

State of Florida



# Public Service Commission

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

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

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**DATE:** November 19, 2013

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Accounting and Finance (Maurey) *ALM*  
Division of Industry Development and Market Analysis (Brennan) *CRB*  
Division of Economics (King) *PD*  
Office of the General Counsel (Lawson) *JL*

**RE:** Docket No. 130245-EI – Petition for base rate increase for extended power uprate systems placed in commercial service by Florida Power & Light Company.

**AGENDA:** 12/03/13 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Brown

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

In 2006, the Florida Legislature enacted Section 366.93, Florida Statutes (F.S.), encouraging the development of nuclear energy in the state. In that section, the Legislature directed the Commission to adopt rules providing for alternative cost recovery mechanisms that would encourage investor-owned electric utilities to invest in nuclear power plants. The Commission adopted Rule 25-6.0423, Florida Administrative Code (F.A.C.), which provides for an annual clause recovery proceeding to consider investor-owned utilities' requests for cost recovery for nuclear plants.

By Order No. PSC-08-0021-FOF-EI,<sup>1</sup> the Commission made an affirmative determination of need for Florida Power & Light Company's (FPL) Extended Power Uprate (EPU) project. The EPU project involved FPL's four nuclear units located at two nuclear generating plant sites in Florida: Turkey Point Units 3 and 4, and St. Lucie Units 1 and 2. The EPU projects have gone into commercial service at various points in time, with the majority of the costs going into plant in service when the modifications were completed in 2012 and 2013.

On October 4, 2013, FPL filed a petition to increase its base rates by the \$94,064,105 revenue requirements associated with the uprate of Turkey Point Unit 4 pursuant to Rule 25-6.0423(7), F.A.C. Further, FPL has requested a base rate decrease of \$917,671 associated with the 5-year amortization of existing assets that are being retired during 2013 pursuant to Rule 25-6.0423(7)(e), F.A.C. FPL has also included a \$19,142,379 true-up of the 2012 base rate revenue requirement for the 2012 modifications made at the St. Lucie and Turkey Point nuclear units. In total, FPL has requested a net base rate increase of \$113,206,484. This represents a base rate increase of \$1.14 per month on a typical 1,000 kWh residential bill.

The Commission has jurisdiction over this subject matter pursuant to Section 366.93, F.S., and other provisions of Chapter 366, F.S.

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<sup>1</sup>See Order No. PSC-08-0021-FOF-EI, issued January 7, 2008, in Docket No. 070602-EI, In re: Petition for determination of need for expansion of Turkey Point and St. Lucie nuclear power plants, for exemption from Bid Rule 25-22.082, F.A.C., and for cost recovery through the Commission's Nuclear Power Plant Cost Recovery Rule, Rule 25-6.0423, F.A.C.

### **Discussion of Issues**

**Issue 1:** Should FPL's request to increase its base rates by \$94,064,105 for the EPU systems placed in commercial service during 2013 be approved?

**Recommendation:** No. A base rate increase of \$94,235,311 for the 2013 EPU project modifications at Turkey Point Unit 4 should be approved. This approval should be subject to true-up and revision based on the final review of the 2013 modification expenditures in the Nuclear Cost Recovery Clause (NCRC). (Maurey)

**Staff Analysis:** FPL has requested approval to increase its base rates by \$94,064,105 for the EPU project modifications at Turkey Point Unit 4 that went into service during 2013.

Rule 25-6.0423(7), F.A.C., states the following:

(7) Commercial Service. As operating units or systems associated with the power plant and the power plant itself are placed in commercial service:

(a) The utility shall file a petition for Commission approval of the base rate increase pursuant to Section 366.93(4), F.S., separate from any cost recovery clause petitions, that includes any and all costs reflected in such increase, whether or not those costs have been previously reviewed by the Commission; provided, however, that any actual costs previously reviewed and determined to be prudent in the Capacity Cost Recovery Clause shall not be subject to disallowance or further prudence review except for fraud, perjury, or intentional withholding of key information.

(b) The utility shall calculate the increase in base rates resulting from the jurisdictional annual base revenue requirements for the power plant in conjunction with the Capacity Cost Recovery Clause projection filing for the year the power plant is projected to achieve commercial operation. The increase in base rates will be based on the annualized base revenue requirements for the power plant for the first 12 months of operations consistent with the cost projections filed in conjunction with the Capacity Cost Recovery Clause projection filing.

(c) At such time as the power plant is included in base rates, recovery through the Capacity Cost Recovery Clause will cease, except for the difference between actual and projected construction costs as provided in subparagraph (5)(c)4. above.

(d) The rate of return on capital investments shall be calculated using the utility's most recent actual Commission adjusted basis overall weighted average rate of return as reported by the utility in its most recent Earnings Surveillance Report prior to the filing of a petition as provided in paragraph (7)(a). The return on equity cost rate used shall be the midpoint of the last Commission approved range for return on equity or the last Commission approved return on equity cost rate established for use for all other regulatory purposes, as appropriate.

(e) The jurisdictional net book value of any existing generating plant that is retired as a result of operation of the power plant shall be recovered through an increase in base rate charges over a period not to exceed 5 years. At the end of the recovery period, base rates shall be reduced by an amount equal to the increase associated with the recovery of the retired generating plant.

In compliance with Rule 25-6.0423(7), F.A.C., FPL submitted its calculation of the annualized base rate revenue requirements for the EPU project modifications for the first 12 months of operations. This calculation is shown in FPL's response to staff's data request. (See Schedule No. 1) In the process of completing its responses to staff discovery, FPL identified certain adjustments to its projections, the transmission jurisdictional separation factor, the amount of salvage, and a work order error that resulted in a net increase of \$171,206 to the requested 2013 base rate revenue requirement. Staff has reviewed FPL's revised calculation of the jurisdictional annual revenue requirement. Staff believes the revised annual revenue requirement of \$94,235,311 has been calculated in compliance with Rule 25-6.0423(7), F.A.C., and should be approved.

The 2013 expenditures related to the EPU project modifications are subject to review in the NCRC. A final determination of the reasonableness and prudence of the 2013 expenditures will be made during 2014. Based on FPL's revised calculations, the increase in Electric Plant in Service included in the calculation is \$738,740,557 (\$703,304,266 jurisdictional), net of joint owners. If the \$738,740,557 amount is revised based on a final audit and review of the 2013 expenditures, the annual revenue requirement will have to be recalculated. This would require a true-up of the revenues already collected and a revision of the related tariffs. Therefore, staff recommends that the approval of the \$94,235,311 base rate increase be made subject to true-up and revision based on the final review of the 2013 EPU project modification expenditures at the St. Lucie and Turkey Point units in the NCRC.

**Issue 2:** Should FPL's request to decrease its base rates by \$917,671 for a 5-year period to reverse the excess amortization associated with previously retired assets be approved?

**Recommendation:** Yes. The appropriate base rate decrease is \$917,671 for the 5-year amortization period. At the end of the amortization period, base rates should be increased by an amount equal to the rate decrease recommended here. (Maurey)

**Staff Analysis:** FPL has requested approval to decrease its base rates by \$917,671 for a 5-year period. As a direct result of the EPU project modifications, certain existing assets have been replaced or are no longer necessary for the operation of the plant. Therefore, these assets are being retired pursuant to Rule 25-6.0423(7)(e), F.A.C.

However, due to an over recovery through the NCRC of the amount associated with past retirements, a rate decrease is necessary in this instance. This results in a negative annual amortization of \$831,213 (\$792,405 jurisdictional) over the 5-year period. In addition, FPL has proposed to adjust the annual amortization by annual depreciation expense and property tax expense credits of \$131,885 (\$125,267 jurisdictional), resulting in a net negative annual amortization of \$963,099 (\$917,671 jurisdictional).

Staff recommends that the Commission approve \$917,671 as the appropriate base rate decrease for the 5-year amortization period to reverse the excess amortization associated with previously retired assets. In addition, base rates should be increased by an amount equal to the decrease recommended here at the end of the 5-year amortization period.

**Issue 3:** Should FPL's request to increase its base rates by \$19,142,379 for the true-up of the 2012 base rate adjustment be approved?

**Recommendation:** No. The appropriate base rate increase is \$18,795,383 for the true-up of the 2012 base rate adjustment. (Maurey, Breman)

**Staff Analysis:** Per Order No. PSC-12-0647-PAA-EI,<sup>2</sup> FPL was authorized to increase its base rates by \$243,978,281 for the 2012 modifications made at the St. Lucie and Turkey Point nuclear units. This approval was subject to true-up and revision based on the final review of the 2012 expenditures in the NCRC in Docket No. 130009-EI.

As shown on page 1 of Attachment D to FPL's Petition, the Company is requesting a true-up to increase base rates by \$19,142,379. The primary reasons for the true-up are (1) the difference between the estimated amount of plant-in-service used in the previous calculation and the final amount used in the current calculation, and (2) the difference between the estimated amount of net book value of retirements, removal, and salvage used in the previous calculation and the final amount used in the current calculation.

In the process of completing its responses to staff discovery, FPL identified adjustments related to incremental transmission asset salvage, salvage incorrectly included in plant-in-service, and an amount for the true-up of removal costs that resulted in a net \$346,996 reduction to its requested 2012 true-up base rate revenue requirement. Staff has reviewed the true-up calculation and recommends that the \$18,795,383 base rate increase be approved.

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<sup>2</sup>See Order No. PSC-12-0647-PAA-EI, issued December 11, 2012, in Docket No. 120244-EI, In re: Petition for approval for base rate increase for extended power uprate systems placed in commercial service by Florida Power & Light Company.

**Issue 4:** What is the appropriate effective date of FPL's revised base rates?

**Recommendation:** If the Commission approves the staff recommendations in Issues 1, 2, and 3, the revised base rates should be implemented with the first billing cycle for 2014, which falls on January 2, 2014. Staff's recommended total increase should be allocated among the various rate classes consistent with the Cost of Service study approved by the Commission in Order No. PSC-13-0023-S-EI.<sup>3</sup> Furthermore, FPL should file revised tariff sheets to reflect the revised base energy and demand charges to implement the Commission vote in Issues 1, 2, and 3 for administrative approval by staff prior to their effective date. (King)

**Staff Analysis:** The total retail revenue requirements are allocated among the various rate classes based on the allocations of nuclear revenue requirements in the Cost of Service study approved by the Commission in Order No. PSC-13-0023-S-EI. The total base rate increase recommended in Issues 1, 2, and 3 results in an increase of \$1.14 to the 1,000 kilowatt-hour residential bill.

If the Commission approves the staff recommendations in Issues 1, 2, and 3, the revised base rates should be implemented with the first billing cycle for 2014, which falls on January 2, 2014. Furthermore, FPL should file revised tariff sheets to reflect the revised base energy and demand charges to implement the Commission vote in Issues 1, 2 and 3 for administrative approval by staff prior to their effective date.

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<sup>3</sup> See Order No. PSC-13-0023-S-EI, issued January 14, 2013, in Docket No. 120015-EI, In re: Petition for increase in rates by Florida Power & Light Company.

**Issue 5:** Should this docket be closed?

**Recommendation:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. FPL should file revised tariff sheets to reflect the base energy and demand charges implemented by the Commission's vote on Issues 1, 2, and 3 for administrative approval by staff prior to the effective date of the new rates. Once these actions are complete, this docket should be closed administratively. (Lawson)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. FPL should file revised tariff sheets to reflect the base energy and demand charges implemented by the Commission's vote on Issues 1, 2, and 3 for administrative approval by staff prior to the effective date of the new rates. Once these actions are complete, this docket should be closed administratively.



Florida Power & Light Company  
 Docket No. 130245  
 Staff's Second Set of Data Requests  
 Interrogatory No. 1, Attachment 1

**Florida Power and Light Company**  
**Docket No 130245-EI**  
**Data Request No. 2**

1. In FPL's response to staff's first data request received October 24, 2013, the Company revised the requested revenue requirement for the 2012 True-Up increase (question no. 1) and the 2013 Base Rate increase (question no. 2). Please provide a revised Attachment B, page 1 of 54 updated for the revisions to FPL's requested revenue requirements discussed in its response to the staff data request.

In the process of completing its responses to Staff discovery, FPL identified the following adjustments to FPL's base rate revenue requirements associated with 2012 true-up and 2013 as filed in Docket No. 130245-EI:

<u>2012 True-Up of Base Rate Revenue Requirements in Docket No. 130245-EI</u>	\$19,142,379
Incremental Transmission Asset Salvage	(\$23,164) (a)
Salvage incorrectly included in plant in-service	\$84,163 (b)
Incremental true-up of Removal costs from Capital Recovery Schedule	(\$407,995) (c)
Adjustments to 2012 True-up of Base Rate Revenue Requirements	<u>(\$346,996)</u>
<b>Revised 2012 True-Up of Base Rate Revenue Requirements</b>	<u>\$18,795,383</u>
<u>2013 Base Rate Revenue Requirements in Docket No. 130245-EI</u>	\$94,064,105
Adjustment to projections	(\$107,278) (d)
Correction to Transmission jurisdictional separation factor from 0.88877421 to 0.88497613	(\$255) (d)
Adjustment to Work Order P00000001479 for incorrect query	\$58,698 (d)
Salvage incorrectly included in plant in-service	\$220,041 (b)
Adjustments to 2013 Base Rate Revenue Requirements	<u>\$171,206</u>
<b>Revised 2013 Base Rate Revenue Requirements</b>	<u>\$94,235,311</u>
<b>Total Revised Base Rate Revenue Requirements</b>	<u>\$113,030,694</u>

**Notes:**

- (a) Represents incremental salvage identified for Transmission assets. Amount has been revised from amount provided in Staff Data Request No. 1 of (\$5,395).  
 (b) FPL incorrectly included certain salvage recoveries in plant in-service and separately reflected the same salvage as a reduction in revenue requirements. The result is that the salvage credit was inadvertently provided twice to the customer. The plant in-service balance was understated in 2012 and 2013 by \$650,303 and \$1,710,531, respectively. The correction of plant in-service results in an increase to revenue requirements.  
 (c) In preparation of the response to Staff Data Request No. 2, FPL noted that it understated the credit provided to customers as result of the true up of removal costs to the Capital Recovery Schedule.  
 (d) Represents amounts included in Staff Data Request No. 1.

Florida Power & Light Company  
Docket No. 130245  
Staff's Second Set of Data Requests  
Interrogatory No. 1, Attachment 1

Florida Power & Light Company  
12 Months Base Rate Revenue Requirements  
For Plant Placed into Service in 2013  
Effective January 2, 2014

Line No.	Nuclear Generation & Transmission		
	System (Net of Participants) (b)	Separation Factor (f)	Retail Jurisdictional (Net of Participants) (b)
1			
2			
3	<b>Annualized Rate Base - 13 Month Average</b>		
4	Electric Plant In Service - Nuclear (i)	\$738,329,632	\$702,940,607
5	Accumulated Reserve for Depreciation and Amortization - Nuclear (h)	(38,403,462)	(38,000,674)
6	Net Rate Base - Nuclear	\$729,926,170	\$664,939,933
7	Electric Plant In Service - GSU	\$0	\$0
8	Accumulated Reserve for Depreciation - GSU (h)	\$0	\$0
9	Net Rate Base - GSU	\$0	\$0
10	Electric Plant In Service - Transmission	\$410,805	\$363,659
11	Accumulated Reserve for Depreciation - Transmission (h)	(\$7,010)	(\$6,203)
12	Net Rate Base - Transmission	\$403,816	\$357,456
13	Fuel Inventory		
14	Working Capital - Income Taxes Payable		
15	Total Annualized Rate Base (Line 6 + Line 9 + Line 12)	\$730,330,686	\$665,297,388
16			
17	<b>Annualized NOI</b>		
18	O&M	\$0	\$0
19	Depreciation and Amortization Expense - Nuclear (h)	\$16,806,924	\$16,001,348
20	Depreciation Expense - GSU (h)	\$0	\$0
21	Depreciation Expense - Transmission (h)	\$14,019	\$12,467
22	Total Depreciation Expense	\$16,820,943	\$16,013,754
23	Property Taxes - Nuclear (d)	\$13,126,316	\$12,497,156
24	Property Taxes - GSU (d)	\$0	\$0
25	Property Taxes - Transmission (d)	\$7,258	\$6,423
26	Property Insurance Expense	\$121,500	\$115,676
27	Total Property Insurance and Tax Expense	\$13,255,074	\$12,619,255
28	Total Depreciation and Property Tax Expense (Line 22 + Line 27)	\$30,076,017	\$28,633,010
29	Payroll Taxes & Benefits		
30	Income Taxes		
31	Direct Current & Deferred (c)	(\$11,601,824)	(\$11,045,184)
32	Imputed Interest (see calculation below)	(\$4,322,665)	(\$4,115,314)
33	Total Income Taxes (Line 31 + Line 32)	(\$15,924,489)	(\$15,160,498)
34	Total Annualized NOI (Line 28 + Line 33)	\$14,151,528	\$13,472,512
35			
36			
37	<b>Calculation of Revenue Requirement</b>		
38	Fully Adjusted Cost of Capital (a)	6.45%	6.45%
39	NOI Requirement (Line 15 + Line 38)	\$47,095,482	\$44,836,391
40	NOI Deficiency (Line 34 + Line 39)	\$61,247,010	\$58,308,903
41	Net Operating Income Multiplier (g)	1.63188	1.63188
42			
43	Revenue Requirement (Line 40 * Line 41)	\$99,947,612	\$95,152,982
44			
45	Annual Amort of Retired NBV - Nuclear (e) (k)	(\$846,604)	(\$806,025)
46	Annual Amort of Retired NBV - GSU (e)	\$0	\$0
47	Annual Amort of Retired NBV - Transmission (e) (k)	\$15,391	\$13,620
48	Total Annual Amort of Retired NBV	(\$831,213)	(\$792,405)
49	Annual Deprec. Credit - Nuclear	(\$149,116)	(\$139,112)
50	Annual Deprec. Credit - GSU	\$0	\$0
51	Annual Deprec. Credit - Transmission	(\$3,658)	(\$3,237)
52	Total Annual Deprec. Credit	(\$149,773)	(\$142,349)
53	Annual Property Tax Credit - Nuclear (d)	\$18,665	\$17,711
54	Annual Property Tax Credit - GSU (d)	\$0	\$0
55	Annual Property Tax Credit - Transmission (d)	(\$778)	(\$688)
56	Total Annual Property Tax Expense Credit	\$17,887	\$17,023
57			
58	Net Amount of Retired Plant (Line 48 + Line 52 + Line 56) (l)	(\$963,099)	(\$917,671)
59			
60	Net Revenue Requirement 2013 Plant In Service (Line 43 + Line 58)	\$98,984,514	\$94,235,311
61			
62	True-up of 2012 Base Rate Revenue Requirement (j)	\$19,133,979	\$18,795,383
63			
64	Total Revenue Requirement (Line 60 + 62)	\$118,118,493	\$113,030,694
65			
66	<b>Calculation of Taxes on Imputed Interest</b>		
67	Weighted Cost of Debt Capital (a):		
68	Long Term Debt Fixed Rate	1.40%	1.40%
69	Long Term Debt Variable Rate	0.00%	0.00%
70	Short Term Debt	0.04%	0.04%
71	Customer Deposits	0.04%	0.04%
72	Job Development Investment Tax Credit (JDIC)	0.0001%	0.0001%
73		1.53%	1.53%
74			
75	Imputed Interest (Line 15 + Line 73)	\$11,205,672	\$10,668,345
76	Income Taxes on Imputed Interest at 38.575% (c)	(\$4,322,665)	(\$4,115,314)
77			
78			
79			
80			
81	<b>Notes:</b>		
82	(a) Rate of return on capital investments is from FPL's July 2013 Surveillance Report per Rule 25-6.0423 Section 7(d)		
83	(b) Participants' share represents Orlando Utilities Commission of 6.0895% and Florida Municipal Power Agency of 8.806% on St. Lucie Unit No. 2. If plant placed into service is related to common St. Lucie Plant, the participants share is calculated on half of the plant placed into service.		
84	(c) Federal Income Tax rate of 35% & State Income Tax rate of 5.5%, for an effective rate of 38.575%.		
85	(d) Property Tax Rate is the projected 2014 rate received from FPL's Property Tax Department for St. Lucie and Miami Dade Counties.		
86	(e) Per Rule 25-6.0423(7)(e), retirements associated with the modifications placed into service are to be recovered over a period not to exceed 5 years.		
87	(f) Reflects projected 2014 Jurisdictional Separation Factors		
88	(g) Net Operating Income Multiplier is from FPL's rate case in Docket No. 120015-EI		
89	(h) Depreciation and Amortization rates are from Order No. PSC-10-0153-FOF-EI in Docket 080677-EI, Pgs 47,48,77, & 79.		
90	(i) Amortization of NBV of retired plant less depreciation and property taxes included in base rates.		
91	(j) For more information please see Attachment D.		
92	(k) FPL has true-up the EPU project net book value of the retirements and removal costs to the capital recovery schedule. As a result, the annual amortization of the net book value over 5 years has been reduced to reflect a net refund to customers.		
93	(l) Reflects Sales Tax Adjustments made in Docket No 130009-EI and EPU Contractor Charge Adjustments.		
94	(m) Totals may not add due to rounding.		

Florida Power & Light Company  
Docket No. 130245  
Staff's Second Set of Data Requests  
Interrogatory No. 1, Attachment 1

Florida Power & Light Company  
True up of 12 Months Base Rate Revenue Requirements  
For Plant Placed into Service in 2012  
Effective January 2, 2014

Line No.	Nuclear Generation & Transmission		
	System (Net of Participants) (b)	Separation Factor (f)	Retail Jurisdictional (Net of Participants) (b)
1			
2			
3			
4	<b>Annualized Rate Base - 13 Month Average</b>		
5	Electric Plant In Service - Nuclear (h)	0.98202247	\$130,763,587
6	Accumulated Reserve for Depreciation and Amortization - Nuclear (h)	0.98202247	(\$1,568,360)
7	Net Rate Base - Nuclear		\$129,195,227
8	Electric Plant In Service - GSU	0.98051733	\$1,791,776
9	Accumulated Reserve for Depreciation - GSU (h)	0.98051733	(\$25,981)
10	Net Rate Base - GSU		\$1,765,795
11	Electric Plant In Service - Transmission	0.90431145	(\$286,465)
12	Accumulated Reserve for Depreciation - Transmission (h)	0.90431145	\$6,268
13	Net Rate Base - Transmission		(\$280,197)
14	Fuel Inventory		
15	Working Capital - Income Taxes Payable		
16	Total Annualized Rate Base (Line 6 + Line 9 + Line 12)		\$130,680,825
17	<b>Annualized NOI</b>		
18	O&M		\$0
19	Depreciation and Amortization Expense - Nuclear (h)	0.98202247	\$3,136,720
20	Depreciation Expense - GSU (h)	0.98051733	\$51,961
21	Depreciation Expense - Transmission (h)	0.90431145	(\$12,536)
22	Total Depreciation Expense		\$3,176,145
23	Property Taxes - Nuclear (d)	0.98202247	\$2,409,697
24	Property Taxes - GSU (d)	0.98051733	\$35,039
25	Property Taxes - Transmission (d)	0.90431145	(\$5,045)
26	Property Insurance Expense	0.98202247	\$71,197
27	Total Property Insurance and Tax Expense		\$2,510,888
28	Total Depreciation and Property Tax Expense (Line 22 + Line 27)		\$5,687,033
29	Payroll Taxes & Benefits		
30	Income Taxes		
31	Direct Current & Deferred (c)		(\$2,193,773)
32	Imputed Interest (see calculation below)		(\$856,959)
33	Total Income Taxes (Line 31 + Line 32)		(\$3,050,732)
34	Total Annualized NOI (Line 28 + Line 33)		\$2,636,300
35			
36			
37	<b>Calculation of Revenue Requirement</b>		
38	Fully Adjusted Cost of Capital (a)	6.39%	6.39%
39	NOI Requirement (Line 15 * Line 38)	\$8,496,587	\$8,345,204
40	NOI Deficiency (Line 34 + Line 39)	\$11,190,430	\$10,981,504
41	Net Operating Income Multiplier (g)	1.63188	1.63188
42	Revenue Requirement (Line 40 * Line 41)		\$17,920,469
43			
44	Annual Amort of Retired NBV - Nuclear (e) (i)	0.98202247	\$1,119,054
45	Annual Amort of Retired NBV - GSU (e) (i)	0.98051733	\$456,299
46	Annual Amort of Retired NBV - Transmission (e) (i)	0.90431145	(\$24,799)
47	Total Annual Amort of Retired NBV		\$1,540,553
48	Annual Deprec. Credit - Nuclear	0.98202247	(\$372,414)
49	Annual Deprec. Credit - GSU	0.98051733	(\$16,566)
50	Annual Deprec. Credit - Transmission	0.90431145	(\$3,658)
51	Total Annual Deprec. Credit		(\$378,638)
52	Annual Property Tax Credit - Nuclear (d)	0.98202247	(\$253,214)
53	Annual Property Tax Credit - GSU (d)	0.98051733	(\$40,083)
54	Annual Property Tax Credit - Transmission (d)	0.90431145	\$1,083
55	Total Annual Property Tax Expense Credit		(\$286,984)
56			
57	Net Amount of Retired Plant (Line 48 + Line 52 + Line 56) (i)		\$874,915
58			
59	Net Revenue Requirement 2012 Plant in Service (Line 43 + Line 58)		\$19,133,979
60			
61			
62			
63			
64	Total Revenue Requirement (Line 60 + 62)		\$19,133,979
65			
66			
67	<b>Calculation of Taxes on Imputed Interest</b>		
68	Weighted Cost of Debt Capital (a):		
69	Long Term Debt Fixed Rate	1.52%	1.52%
70	Long Term Debt Variable Rate	0.00%	0.00%
71	Short Term Debt	0.03%	0.03%
72	Customer Deposits	0.14%	0.14%
73	Job Development Investment Tax Credit (JDIC)	0.0003%	0.0003%
74		1.70%	1.70%
75	Imputed Interest (Line 15 * Line 73)		\$2,221,541
76	Income Taxes on Imputed Interest at 38.575% (c)		(\$856,959)
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81	<b>Notes:</b>		
82	(a) Rate of return on capital investments is from FPL's July 2012 Surveillance Report per Rule 25-6.0423 Section 7(d).		
83	(b) Participants' share represents Orlando Utilities Commission of 6.0895% and Florida Municipal Power Agency of 6.806% on St. Lucie Unit No. 2. If plant placed into service is related to common St. Lucie Plant, the participants share is calculated on half of the plant placed into service.		
84	(c) Federal Income Tax rate of 35% & State Income Tax rate of 5.5%, for an effective rate of 38.575%.		
85	(d) Property Tax Rate is the projected 2013 rate received from FPL's Property Tax Department for St. Lucie and Miami Dade Counties.		
86	(e) Per Rule 25-6.0423(7)(g), retirements associated with the modifications placed into service are to be recovered over a period not to exceed 5 years.		
87	(f) Jurisdictional Separation Factors are from FPL's rate case in Docket No. 120015-EI.		
88	(g) Net Operating Income Multiplier is from FPL's rate case in Docket No. 120015-EI.		
89	(h) Depreciation and Amortization rates are from Order No. PSC-10-0153-FOF-EI in Docket No. 080677-EI, Pgs 47, 48, 77, & 79.		
90	(i) Amortization of NBV of retired plant less depreciation and property taxes included in base rates.		
91	(j) FPL has true-up the 2012 EPU project net book value of the retirements and removal costs to the capital recovery schedule.		
92	(k) Reflects Sales Tax Adjustments made in Docket No 130009-EI and EPU Contractor Charge Adjustments.		
93	(l) Totals may not add due to rounding.		