



Scott A. Goorland
Principal Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5633
(561) 691-7135 (Facsimile)
scott.goorland@fpl.com

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-VIA ELECTRONIC FILING-

Carlotta Stauffer, Director
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

**Re: Docket No. 140001-EI - IN RE: Fuel and Purchased Power Cost Recovery Clause
with Generating Performance Incentive Factor**

Please find enclosed for filing Florida Power & Light Company's ("FPL's") Errata Sheets for the June 25, 2014 testimony of FPL witness Sam Forrest; and for Exhibits KO-5 and KO-6 to the June 25, 2014 testimony of FPL witness Kim Ousdahl. Also enclosed are the revised Exhibits KO-5 and KO-6 that are referenced in the errata sheet. Please note that the revised Exhibits KO-5 and KO-6 each contains an additional tab that describes the changes made within that exhibit. Beyond those identified in the errata sheet, FPL has not identified any other change to any calculations provided in FPL's Petition, the testimony of FPL's witnesses, or any other exhibits to the testimony of FPL witnesses.

FPL is serving an electronic copy of these documents to Commission Staff and all parties to this docket. Please contact me if there are any questions related to this filing.

Sincerely,

/s/ Scott A. Goorland

Scott A. Goorland

Enclosures
cc: Parties of record w/enclosures

ERRATA SHEET

WITNESS: SAM FORREST – DIRECT TESTIMONY

<u>PAGE #</u>	<u>LINE #</u>	<u>CHANGE</u>
33	4	Change capital expenditures from \$119 million to \$125 million.
36	14	Change customer savings from \$61 million to \$60 million.
36	15	Change capital expenditures from \$119 million to \$125 million.
37	23	Volatility factor is 21.6% which rounds up to 22% instead of 21%.

ERRATA SHEET

WITNESS: KIM OUSDAHL – DIRECT

<u>PAGE #</u>	<u>LINE #</u>	<u>CHANGE</u>
KO-5		Changes made at various locations to reflect updated data.
KO-6		Changes made at various locations to reflect updated data. Note tab “changes made” within the updated exhibits outline details of changes made.

Gas Reserves Company
Income Statement
Twelve Months Ended December 31, 2015

Line No.	Account No. ⁽¹⁾	Account Description		
1		Revenues		
2	602	Gas Revenues	\$	45,473,295
3				
4		Expenses		
5	710	Lease Operating Expenses	\$	13,905,562
6	725	DD&A		18,336,336
7	900	G&A Expenses		300,000
8	920	Interest expense		2,011,223
9	940	Income Tax Provision		4,247,948
10				
11				
12		Net Income	<u>\$</u>	<u>6,672,226</u>

⁽¹⁾ Accounts refer to industry standard accounts. Refer to Exhibit KO-7

Gas Reserves Company
At Year End 12/31/2015
Balance Sheet

Line No.	Account No. ⁽⁶⁾	Account Description	Day 1 Balance Sheet Total	2015 Activity	Distribution to Parent @ YE ^{(4) (5)}	BS - YE 12/31/2015 Year End Balance Total
1		Current Assets				
2	101	Cash	\$ -	\$ 29,256,510	\$ (25,008,562)	\$ 4,247,948
3	221/231/233	Gas Reserves Investment	68,446,271	122,321,700		190,767,971
4	226/232/234	Accumulated Amortization	-	(18,336,336)		(18,336,336)
5	127	Accrued Receivables (Income Taxes)	-	29,033,436 ⁽¹⁾		29,033,436
6		Totals Assets	<u>\$ 68,446,271</u>			<u>\$ 205,713,018</u>
7		Current Liabilities				
8	401	Payable Intercompany Debt ⁽²⁾	\$ (27,652,293)	\$ (49,417,967)	\$ 7,407,880	\$ (69,662,380)
9	420	Deferred Income Taxes ⁽³⁾	-	(33,281,384)		(33,281,384)
10	501	Common Stock (Paid in Capital) ⁽²⁾	(40,793,978)	(72,903,733)	17,600,683	(96,097,028)
11	525	Retained Earnings		(6,672,226)		(6,672,226)
12		Totals Liabilities	<u>\$ (68,446,271)</u>			<u>\$ (205,713,018)</u>

Notes:

⁽¹⁾ To calculate Income Tax Receivable:

16	Depletion	\$ 18,336,336
17	Current IT	4,247,948
18	Current year - after tax income	6,672,226
19	Tax Depreciation Expense	<u>(103,892,593)</u>
20	Subtotal	<u>(74,636,083)</u>
21	Income Tax Receivable@ 38.9%	<u>\$ (29,033,436)</u>

For first year of operations GRCO will incur a loss for income tax purposes due to the deduction for tax purposes of drilling costs. This will be utilized by the parent company in their consolidated income tax calculation.

⁽²⁾ The subsidiary capital structure will be based on the debt and equity ratios of FPL.

⁽³⁾ To calculate DTL:

27	Depletion	\$ 18,336,336
28	Tax Depreciation Expense	<u>(103,892,593)</u>
29	Subtotal	<u>(85,556,257)</u>
30	DTL @ 38.9%	<u>\$ (33,281,384)</u>

For first year of operations GRCO will record a deferred income tax liability applicable to the deduction for tax purposes of the drilling and depletion costs.

⁽⁴⁾ Components of distribution made to parent:

34	Depletion	\$ (18,336,336)
35	Retained Earnings	<u>(6,672,226)</u>
36		<u>\$ (25,008,562)</u>

⁽⁵⁾ Cash to parent - Repayment of:

39	Payable Intercompany Debt	\$ 7,407,880
40	Common Stock	<u>17,600,683</u>
41		<u>\$ 25,008,562</u>

Represents the distribution to parent of the cash generated by the subsidiary during its first year of operations.

⁽⁶⁾ Accounts refer to industry standard accounts. Refer to Exhibit KO-7

Exhibit KO-5 - Summary of changes made:

Changes made to Exhibit KO-5 were to update the year one proforma financial statements as result of assumption changes and updates made to Exhibit KO-6.

Florida Power & Light Company
Fuel and Purchased Power Recovery Clause
For the Period January through December 2015 - SUPPLEMENTAL SCHEDULE

Supplemental Schedule - Return on Capital Investments & Depletion
For Project: Gas Reserves Investment
(in Dollars)

Line	Beginning of Period Amount	January ESTIMATED	February ESTIMATED	March ESTIMATED	April ESTIMATED	May ESTIMATED	June ESTIMATED	Six Month Amount
1. Investments								
a. Capital addition		\$5,045,400	\$19,260,000	\$14,214,800	\$19,260,000	\$5,045,400	\$19,260,000	\$82,085,400
2. Gas Reserve Investment / DD&A Base (A)	\$68,446,271	73,491,671	92,751,671	106,966,271	126,226,271	131,271,671	150,531,671	n/a
3. Less: Accumulated Depletion Reserve	\$0	238,144	594,867	1,179,341	2,029,642	3,172,825	4,591,220	n/a
4. Net Investment (Lines 2 - 3)	<u>\$68,446,271</u>	<u>\$73,253,527</u>	<u>\$92,156,804</u>	<u>\$105,786,930</u>	<u>\$124,196,629</u>	<u>\$128,098,846</u>	<u>\$145,940,451</u>	n/a
5. Average Rate Base (D)		70,849,899	82,705,165	98,971,867	114,991,779	126,147,737	137,019,648	n/a
6. Return on Average Net Investment								
a. Equity Component grossed up for taxes (B)		472,897	552,027	660,601	767,528	841,990	914,556	\$4,209,597
b. Debt Component (Line 5 x debt rate x 1/12) (C)		87,096	101,669	121,666	141,359	155,073	168,438	\$775,302
Subtotal (Debt & Equity Return)		<u>559,993</u>	<u>653,696</u>	<u>782,267</u>	<u>908,887</u>	<u>997,063</u>	<u>1,082,994</u>	
7. Investment and Operating Expenses								
a. Transportation Costs		285,676	359,088	507,406	615,425	772,784	833,646	\$3,374,026
b. Depletion		238,144	356,723	584,474	850,301	1,143,183	1,418,395	\$4,591,220
c. Lease Operating Expenses (LOE)		47,592	103,946	121,077	169,423	201,640	240,162	\$883,839
d. Taxes (Ad-Valorem, Severance & Franchise)		80,128	80,128	80,128	80,128	80,128	80,128	\$480,766
e. G&A		25,000	25,000	25,000	25,000	25,000	25,000	\$150,000
8. Total System Recoverable Expenses (Lines 6 & 7a-e)		<u>\$1,236,533</u>	<u>\$1,578,581</u>	<u>\$2,100,351</u>	<u>\$2,649,165</u>	<u>\$3,219,797</u>	<u>\$3,680,324</u>	<u>\$14,464,751</u>

Notes:

- (A) Applicable beginning of period and end of period DD&A (Depreciation, Depletion & Amortization) base
- (B) For purposes of this example the gross-up factor for taxes uses 0.6110, which reflects the Federal Income Tax Rate of 35% and Oklahoma State Tax rate of 6%.
The monthly Equity Component is 4.8938% based on the May 2014 Earnings Surveillance Report and reflects a 10.5% return on equity, per FPSC Order No. PSC-12-0425-PAA-EU.
- (C) For purposes of this example the debt component is 1.4751% based on the May 2014 Earnings Surveillance Report and reflects a 10.5% ROE, per FPSC Order No. PSC-12-0425-PAA-EU.
- (D) Working capital balance has not been forecasted for inclusion in Average Rate Base but will be included in the true-up filings when actual balances are known.

Totals may not add due to rounding.

Florida Power & Light Company
Fuel and Purchased Power Recovery Clause
For the Period January through December 2015 - SUPPLEMENTAL SCHEDULE

Supplemental Schedule - Return on Capital Investments & Depletion
For Project: Gas Reserves Investment
(in Dollars)

Line	Beginning of Period Amount	July ESTIMATED	August ESTIMATED	September ESTIMATED	October ESTIMATED	November ESTIMATED	December ESTIMATED	Twelve Month Amount
1. Investments								
a. Capital addition		\$16,276,500	\$9,630,000	\$2,522,700	\$8,368,650	\$3,438,450	\$0	\$122,321,700
2. Gas Reserve Investment / DD&A Base (A)	\$150,531,671	166,808,171	176,438,171	178,960,871	187,329,521	190,767,971	190,767,971	n/a
3. Less: Accumulated Depletion Reserve	\$4,591,220	6,271,949	8,224,436	10,639,750	13,222,515	15,746,805	18,336,336	n/a
4. Net Investment (Lines 2 - 3)	\$145,940,451	\$160,536,222	\$168,213,735	\$168,321,121	\$174,107,006	\$175,021,166	\$172,431,635	n/a
5. Average Rate Base (D)		153,238,336	164,374,978	168,267,428	171,214,063	174,564,086	173,726,400	n/a
6. Return on Average Net Investment								
a. Equity Component grossed up for taxes (B)		1,022,809	1,097,142	1,123,123	1,142,791	1,165,151	1,159,560	10,920,174
b. Debt Component (Line 5 x debt rate x 1/12) (C)		188,376	202,066	206,851	210,473	214,592	213,562	2,011,223
Subtotal (Debt & Equity Return)		1,211,185	1,299,209	1,329,974	1,353,264	1,379,743	1,373,122	
7. Investment and Operating Expenses								
a. Transportation Costs		898,337	987,416	1,166,726	1,186,225	1,133,535	1,158,547	9,904,811
b. Depletion		1,680,729	1,952,487	2,415,314	2,582,765	2,524,290	2,589,531	18,336,336
c. Lease Operating Expenses (LOE)		218,151	349,126	391,672	397,235	413,250	385,946	3,039,218
d. Taxes (Ad-Valorem, Severance & Franchise)		80,128	80,128	80,128	80,128	80,128	80,128	961,533
e. G&A		25,000	25,000	25,000	25,000	25,000	25,000	300,000
8. Total System Recoverable Expenses (Lines 6 & 7a-e)		\$4,113,530	\$4,693,365	\$5,408,814	\$5,624,617	\$5,555,945	\$5,612,274	45,473,295

Notes:

- (A) Applicable beginning of period and end of period DD&A (Depreciation, Depletion & Amortization) base
- (B) For purposes of this example the gross-up factor for taxes uses 0.6110, which reflects the Federal Income Tax Rate of 35% and Oklahoma State Tax rate of 6%. The monthly Equity Component is 4.8938% based on the May 2014 Earnings Surveillance Report and reflects a 10.5% return on equity, per FPSC Order No. PSC-12-0425-PAA-EU.
- (C) For purposes of this example the debt component is 1.4751% based on the May 2014 Earnings Surveillance Report and reflects a 10.5% ROE, per FPSC Order No. PSC-12-0425-PAA-EU.
- (D) Simplified example omits the working capital items that would be included in the actual clause filings

Totals may not add due to rounding.

Exhibit KO-6 **as filed** totaled \$52,473,402

1) Update made to WACC components Debt/Equity per FPSC Order No. PSC-12-0425-PAA-EU

As Filed	Debt	1.5658%
	Equity	4.9230%

As Updated	Debt	1.4751%
	Equity	4.8938%

2) Transportation costs were reduced.

Exhibit KO-6 is intended to reflect costs purely associated with GRCO. The transportation costs as reflected in the "as filed" exhibit contained approximately \$4.550 million of transportation costs that will be incurred by FPL directly, not the GRCO.

Therefore Exhibit KO-6 was updated to reflect the reduction of transportation costs.

3) Version of Exhibit KO-6 provided as part of the response to OPC 3rd Set of Interrogatories No. 43 footnote (c) incorrectly reflected the debt component (WACC) It should have shown 1.4751%, instead reflected 1.4151%. Note that this only affected the footnote, the calculation was correctly presented.

4) Exhibit KO-6, Page 2, line 5, missing the footnote pointing to note (D)

5) Depletion calculation was updated to reflect timing of investment made instead of assumption of all investment made at day 1.

Revised Exhibit KO-6 total \$45,473,295