	**(13)**	**6,413**
Cash Flows From Investing Activities				
Capital expenditures of FPL	(5,174)	—	—	(5,174)
Independent power and other investments of NEER	—	(5,295)	—	(5,295)
Cash grants under the American Recovery and Reinvestment Act of 2009	—	78	—	78
Nuclear fuel purchases	(117)	(80)	—	(197)
Other capital expenditures and other investments	—	—	(74)	(74)
Proceeds from the sale of the fiber-optic telecommunications business	—	—	1,454	1,454
Sale of independent power and other investments of NEER	—	178	—	178
Proceeds from sale or maturity of securities in special use funds and other investments	1,986	961	260	3,207
Purchases of securities in special use funds and other investments	(2,082)	(882)	(280)	(3,244)
Other - net	18	124	7	149
Net cash provided by (used in) investing activities	**(5,369)**	**(4,916)**	**1,367**	**(8,918)**
Cash Flows From Financing Activities				
Issuances of long-term debt	1,961	2,761	3,632	8,354
Retirements of long-term debt	(882)	(1,881)	(4,017)	(6,780)
Proceeds from differential membership investors	—	1,414	—	1,414
Net change in commercial paper	1,419	—	—	1,419
Proceeds from other short-term debt	450	—	—	450
Repayments of other short-term debt	(2)	—	—	(2)
Issuances of common stock - net	—	—	55	55

Proceeds from the issuance of NEP convertible preferred units - net	—	548	—	548
Dividends on common stock	—	—	(1,845)	(1,845)
Dividends & capital distributions from (to) parent - net	(1,450)	211	1,239	—
Other - net	(15)	(529)	(136)	(680)
Net cash provided by (used in) financing activities	**1,481**	**2,524**	**(1,072)**	**2,933**
Effects of currency translation on cash, cash equivalents and restricted cash	**—**	**26**	**—**	**26**
Net increase in cash, cash equivalents and restricted cash	**21**	**151**	**282**	**454**
Cash, cash equivalents and restricted cash at beginning of year	**153**	**720**	**656**	**1,529**
Cash, cash equivalents and restricted cash at end of year	**$ 174**	**$ 871**	**$ 938**	**$ 1,983**

(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

NextEra Energy, Inc.
Condensed Consolidated Statements of Cash Flows (1)
(millions)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2016	FPL	NEER	Corporate and Other(2)	NextEra Energy
Cash Flows From Operating Activities				
Net income	$ 1,727	$ 1,218	$ 60	$ 3,005
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,651	1,366	60	3,077
Nuclear fuel and other amortization	218	63	19	300
Impairment charges	—	7	—	7
Unrealized losses (gains) on marked to market derivative contracts - net	—	201	(245)	(44)
Foreign currency transaction losses (gains)	—	(3)	16	13
Deferred income taxes	932	149	149	1,230
Cost recovery clauses and franchise fees	94	—	—	94
Benefits associated with differential membership interests - net	—	(309)	—	(309)
Losses (gains) on disposal of a business, assets and investments - net	—	(492)	2	(490)
Recoverable storm-related costs - net	(223)	—	—	(223)
Other - net	42	(229)	76	(111)
Changes in operating assets and liabilities:				
Current assets	25	(219)	32	(162)
Noncurrent assets	(31)	1	(28)	(58)
Current liabilities	16	135	(175)	(24)
Noncurrent liabilities	(86)	37	37	(12)
Net cash provided by (used in) operating activities	**4,365**	**1,925**	**3**	**6,293**
Cash Flows From Investing Activities				
Capital expenditures of FPL	(3,776)	—	—	(3,776)
Independent power and other investments of NEER	—	(5,396)	—	(5,396)
Cash grants under the American Recovery and Reinvestment Act of 2009	—	335	—	335
Nuclear fuel purchases	(158)	(125)	—	(283)
Other capital expenditures and other investments	—	—	(181)	(181)
Sale of independent power and other investments of NEER	—	658	—	658
Proceeds from sale or maturity of securities in special use funds and other investments	2,495	996	285	3,776
Purchases of securities in special use funds and other investments	(2,506)	(1,034)	(289)	(3,829)
Proceeds from the sale of a noncontrolling interest in subsidiaries	—	645	—	645
Other - net	28	(29)	6	5
Net cash provided by (used in) investing activities	**(3,917)**	**(3,950)**	**(179)**	**(8,046)**
Cash Flows From Financing Activities				
Issuances of long-term debt	309	2,505	2,843	5,657
Retirements of long-term debt	(262)	(1,715)	(1,333)	(3,310)
Proceeds from differential membership investors	—	1,859	—	1,859
Net change in commercial paper	212	—	(318)	(106)
Proceeds from other short-term debt	500	—	—	500
Repayments of other short-term debt	(450)	(12)	(200)	(662)
Issuances of common stock - net	—	—	537	537
Dividends on common stock	—	—	(1,612)	(1,612)

Dividends & capital distributions from (to) parent - net	(700)	(261)	961	—
Other - net	(2)	(257)	(104)	(363)
Net cash provided by (used in) financing activities	**(393)**	**2,119**	**774**	**2,500**
Effects of currency translation on cash, cash equivalents and restricted cash	**—**	**10**	**—**	**10**
Net increase in cash, cash equivalents and restricted cash	**55**	**104**	**598**	**757**
Cash, cash equivalents and restricted cash at beginning of year	**98**	**616**	**58**	**772**
Cash, cash equivalents and restricted cash at end of year	**$ 153**	**$ 720**	**$ 656**	**$ 1,529**

[1] Amounts have been retrospectively adjusted to reflect the adoption of an accounting standards update which requires that restricted cash be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statements of cash flows.

[2] Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

NextEra Energy, Inc.
Earnings Per Share Contributions
(assuming dilution)
(unaudited)

Preliminary

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-To-Date
2016 Earnings Per Share Attributable to NextEra Energy, Inc.	$ 1.41	$ 1.16	$ 1.62	$ 2.06	$ 6.25
FPL - 2016 Earnings Per Share	$ 0.85	$ 0.96	$ 1.11	$ 0.79	$ 3.71
New investment growth	0.11	0.07	0.08	0.10	0.35
Tax reform	—	—	—	(0.11)	(0.11)
Cost recovery clause results	—	0.01	0.01	(0.02)	—
Allowance for funds used during construction	(0.02)	0.01	0.01	0.01	0.01
Woodford shale investment	—	0.03	—	—	0.03
Wholesale operations	—	0.02	—	—	0.02
Other and share dilution	0.01	0.02	(0.02)	(0.04)	(0.03)
FPL - 2017 Earnings Per Share	$ 0.95	$ 1.12	$ 1.19	$ 0.73	$ 3.98
NEER - 2016 Earnings Per Share Attributable to NextEra Energy, Inc.	$ 0.48	$ 0.50	$ 0.66	$ 0.77	$ 2.41
New investments	0.35	0.17	0.12	0.11	0.77
Existing assets	(0.01)	(0.08)	(0.03)	0.02	(0.11)
Gas infrastructure	(0.11)	(0.04)	(0.01)	(0.04)	(0.19)
Customer supply and proprietary power & gas trading	(0.04)	0.05	—	—	0.01
Tax reform	—	—	—	4.06	4.07
Duane Arnold impairment charge	—	—	—	(0.52)	(0.52)
Non-qualifying hedges impact	0.44	0.40	(0.09)	(0.15)	0.60
Resolution of contingencies related to a previous asset sale	(0.01)	—	—	—	(0.01)
Gains on disposal of assets - net (see related tax effects in Corporate and Other below)	—	(0.35)	—	(0.24)	(0.59)
Spain operating results	(0.01)	0.02	0.02	0.01	0.03
Change in other than temporary impairment losses - net	0.01	—	0.01	(0.01)	—
Interest and corporate general and administrative expenses	(0.09)	(0.09)	(0.10)	(0.05)	(0.34)
Other, including income taxes and share dilution	—	0.06	0.04	0.04	0.14
NEER - 2017 Earnings Per Share Attributable to NextEra Energy, Inc.	$ 1.01	$ 0.64	$ 0.62	$ 4.00	$ 6.27
Corporate and Other - 2016 Earnings (Loss) Per Share	$ 0.08	$ (0.30)	$ (0.15)	$ 0.50	$ 0.13
Non-qualifying hedges impact	(0.05)	0.14	(0.05)	(0.51)	(0.47)
Gains on disposal of a business/assets - net (including consolidating tax effects)	1.46	0.13	—	—	1.57
Merger-related expenses	(0.04)	(0.01)	0.17	(0.06)	0.07
Other, including interest expense, interest income and consolidating income tax benefits or expenses and share dilution	(0.04)	(0.04)	0.01	(0.11)	(0.17)
Corporate and Other - 2017 Earnings (Loss) Per Share	$ 1.41	$ (0.08)	$ (0.02)	$ (0.18)	$ 1.13
2017 Earnings Per Share Attributable to NextEra Energy, Inc.	$ 3.37	$ 1.68	$ 1.79	$ 4.55	$ 11.38

Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

The sum of the quarterly amounts may not equal the total for the year due to rounding.

15

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 8

February 26, 2018, Cover Letter and FPL's Rate of Return Surveillance Report for December 2017

Florida Power & Light Company, 700 Universe Blvd, Juno Beach FL 33408-0420

FPL

February 26, 2018

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

Dear Mr. Fletcher:

The cover letter accompanying Florida Power & Light Company's ("FPL") Rate of Return Surveillance Report for December 2017 filed on February 15, 2018 contained a scrivener's error stating that the return on equity was 11.50%. The correct return on equity for December 2017 is 11.08%, which can be seen on Schedule 1: Page 1 of 1 and Schedule 5: Page 1 of 2.

For ease of reference, I am attaching FPL's Rate of Return Surveillance Report for December 2017 and other accompanying schedules, which are the identical to those FPL provided on February 15, 2018.

Sincerely,

Elizabeth Fuentes

Elizabeth Fuentes
Sr. Director of Regulatory Accounting

Enclosures

Copy: J. R. Kelly, Office of Public Counsel

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
EARNINGS SURVEILLANCE REPORT SUMMARY
DECEMBER, 2017

	ACTUAL PER BOOKS		FPSC ADJUSTMENTS		FPSC ADJUSTED	PRO FORMA ADJUSTMENTS	PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)							
NET OPERATING INCOME	$ 2,292,749,267	(A)	(228,824,932)	(B)	2,062,924,335	(156,435,318)	$ 1,906,489,017
RATE BASE	$ 32,983,093,544		(354,601,113)		32,628,492,431	0	$ 32,628,492,431
AVERAGE RATE OF RETURN	6.95%				6.32%		5.84%
II. YEAR END RATE OF RETURN (JURISDICTIONAL)							
NET OPERATING INCOME	$ 2,292,749,267	(A)	(220,994,945)	(B)	2,071,754,322	(156,435,318)	$ 1,915,319,003
RATE BASE	$ 35,472,103,159		(853,209,347)		34,618,893,812	0	$ 34,618,893,812
YEAR END RATE OF RETURN	6.46%				5.98%		5.53%

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

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)

LOW	5.65%	
MIDPOINT	6.09%	
HIGH	6.56%	
IV. FINANCIAL INTEGRITY INDICATORS		
A. TIMES INTEREST EARNED WITH AFUDC	5.96	(SYSTEM PER BOOKS BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	5.76	(SYSTEM PER BOOKS BASIS)
C. AFUDC AS PERCENT OF NET INCOME	4.90%	(SYSTEM PER BOOKS BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	45.38%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.26%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	4.51%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.08%	(FPSC ADJUSTED)
H. RETURN ON COMMON EQUITY	10.01%	(PROFORMA ADJUSTED)

NOTE: THIS REPORT HAS BEEN PREPARED USING A THIRTEEN MONTH AVERAGE AND END OF PERIOD RATE BASE AND ADJUSTMENTS CONSISTENT WITH DOCKET NO. 160021-EI, ORDER NO. PSC-16-0560-AS-EI. THIS REPORT DOES NOT NECESSARILY REPRESENT THE OPINION OF THE COMPANY AS TO THE ACTUAL EARNED RATE OF RETURN FOR THE PERIOD COVERED.

I AM AWARE THAT SECTION 837.06, FLORIDA STATUES, 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, S. 775.083, OR S. 775.084.

KIMBERLY OUSDAHL	Elizabeth Fuentes for K. Ousdahl	2/15/18
(VICE PRESIDENT AND CHIEF ACCOUNTING OFFICER)	(SIGNATURE)	(DATE)

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
RATE BASE
DECEMBER, 2017

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	$ 45,979,826,433	14,993,292,829	30,986,633,604	278,508,548	3,237,530,419	667,287,342	35,169,859,113	(915,165,694)	$ 34,254,692,219
JURISDICTIONAL PER BOOKS	$ 44,108,821,289	13,023,767,658	31,085,053,631	284,189,706	3,108,721,347	638,980,735	35,094,945,420	(2,111,851,876)	$ 32,983,093,544
FPSC ADJUSTMENTS (SEE SCHEDULE 2, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 3B OF 3	$ (2,219,219,778)	(582,140,545)	(1,637,079,233)	0	(1,815,952,339)	0	(3,453,031,572)	3,098,430,459	$ (354,601,113)
FPSC ADJUSTED:	$ 41,887,601,511	12,441,627,113	29,445,974,398	284,189,706	1,292,769,008	638,980,735	31,641,913,848	986,578,583	$ 32,628,492,431
PRO FORMA ADJUSTMENTS									
TOTAL PRO FORMA ADJUSTMENTS:	$ 0	0	0	0	0	0	0	0	$ 0
PRO FORMA ADJUSTED	$ 41,887,601,511	12,441,627,113	29,445,974,398	284,189,706	1,292,769,008	638,980,735	31,641,913,848	986,578,583	$ 32,628,492,431

NOTE:

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL OF THE PROFORMA ADJUSTMENTS THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DECEMBER, 2017

SCHEDULE 2: PAGE 2 OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,676,090,880	3,493,805,509	2,808,827,200	672,384,470	1,293,650,050	193,447,400	835,185,816	(3,502,803)	(8,008,085)	9,385,791,577	$ 2,290,299,303
JURISDICTIONAL PER BOOKS	$ 11,244,264,510	3,328,486,839	2,763,255,882	620,279,858	1,275,835,595	185,143,418	895,014,380	(3,379,298)	(8,000,033)	9,048,436,238	$ 2,195,828,273
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (508,346,509)	0	0	0	(13,023,232)	(190,289,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,289,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,872)	0	0	0	(260,612,708)	(97,658)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(373,875)	0	0	144,222	0	0	0	(229,653)	229,653
INDUSTRY ASSOCIATION DUES	0	0	(2,307,827)	0	0	890,244	0	0	0	(1,417,583)	1,417,583
ECONOMIC DEVELOPMENT 6%	0	0	(135,695)	0	0	52,344	0	0	0	(83,350)	83,350
AVIATION - EXPENSES	0	0	(151,946)	0	0	58,613	0	0	0	(93,333)	93,333
EXECUTIVE COMPENSATION	0	0	(36,137,478)	0	0	13,940,032	0	0	0	(22,197,446)	22,197,446
FUEL COST REC RETAIL	(3,125,419,088)	(3,109,482,160)	(223,738)	8,050,670	(2,225,499)	(28,595,272)	18,266,848	0	0	(3,112,169,148)	(13,229,940)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,850)	(9,568,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(317,800,212)	(197,049,811)	(38,487,293)	(4,285,849)	(381,156)	(20,172,540)	(10,527,799)	0	0	(268,914,448)	(48,885,764)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(33,660,143)	(43,722,679)	(289,530)	(66,231,587)	18,883,352	0	117,460	(124,903,126)	(75,395,082)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	188,015	0	0	(72,527)	0	0	0	115,488	(115,488)
INTEREST SYNCHRONIZATION	0	0	0	0	0	20,758,749	(8,250,445)	0	0	12,508,304	(12,508,304)
TOTAL FPSC ADJUSTMENTS	$ (4,860,330,973)	(3,306,531,971)	(226,137,217)	(360,786,085)	(770,985,617)	(81,494,513)	18,390,907	0	117,460	(4,727,427,036)	$ (132,903,938)
FPSC ADJUSTED	$ 6,383,933,537	21,954,868	2,527,118,665	259,493,571	504,849,978	103,648,904	913,405,287	(3,379,298)	(5,882,573)	4,321,009,202	$ 2,062,924,335
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 2A OF 3)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,129,073,085	21,954,668	2,527,118,665	259,493,571	504,466,479	5,407,270	913,405,287	(3,379,298)	(5,882,573)	4,222,584,068	$ 1,906,489,017

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,584,817
AND THE JURISDICTIONAL NOI BY $ 88,920,984

(B) ECONOMIC DEVELOPMENT COSTS RELATED
TO THE PERIOD ARE:
ON A TOTAL COMPANY BASIS $ 2,798,873
ON A JURISDICTIONAL BASIS $ 2,713,891

CURRENT MONTH AMOUNT	OPERATING REVENUES	FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 880,585,651	253,612,124	1,416,990,424	(1,002,318,190)	92,884,312	213,001,532	(184,794,038)	(273,848)	(812,693)	788,471,822	$ 92,123,829
JURISDICTIONAL PER BOOKS	$ 851,553,958	241,277,949	1,407,254,193	(1,001,360,653)	91,812,779	198,745,482	(172,478,257)	(283,999)	(806,853)	764,180,639	$ 87,373,319

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2017

RATE BASE ADJUSTMENTS	SYSTEM	JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	$ 1,627,831,836	$ 1,548,316,848
FUEL AND CAPACITY	132,956,082	126,425,378
CAPITALIZED EXECUTIVE COMPENSATION	18,688,458	18,133,980
LOAD CONTROL	48,264,376	48,264,376
ASSET RETIREMENT OBLIGATION	433,358,658	420,501,091
CAPITAL LEASES	59,338,864	57,578,305
TOTAL	$ 2,320,438,274	$ 2,219,219,778
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	$ (282,198,475)	$ (268,413,842)
ACCUM PROV DECOMMISSIONING COSTS	(4,251,585,434)	(4,076,104,882)
ASSET RETIREMENT OBLIGATION	3,338,601	3,239,546
ASSET RETIREMENT OBLIGATION DECOMMISSIONING	3,942,764,012	3,825,783,884
FUEL AND CAPACITY	(39,365,121)	(37,470,370)
OTHER RATE CASE ADJUSTMENTS (1)	0	0
LOAD CONTROL	(21,223,220)	(21,223,220)
CAPITAL LEASES	(8,194,808)	(7,951,671)
TOTAL	$ (656,464,445)	$ (582,140,545)
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	$ 1,877,862,259	$ 1,780,033,540
CWIP - CLAUSE PROJECTS	37,772,518	35,918,799
TOTAL	$ 1,915,634,778	$ 1,815,952,338
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	$ 0	$ 0
NUCLEAR FUEL CAPITAL LEASES	0	0
TOTAL	$ 0	$ 0
WORKING CAPITAL: (SEE SCHEDULE 2, PAGE 3B OF 3)	$ (3,175,017,375)	$ (3,098,430,459)
TOTAL ADJUSTMENTS	$ 404,591,231	$ 354,601,113

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
INCOME STATEMENT
DECEMBER, 2017

SCHEDULE 2: PAGE 3A OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEN PER BOOKS	$ 11,678,090,880	3,493,805,509	2,806,827,200	672,384,470	1,293,650,050	193,447,400	938,186,818	(3,502,803)	(6,008,065)	9,395,791,577	$ 2,280,299,303
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (508,346,509)	0	0	0	(13,023,232)	(190,289,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,329,218)	190,298,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,872)	0	0	0	(260,612,708)	(97,858)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(385,307)	0	0	148,632	0	0	0	(236,675)	236,675
INDUSTRY ASSOCIATION DUES	0	0	(2,378,393)	0	0	917,465	0	0	0	(1,460,928)	1,460,928
ECONOMIC DEVELOPMENT 5%	0	0	(139,644)	0	0	53,945	0	0	0	(85,899)	85,899
AVIATION - EXPENSES	0	0	(158,592)	0	0	60,405	0	0	0	(98,188)	98,188
EXECUTIVE COMPENSATION	0	0	(37,242,445)	0	0	14,366,273	0	0	0	(22,876,172)	22,876,172
ADVERTISING EXPENSES	0	0	0	0	0	0	0	0	0	0	0
FUEL COST RECOVERY	(3,278,382,814)	(3,263,361,689)	(234,987)	8,053,218	(2,226,656)	(25,898,747)	17,942,397	0	0	(3,265,721,463)	(12,661,351)
CONSERVATION COST RECOVERY	(58,630,159)	0	(43,503,850)	(9,566,945)	(1,130,276)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(318,163,213)	(207,385,680)	(38,386,854)	(4,519,730)	(389,357)	(15,502,453)	(10,527,799)	0	0	(276,713,874)	(41,449,339)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(35,388,790)	(45,968,095)	(286,993)	(64,688,040)	18,883,362	0	123,492	(127,345,073)	(72,953,134)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	193,764	0	0	(74,744)	0	0	0	119,019	(119,019)
INTEREST SYNCHRONIZATION	0	0	0	0	0	21,376,808	(8,502,717)	0	0	12,874,089	(12,874,089)
TOTAL FPSC ADJUSTMENTS	$ (5,013,657,700)	(3,470,747,369)	(230,968,687)	(363,252,835)	(771,002,437)	(73,510,250)	17,794,184	0	123,492	(4,891,563,902)	$ (122,093,798)
FPSC ADJUSTED	$ 6,662,433,180	23,058,140	2,575,858,513	309,131,635	522,647,613	119,937,150	952,980,000	(3,502,803)	(5,882,573)	4,494,227,675	$ 2,158,205,508
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 3C OF 3)	$ (254,860,453)	0	0	0	(163,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,407,572,728	23,058,140	2,575,858,513	309,131,635	522,484,113	21,695,515	952,980,000	(3,502,803)	(5,882,573)	4,395,802,541	$ 2,011,770,187

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,584,817

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2017

WORKING CAPITAL ADJUSTMENTS	SYSTEM	JURISDICTIONAL
ADJUSTMENTS TO ASSETS PER BOOKS:		
ACCOUNTS RECEIVABLE - ASSOC COS	21,627,018	20,940,551
INTEREST & DIVIDENDS RECEIVABLE	22,971	22,242
NET UNDERRECOVERED FUEL, CAPACITY,ECCR, ECRC	21,781,273	21,982,186
POLE ATTACHMENTS RENTS RECEIVABLE	15,146,192	15,146,192
PREPAYMENTS - ECCR	50,655,155	50,655,155
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	9,867,409	9,507,987
TEMPORARY CASH INVESTMENTS	428,216	414,624
STORM DEFICIENCY RECOVERY	232,375,654	232,272,890
NUCLEAR COST RECOVERY	27,234	27,234
JOBBING ACCOUNTS	11,840,703	11,464,866
OTH REG ASSETS - CLAUSES	1,042,350	992,442
MISC. DEFFERED DEBIT - CLAUSES	16,571,801	15,778,342
CEDAR BAY TRANSACTION	674,360,681	640,987,318
ICL TRANSACTION	391,685,897	372,284,050
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	$ 1,447,432,557	$ 1,392,476,080
ADJUSTMENTS TO LIABILITIES PER BOOKS:		
ACCOUNTS PAYABLE - ASSOC COS	0	0
ACCUM DEFERRED RETIREMENT BENEFITS	(212,827)	(206,512)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	405,142,023	405,142,023
ACCUM. PROV. - RATE REFUNDS	(6,337)	(7,149)
GAIN ON SALE OF EMISSION ALLOWANCE	(3,017)	(2,870)
JOBBING ACCOUNTS	(18,818,470)	(18,221,150)
POLE ATTACHMENT RENTS PAYABLE	(7,475,517)	(7,475,517)
SJRPP ACCELERATED RECOVERY	(14,446,533)	(13,730,936)
STORM DEFICIENCY RECOVERY	(353,268,071)	(353,268,071)
ASSET RETIREMENT OBLIGATION	(4,379,475,886)	(4,249,538,714)
MARGIN CALL CASH COLLATERAL	(513,462)	(497,164)
NUCLEAR COST RECOVERY	(247,893,679)	(247,893,679)
CEDAR BAY TRANSACTION	(5,478,157)	(5,208,801)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	$ (4,622,449,932)	$ (4,490,908,539)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	$ (3,175,017,375)	$ (3,098,430,459)

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
RATE BASE
DECEMBER, 2017

SCHEDULE 3: PAGE 1 OF 3

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	$ 47,193,622,524	15,364,153,315	31,829,469,210	334,980,725	3,839,549,896	610,318,742	36,614,317,572	(915,165,894)	$ 35,699,151,678
JURISDICTIONAL PER BOOKS	$ 45,288,321,176	12,285,625,617	33,002,695,558	317,463,448	3,679,367,262	584,428,767	37,583,955,035	(2,111,851,876)	$ 35,472,103,159
FPSC ADJUSTMENTS (SEE SCHEDULE 3, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 3B OF 3)	$ (2,261,177,817)	(640,768,051)	(1,620,409,766)	0	(2,331,230,040)	0	(3,951,639,806)	3,098,430,459	$ (853,209,347)
FPSC ADJUSTED:	$ 43,027,143,359	11,644,857,566	31,382,285,793	317,463,448	1,348,137,221	584,428,767	33,632,315,229	988,578,583	$ 34,618,893,812
PRO FORMA ADJUSTMENTS									
TOTAL PRO FORMA ADJUSTMENTS:	$ 0	0	0	0	0	0	0	0	$ 0
PRO FORMA ADJUSTED	$ 43,027,143,359	11,644,857,566	31,382,285,793	317,463,448	1,348,137,221	584,428,767	33,632,315,229	988,578,583	$ 34,618,893,812

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DECEMBER, 2017

SCHEDULE 3: PAGE 2 OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,676,090,880	3,493,805,509	2,808,627,200	672,384,470	1,293,650,050	193,447,400	935,185,818	(3,502,803)	(6,008,065)	9,385,791,577	$ 2,290,299,303
JURISDICTIONAL PER BOOKS	$ 11,244,284,510	3,328,486,639	2,753,255,882	620,279,656	1,275,635,595	185,143,418	895,014,380	(3,379,298)	(6,000,033)	9,048,436,238	$ 2,195,828,273
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (508,348,509)	0	0	0	(13,023,232)	(190,299,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,288,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,866,872)	0	0	0	(260,812,708)	(97,658)	0	0	0	(260,710,365)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(373,875)	0	0	144,222	0	0	0	(229,653)	229,653
INDUSTRY ASSOCIATION DUES	0	0	(2,307,827)	0	0	890,244	0	0	0	(1,417,583)	1,417,583
ECONOMIC DEVELOPMENT 5%	0	0	(135,695)	0	0	52,344	0	0	0	(83,350)	83,380
AVIATION - EXPENSES	0	0	(151,845)	0	0	58,613	0	0	0	(93,333)	93,333
EXECUTIVE COMPENSATION	0	0	(36,137,478)	0	0	13,940,032	0	0	0	(22,197,446)	22,197,446
FUEL COST REC RETAIL	(3,125,419,088)	(3,109,482,160)	(223,736)	8,050,870	(2,225,499)	(28,595,272)	18,286,848	0	0	(3,112,189,148)	(13,229,940)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,650)	(9,566,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(317,800,212)	(197,049,811)	(36,487,293)	(4,295,849)	(381,156)	(20,172,540)	(10,527,799)	0	0	(268,914,448)	(48,885,764)
ENVIRONMENTAL COST RECOVERY	(200,288,206)	0	(33,680,143)	(43,722,678)	(269,530)	(88,231,687)	18,883,352	0	117,460	(124,803,126)	(75,395,082)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	188,015	0	0	(72,527)	0	0	0	115,488	(115,488)
INTEREST SYNCHRONIZATION	0	0	0	0	0	11,926,782	(8,250,445)	0	0	3,676,317	(3,676,317)
TOTAL FPSC ADJUSTMENTS	$ (4,860,330,973)	(3,306,531,971)	(226,137,217)	(360,786,085)	(770,985,617)	(90,324,500)	18,380,907	0	117,460	(4,736,257,022)	$ (124,073,851)
FPSC ADJUSTED	$ 6,383,953,537	21,954,668	2,527,118,665	259,493,571	504,649,978	94,818,918	913,405,287	(3,379,298)	(5,882,573)	4,312,179,216	$ 2,071,754,322
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 2A OF 3)	$ (254,880,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,129,073,085	21,954,668	2,527,118,665	259,493,571	504,466,479	(3,422,717)	913,405,287	(3,379,298)	(5,882,573)	4,213,754,081	$ 1,915,319,003

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,884,617
AND THE JURISDICTIONAL NOI BY $ 96,920,994

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:
(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2017

SCHEDULE 3: PAGE 3 OF 3

RATE BASE ADJUSTMENTS	SYSTEM	JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	$ 1,627,726,325	$ 1,548,216,291
FUEL AND CAPACITY	148,058,415	140,779,548
CAPITALIZED EXECUTIVE COMPENSATION	24,221,926	23,503,271
LOAD CONTROL	51,082,126	51,082,126
ASSET RETIREMENT OBLIGATION	453,401,251	439,948,031
CAPITAL LEASES	58,410,224	57,647,548
TOTAL	$ 2,383,800,267	$ 2,261,177,817
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	$ (306,818,479)	$ (291,640,995)
ACCUM PROV DECOMMISSIONING COSTS	(4,501,082,634)	(4,315,304,299)
ASSET RETIREMENT OBLIGATION	(13,562,920)	(13,160,514)
ASSET RETIREMENT OBLIGATION DECOMMISSIONING	4,175,546,408	4,051,659,737
FUEL AND CAPACITY	(41,354,736)	(39,361,352)
OTHER RATE CASE ADJUSTMENTS (1)	0	0
LOAD CONTROL	(24,322,261)	(24,322,261)
CAPITAL LEASES	(8,902,500)	(8,838,367)
TOTAL	$ (720,297,123)	$ (640,768,051)
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	$ 2,401,206,972	$ 2,272,322,213
CWIP - CLAUSE PROJECTS	61,939,787	58,907,828
TOTAL	$ 2,463,146,759	$ 2,331,230,040
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	$ 0	$ 0
NUCLEAR FUEL CAPITAL LEASES	0	0
TOTAL	$ 0	$ 0
WORKING CAPITAL: (SEE SCHEDULE 2, PAGE 3B OF 3)	$ (3,175,017,375)	$ (3,098,430,459)
TOTAL ADJUSTMENTS	$ 931,732,528	$ 853,209,347

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
INCOME STATEMENT
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,678,090,880	3,493,805,509	2,806,827,200	672,384,470	1,293,650,050	193,447,400	935,185,816	(3,502,803)	(5,806,065)	9,383,791,577	$ 2,290,299,303
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (508,348,509)	0	0	0	(13,023,232)	(190,299,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,299,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,872)	0	0	0	(260,612,708)	(97,666)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(385,307)	0	0	148,632	0	0	0	(236,675)	236,676
INDUSTRY ASSOCIATION DUES	0	0	(2,378,393)	0	0	917,465	0	0	0	(1,460,928)	1,460,928
ECONOMIC DEVELOPMENT 5%	0	0	(139,844)	0	0	53,945	0	0	0	(85,899)	85,899
AVIATION - EXPENSES	0	0	(156,592)	0	0	60,405	0	0	0	(96,188)	96,188
EXECUTIVE COMPENSATION	0	0	(37,242,445)	0	0	14,366,273	0	0	0	(22,876,172)	22,876,172
FUEL COST REC RETAIL	(3,278,382,814)	(3,283,361,889)	(234,987)	8,053,218	(2,226,658)	(25,893,747)	17,942,397	0	0	(3,285,721,463)	(12,661,351)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,850)	(9,566,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(318,183,213)	(207,385,690)	(38,388,854)	(4,519,730)	(389,357)	(15,602,453)	(10,627,799)	0	0	(276,713,674)	(41,449,339)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(35,388,790)	(45,868,096)	(296,993)	(84,686,040)	18,883,352	0	123,492	(127,345,073)	(72,953,134)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	193,764	0	0	(74,744)	0	0	0	119,019	(119,019)
INTEREST SYNCHRONIZATION	0	0	0	0	0	17,958,897	(8,502,717)	0	0	9,458,180	(9,458,180)
TOTAL FPSC ADJUSTMENTS	$ (5,013,657,700)	(3,470,747,369)	(230,968,687)	(363,252,835)	(771,002,437)	(76,928,159)	17,794,184	0	123,492	(4,894,981,811)	$ (118,675,889)
FPSC ADJUSTED	$ 6,662,433,180	23,058,140	2,575,858,513	309,131,635	522,647,613	116,519,241	952,980,000	(3,502,803)	(5,682,573)	4,490,809,766	$ 2,171,623,414
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 3, PAGE 3B OF 3)	$ (254,860,453)	0	0	0	(163,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,407,572,728	23,058,140	2,575,858,513	309,131,635	822,484,113	18,277,606	952,980,000	(3,502,803)	(5,682,573)	4,392,384,632	$ 2,015,188,096

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,584,817

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,850,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (158,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,850,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:
(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
DECEMBER, 2017

SCHEDULE 4: PAGE 1 OF 2

AVERAGE	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS PRO RATA 3	ADJUSTMENTS SPECIFIC 4	ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT COST RATE (%) 7	LOW POINT WEIGHTED COST (%) 8	MIDPOINT COST RATE (%) 9	MIDPOINT WEIGHTED COST . (%) 10	HIGH POINT COST RATE (%) 11	HIGH POINT WEIGHTED COST (%) 12
LONG TERM DEBT	$ 9,455,289,337	$ 9,104,754,795	$ 88,579,559	$ (201,685,161)	$ 8,991,649,192	27.58%	4.41%	1.21%	4.41%	1.21%	4.41%	1.21%
SHORT TERM DEBT	1,151,901,705	1,108,493,894	11,028,769	(0)	1,119,522,683	3.43%	2.04%	0.07%	2.04%	0.07%	2.04%	0.07%
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	15,110,778,627	14,541,350,186	144,676,681	(0)	14,686,026,846	45.01%	9.60%	4.32%	10.55%	4.75%	11.60%	5.22%
CUSTOMER DEPOSITS	405,774,045	405,288,405	4,032,347	0	409,320,752	1.25%	2.09%	0.03%	2.09%	0.03%	2.09%	0.03%
DEFERRED INCOME TAX	7,879,311,685	7,582,634,079	72,079,893	(337,934,299)	7,316,779,674	22.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	251,856,621	240,572,185	1,036,292	(136,415,174)	105,193,304	0.32%	7.60%	0.02%	8.22%	0.03%	8.84%	0.03%
TOTAL	$ 34,254,892,219	$ 32,983,093,544	$ 321,433,522	$ (676,034,634)	$ 32,628,492,431	100.00%		5.66%		6.09%		6.56%

YEAR END	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS PRO RATA 3	ADJUSTMENTS SPECIFIC 4	ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT COST RATE (%) 7	LOW POINT WEIGHTED COST (%) 8	MIDPOINT COST RATE (%) 9	MIDPOINT WEIGHTED COST (%) 10	HIGH POINT COST RATE (%) 11	HIGH POINT WEIGHTED COST (%) 12
LONG TERM DEBT	$ 10,250,915,493	$ 10,189,623,696	$ (51,878,731)	$ (201,067,709)	$ 9,936,677,156	28.70%	4.09%	1.17%	4.09%	1.17%	4.09%	1.17%
SHORT TERM DEBT	1,713,044,510	1,702,914,759	(8,844,628)	(0)	1,694,070,132	4.89%	2.13%	0.10%	2.13%	0.10%	2.13%	0.10%
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,957,857,442	14,869,506,509	(77,229,495)	(0)	14,792,277,014	42.73%	9.60%	4.10%	10.55%	4.51%	11.60%	4.96%
CUSTOMER DEPOSITS	393,567,246	392,957,638	(2,040,950)	(0)	390,916,688	1.13%	2.18%	0.02%	2.18%	0.02%	2.18%	0.02%
DEFERRED INCOME TAX	8,139,821,610	8,080,763,372	(40,214,785)	(337,934,299)	7,702,604,288	22.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	243,825,377	236,347,285	(534,355)	(133,464,395)	102,348,535	0.30%	7.35%	0.02%	7.95%	0.02%	8.55%	0.03%
TOTAL	$ 35,699,151,678	$ 35,472,103,159	$ (180,742,943)	$ (672,466,404)	$ 34,618,893,812	100.00%		5.43%		5.83%		6.28%

NOTE:
(1) INVESTMENT TAX CREDITS COST RATES ARE BASED ON THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY.
(2) COLUMNS MAY NOT FOOT DUE TO ROUNDING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
CAPITAL STRUCTURE
PROFORMA ADJUSTED BASIS
DECEMBER, 2017

AVERAGE	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT COST RATE (%) 5	LOW POINT WEIGHTED COST (%) 6	MIDPOINT COST RATE (%) 7	MIDPOINT WEIGHTED COST (%) 8	HIGH POINT COST RATE (%) 9	HIGH POINT WEIGHTED COST (%) 10
LONG TERM DEBT	$ 8,991,649,192	$ -	$ 8,991,649,192	27.58%	4.41%	1.21%	4.41%	1.21%	4.41%	1.21%
SHORT TERM DEBT	1,119,522,683	-	1,119,522,683	3.43%	2.04%	0.07%	2.04%	0.07%	2.04%	0.07%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,686,026,846	-	14,686,026,846	45.01%	9.60%	4.32%	10.55%	4.75%	11.60%	5.22%
CUSTOMER DEPOSITS	409,320,752	-	409,320,752	1.25%	2.09%	0.03%	2.09%	0.03%	2.09%	0.03%
DEFERRED INCOME TAX	7,316,779,674	-	7,316,779,674	22.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	105,193,304	-	105,193,304	0.32%	7.60%	0.02%	8.22%	0.03%	8.84%	0.03%
TOTAL	$ 32,628,492,431	$ -	$ 32,628,492,431	100.00%		5.66%		6.09%		6.56%

YEAR END	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT COST RATE (%) 5	LOW POINT WEIGHTED COST (%) 6	MIDPOINT COST RATE (%) 7	MIDPOINT WEIGHTED COST (%) 8	HIGH POINT COST RATE (%) 9	HIGH POINT WEIGHTED COST (%) 10
LONG TERM DEBT	$ 9,936,677,156	$ -	$ 9,936,677,156	28.70%	4.09%	1.17%	4.09%	1.17%	4.09%	1.17%
SHORT TERM DEBT	1,694,070,132	-	1,694,070,132	4.89%	2.13%	0.10%	2.13%	0.10%	2.13%	0.10%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,792,277,014	-	14,792,277,014	42.73%	9.60%	4.10%	10.55%	4.51%	11.60%	4.98%
CUSTOMER DEPOSITS	390,916,688	-	390,916,688	1.13%	2.18%	0.02%	2.18%	0.02%	2.18%	0.02%
DEFERRED INCOME TAX	7,702,604,288	-	7,702,604,288	22.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	102,348,535	-	102,348,535	0.30%	7.35%	0.02%	7.95%	0.02%	8.55%	0.03%
TOTAL	$ 34,618,893,812	$ -	$ 34,618,893,812	100.00%		5.43%		5.83%		6.28%

NOTE:
(1) INVESTMENT TAX CREDITS COST RATES ARE BASED ON THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY.
(2) COLUMNS MAY NOT FOOT DUE TO ROUNDING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
DECEMBER, 2017

SCHEDULE 5: PAGE 1 OF 2

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST CHARGES	$	2,358,971,757
ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION		22,042,040
INCOME TAXES		1,102,278,591
TOTAL	$	3,483,292,388
INTEREST CHARGES EXCLUDING DEBT AFUDC	$	500,744,888
TIMES INTEREST EARNED WITH AFUDC		6.96

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST CHARGES	$	2,358,971,757
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION		(78,542,777)
INCOME TAXES		1,102,278,591
TOTAL	$	3,382,707,571
INTEREST CHARGES EXCLUDING DEBT AFUDC	$	500,744,888
TIMES INTEREST EARNED WITHOUT AFUDC		6.76

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS

ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION	$	22,042,040
X (1 - INCOME_TAX_RATE)		0.6143
SUBTOTAL	$	13,539,323
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION		78,542,777
TOTAL	$	92,082,100
NET INCOME AVAILABLE FOR COMMON	$	1,880,268,899
AFUDC AS PERCENT OF NET INCOME		4.90%

FOOTNOTES

CLAUSE OVER/UNDER RECOVERY	$	222,076,944
GAINS ON DISPOSITION OF PROPERTY		(6,006,065)
LONG TERM DEBT RETIREMENTS & REDEMPTIONS		0
INCREASE/DECREASE IN DECOMMISSIONING FUNDS		0
	$	216,070,878

** INCLUDES EXPENDITURES FOR NUCLEAR FUELS OF: 0

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	$	1,880,268,899
PREFERRED DIVIDENDS DECLARED		0
COMMON DIVIDENDS		(1,450,000,000)
AFUDC (DEBT & OTHER)		(100,584,817)
DEPRECIATION AND AMORTIZATION EXPENSE		672,384,470
DEFERRED INCOME TAXES		925,234,912
INVESTMENT TAX CREDITS		(3,502,803)
OTHER SOURCE/USES OF FUNDS		216,070,878
INTERNALLY GENERATED FUNDS	$	2,139,871,539
CONSTRUCTION EXPENDITURES	$	4,715,810,415
PERCENT INTERNALLY GENERATED FUNDS		45.38%

E. LONG TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL

F. SHORT TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL

AVERAGE RETAIL AMOUNTS		
JURIS ADJUSTED LONG TERM DEBT	$	8,991,648,192
JURIS ADJUSTED SHORT TERM DEBT		1,119,522,663
JURIS ADJUSTED PREFERRED STOCK		0
JURIS ADJUSTED COMMON STOCK		14,686,028,848
TOTAL	$	24,797,198,702
LTD TO TOTAL INVESTOR FUNDS		36.26%
STD TO TOTAL INVESTOR FUNDS		4.51%

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

FPSC RATE OF RETURN	6.32%
LESS: RECONCILED AVG. RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	1.21%
SHORT TERM DEBT	0.07%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.03%
TAX CREDITS - WTD COST	0.03%
SUBTOTAL	1.34%
TOTAL	4.99%
DIVIDED BY COMMON EQUITY RATIO	45.01%
JURISDICTIONAL RETURN ON COMMON EQUITY	11.08%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
FINANCIAL INTEGRITY INDICATORS
DECEMBER, 2017

H. PROFORMA ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

PRO FORMA RATE OF RETURN	5.84%
LESS: AVERAGE RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	1.21%
SHORT TERM DEBT	0.07%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.03%
TAX CREDITS - WTD COST	0.03%
SUBTOTAL	1.34%
PRO FORMA ROR LESS NON EQUITY COST	4.51%
PRO FORMA COMMON EQUITY RATIO	45.01%
PRO FORMA RETURN ON COMMON EQUITY	10.01%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2017

SCHEDULE A: PAGE 1 OF 1

CAPITAL COMPONENTS		JURISDICTIONAL AVERAGE	CAPITAL RATIO	COST OF CAPITAL	AFUDC WEIGHTED COMPONENTS
LONG TERM DEBT	$	8,991,649,192	27.56%	4.09%	1.13%
SHORT TERM DEBT		1,119,522,663	3.43%	2.04% *	0.07%
PREFERRED STOCK		-	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS		409,320,752	1.25%	2.09% *	0.03%
COMMON EQUITY		14,686,026,848	45.01%	10.55%	4.75%
DEFERRED INCOME TAX		7,316,779,674	22.42%	0.00%	0.00%
INVESTMENT TAX CREDITS		105,193,304	0.32%	0.00%	0.00%
TOTAL	$	32,628,492,431	100.00%		5.97%

* 13-MONTH AVERAGE

NOTE:
EFFECTIVE JANUARY 1, 2017 THE COMMISSION APPROVED AFUDC RATE IS 6.16%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2017

AVERAGE		SYSTEM PER BOOKS	RETAIL PER BOOKS	COMMISSION ADJUSTMENTS *	ADJUSTED RETAIL
LONG TERM DEBT	$	9,455,269,337	9,104,754,795	(113,105,603)	8,991,649,192
SHORT TERM DEBT		1,151,901,705	1,108,493,894	11,028,769	1,119,522,663
PREFERRED STOCK		-	-	-	-
COMMON EQUITY		15,110,778,827	14,541,350,186	144,676,661	14,686,026,846
CUSTOMER DEPOSITS		405,774,045	405,288,405	4,032,347	409,320,752
DEFERRED INCOME TAX		7,879,311,685	7,582,634,079	(265,854,406)	7,316,779,674
INVESTMENT TAX CREDITS		251,656,621	240,572,185	(135,378,881)	105,193,304
TOTAL	$	34,254,692,219	32,983,093,544	(354,601,113)	32,628,492,431

* FOR ADJUSTMENT DETAILS, SEE SCHEDULE B, PAGES 2 AND 3

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2017

RATE BASE ADJUSTMENTS		JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	$	1,548,316,648
FUEL AND CAPACITY		126,425,378
CAPITALIZED EXECUTIVE COMPENSATION		18,133,980
LOAD CONTROL		48,264,376
ASSET RETIREMENT OBLIGATION		420,501,091
CAPITAL LEASES		57,578,305
TOTAL	$	2,219,219,778
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	$	(268,413,842)
ACCUM PROV DECOMMISSIONING COSTS		(4,076,104,882)
ASSET RETIREMENT OBLIGATION		3,239,546
ASSET RETIREMENT OBLIGATION DECOMMISSIONING		3,825,783,894
FUEL AND CAPACITY		(37,470,370)
OTHER RATE CASE ADJUSTMENTS (1)		0
LOAD CONTROL		(21,223,220)
CAPITAL LEASES		(7,951,671)
TOTAL	$	(582,140,545)
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	$	1,780,033,540
CWIP - CLAUSE PROJECTS (1)	$	35,918,799
TOTAL	$	1,815,952,338
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	$	0
NUCLEAR FUEL CAPITAL LEASES		0
TOTAL	$	0
WORKING CAPITAL: (SEE SCHEDULE B, PAGE 3 OF 3)	$	(3,098,430,458)
TOTAL ADJUSTMENTS	$	354,601,113

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-13-0023-S-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2017

WORKING CAPITAL ADJUSTMENTS	JURISDICTIONAL
ADJUSTMENTS TO ASSETS PER BOOKS:	
ACCOUNTS RECEIVABLE - ASSOC COS	$ 20,940,551
INTEREST & DIVIDENDS RECEIVABLE	22,242
NET UNDERRECOVERED FUEL, CAPACITY,ECCR, ECRC	21,982,186
POLE ATTACHMENTS RENTS RECEIVABLE	15,146,192
PREPAYMENTS - ECCR	50,655,155
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	8,507,987
TEMPORARY CASH INVESTMENTS	414,624
STORM DEFICIENCY RECOVERY	232,272,890
NUCLEAR COST RECOVERY	27,234
JOBBING ACCOUNTS	11,464,886
OTH REG ASSETS - CLAUSES	892,442
MISC. DEFFERED DEBIT - CLAUSES	15,778,342
CEDAR BAY TRANSACTION	640,987,318
ICL TRANSACTION	372,284,050
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	$ 1,392,476,080
ADJUSTMENTS TO LIABILITIES PER BOOKS:	
ACCOUNTS PAYABLE - ASSOC COS	$ 0
ACCUM DEFERRED RETIREMENT BENEFITS	(206,512)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	405,142,023
ACCUM. PROV. - RATE REFUNDS	(7,149)
GAIN ON SALE OF EMISSION ALLOWANCE	(2,870)
JOBBING ACCOUNTS	(18,221,150)
POLE ATTACHMENT RENTS PAYABLE	(7,475,517)
SJRPP ACCELERATED RECOVERY	(13,730,936)
ASSET RETIREMENT OBLIGATION	(4,249,538,714)
MARGIN CALL CASH COLLATERAL	(497,164)
STORM DEFICIENCY RECOVERY	(353,288,071)
NUCLEAR COST RECOVERY	(247,893,679)
CEDAR BAY TRANSACTION	(5,206,801)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	$ (4,490,906,539)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	$ (3,098,430,459)

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
METHODOLOGY FOR MONTHLY COMPOUNDING
OF THE AFUDC RATE
DECEMBER, 2017

SCHEDULE C: PAGE 1 OF 1

AFUDC COMPOUNDING

((1+R/12)**12)-1 =	APPROVED RATE
((1+R/12)**12)-1 =	5.97%
((1+R/12)**12) =	1.05970000
(1+R/12) =	1.00484385
(R/12) =	0.00484385

MONTHS	AFUDC BASE	MONTHLY AFUDC	CUMULATIVE AFUDC
JAN	1.00000000	0.00484385	0.00484385
FEB	1.00484385	0.00486731	0.00971116
MAR	1.00971116	0.00489089	0.01460205
APR	1.01460205	0.00491458	0.01951662
MAY	1.01951662	0.00493838	0.02445501
JUN	1.02445501	0.00496230	0.02941731
JUL	1.02941731	0.00498634	0.03440365
AUG	1.03440365	0.00501049	0.03941415
SEP	1.03941415	0.00503476	0.04444891
OCT	1.04444891	0.00505915	0.04950806
NOV	1.04950806	0.00508366	0.05459172
DEC	1.05459172	0.00510828	0.05970000

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
SUPPLEMENTAL EARNINGS SURVEILLANCE INFORMATION
COMMERCIAL/INDUSTRIAL SERVICE RIDER
DECEMBER, 2017

SCHEDULE D: PAGE 1 OF 1

CONFIDENTIAL

CSA-1

The information below is presented to comply with Order No. PSC-14-0197-PAA-EI, Docket No. 140048-EI. This supplemental information is to be treated as confidential. The total difference for all executed Contract Service Arrangements (CSAs) between the calendar year 2017 revenues that would have been received under the otherwise applicable tariff rate(s) and the CISR rate is [redacted] (1)

Footnotes:

(1) Please note that, but for the Commercial Industrial Service Rider, FPL would not serve this load and would receive no revenues for it.

RESERVE AMOUNT BALANCE AS OF DECEMBER 31, 2017 **ATTACHMENT 1**

		AMOUNT	RELATED ORDER
Rollover Reserve Amount - 12/31/2016[1]	$	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[2]	$	(1,148,303,252)	
Total Amortization from 1/1/2017 - 12/31/2017	$	(1,252,100,355)	
Remaining Reserve Amount - 12/31/2017		$0	

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.

22

FPL Stipulations on Issue Nos. 1-17 and 20

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20180046-EI   EXHIBIT: 22
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: FPL Stipulations on Issue Nos. 1-17 and 20[Bates Nos. 00256-00261]

FILED 1/29/2019
DOCUMENT NO. 00432-2019
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for Florida Power & Light Company	Docket No: 20180046-EI Date: January 29, 2019

STIPULATIONS ON ISSUE Nos. 1-17 AND 20

Florida Power & Light Company ("FPL") and the Office of Public Counsel ("OPC") hereby agree to stipulate Issue Nos. 1-17 and 20 as set forth below. Regarding these stipulations, The Florida Industrial Power Users Group takes no position, and the Florida Retail Federation and Federal Executive Agencies have no objection.

ISSUE 1: **What is the forecasted tax expense for the tax year 2018 at a 21 percent federal corporate tax rate?**

Due to the dispute in Issue 18 over whether FPL may credit the amortization reserve with savings resulting from the Tax Cuts and Jobs Act of 2017 ("Tax Act"), the parties have agreed to stipulate to alternative positions on this Issue, with and without the credits.

FPL's forecasted tax expense for the tax year 2018 at a 21 percent federal corporate tax rate is $430.6 million with the credits, and $523.6 million without the credits.

ISSUE 2: **What is the forecasted tax expense for the tax year 2018 at a 35 percent federal corporate tax rate?**

FPL's forecasted tax expense for the tax year 2018 at a 35 percent federal corporate tax rate is $1,029.1 million.

ISSUE 3: **What is the forecasted NOI for the tax year 2018 at a 21 percent federal corporate tax rate?**

Due to the dispute in Issue 18 over whether FPL may credit the amortization reserve with savings resulting from the Tax Act, the parties have agreed to stipulate to alternative positions on this Issue, with and without the credits.

FPL's forecasted NOI for the tax year 2018 at a 21 percent federal corporate tax rate is $2,406.2 million with the credits, and $2,680.08 million without the credits.

ISSUE 4: **What is the forecasted NOI for the tax year 2018 at a 35 percent federal corporate tax rate?**

FPL's forecasted NOI for the tax year 2018 at a 35 percent federal corporate tax rate is $2,175.4 million.

ISSUE 5: **What is the forecasted capital structure for the tax year 2018 at a 21 percent federal corporate tax rate?**

Due to the dispute in Issue 18 over whether FPL may credit the amortization reserve with savings resulting from the Tax Act, the parties have agreed to stipulate to alternative positions on this Issue, with and without the credits.

FPL's forecasted capital structure for the tax year 2018 at a 21 percent federal corporate tax rate is $36,142.2 million with the credits, and $36,227.5 million without the credits.

ISSUE 6: **What is the forecasted capital structure for the tax year 2018 at a 35 percent federal corporate tax rate?**

FPL's forecasted capital structure for the tax year 2018 at a 35 percent federal corporate tax rate is $36,317.7 million.

ISSUE 7: **What is the forecasted jurisdictional adjusted base revenue requirement for the tax year 2018 using a 21 percent federal corporate tax rate?**

Due to the dispute in Issue 18 over whether FPL may credit the amortization reserve with savings resulting from the Tax Act, the parties have agreed to stipulate to alternative positions on this Issue, with and without the credits.

FPL's forecasted jurisdictional adjusted base revenue requirement for the tax year 2018 using a 21 percent federal corporate tax rate is $5,842.8 million with the credits, and $5,965.6 million without the credits. FPL's position incorporates OPC witness Smith's recommendation.

ISSUE 8: **What is the forecasted jurisdictional adjusted revenue requirement for the tax year 2018 using a 35 percent federal corporate tax rate?**

FPL's forecasted jurisdictional adjusted base revenue requirement for the tax year 2018 using a 35 percent federal corporate tax rate is $6,615.2 million.

ISSUE 9: **What is the annual jurisdictional adjusted base revenue requirement increase/decrease due to the enactment of the Tax Cuts and Jobs Act of 2017 for the tax year 2018?**

Due to the dispute in Issue 18 over whether FPL may credit the amortization reserve with savings resulting from the Tax Act, the parties have agreed to stipulate to alternative positions on this Issue, with and without the credits.

FPL's forecasted annual jurisdictional adjusted base revenue requirement decrease due to the enactment of the Tax Cuts and Jobs Act of 2017 for the tax year 2018 is $772.3 million with the credits, and $649.6 million without the credits.

ISSUE 10: **Were "protected excess deferred taxes" for 2018 using a 21 percent federal corporate tax rate appropriately calculated?**

Yes. FPL utilized ARAM to turn around the protected excess deferred income taxes over the remaining book depreciable life of the underlying assets.

ISSUE 11: **Were "unprotected excess deferred taxes" for 2018 using a 21 percent federal corporate tax rate appropriately calculated?**

Yes. FPL's calculations utilize 10-year straight-line amortization for property-related unprotected excess deferred taxes and cap amortization at ten years for non-property related unprotected excess deferred taxes.

ISSUE 12: **Were Accumulated Deferred Income Taxes (ADIT) for 2018 appropriately calculated?**

Yes.

ISSUE 13: **Are classifications of the excess ADIT between "protected" and "unprotected" appropriate?**

Yes.

ISSUE 14: **How should unprotected excess ADITs be flowed back to FPL customers?**

FPL will turn around unprotected excess deferred income taxes for the benefit of customers via base rates, over the turnaround periods consistent with Issue 11 and OPC witness Smith's recommendation, regardless of whether they relate to base rate or adjustment clause assets.

ISSUE 15: **How should protected excess ADITs be flowed back to FPL customers?**

FPL will turn around protected excess deferred income taxes for the benefit of customers via base revenue requirements, over the turnaround periods specified by the normalization requirements, regardless of whether they relate to base or adjustment clause assets.

ISSUE 16: **Should FPL seek a private letter ruling from the IRS regarding its classification of the excess ADIT relating to cost of removal/negative net salvage as "protected"?**

ISSUE WITHDRAWN.

ISSUE 17: **If FPL seeks a private letter ruling and the IRS rules therein (or issues other relevant guidance) that the excess ADIT relating to cost of removal/negative net salvage is to be treated as "unprotected", what process should be followed for the reclassification?**

The Parties acknowledge that FPL does not have the ability within the PowerPlan financial system to segregate the cost of removal portion of excess deferred income taxes from those of salvage, and that FPL therefore classifies the excess accumulated deferred taxes relating to cost of removal/negative net salvage as protected. If the IRS issues guidance that cost of removal/negative net salvage is to be treated as "unprotected," the Parties agree that the cost of removal/negative net salvage shall be accounted for using the Average Rate Assumption Method ("ARAM" or "protected method") and the deficient deferred taxes will be recovered over the remaining life of the asset.

ISSUE 20: **Should this docket be closed?**

Yes. Upon issuance of an order resolving all outstanding issues, this docket should be closed.

Respectfully submitted this 29th day of January 2019.

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CERTIFICATE OF SERVICE
Docket No. 20180046-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic service on this 29th day of January 2019 to the following:

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