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:

ROBERT E. BARRETT, JR.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF ROBERT E. BARRETT, JR.

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MARCH 15, 2016

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Robert E. Barrett, Jr. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Vice President of Finance.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for FPL's financial forecast, analysis of financial results, corporate budgeting, resource assessment and planning, and load forecast activities.

Q. Please describe your educational background and professional experience.

A. I have a Bachelor of Business Administration degree from the University of Miami, 1982, with a major in Finance. I received a Master of Business Administration from Florida International University in 1985. I have been employed by FPL, or its affiliate NextEra Energy Resources, since 1982 and have held a variety of positions of increasing responsibility including: Financial Analyst; Manager of Financial Forecasting; Director of Quality, Planning and Analysis; Director of Corporate Planning; Director of Investor Relations; Vice President of Business Development for NextEra Energy Resources; and my current position as Vice President of Finance for FPL. As

FPL's Vice President of Finance, I have overall responsibility for developing the operations and maintenance ("O&M") budget, the capital expenditure budget, and the total company per books financial forecast. I was the witness who sponsored the financial forecasts that FPL presented in FPL's last two rate cases (Docket Nos. 080677-EI and 120015-EI) as well as the financial forecast that FPL is presenting in this proceeding.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- REB-1 MFRs and Schedules Sponsored or Co-sponsored by Robert E. Barrett, Jr.
- REB-2 2016 Planning and Budgeting Process Guideline
- REB-3 MFR F-5 Forecasting Flowchart and Models
- REB-4 MFR F-8 Major Forecast Assumptions
- REB-5 Plan and Actual Net Income 2013-2015
- REB-6 Net Income Adjusted for Reserve Amortization and Weather
- REB-7 FPL's Revenue Request – 2017 vs. 2016
- REB-8 Drivers of the Increase in Revenue Requirements for 2013-2017
- REB-9 Summary of CPVRR Analysis for Peaker Upgrade Project
- REB-10 Summary of CPVRR Analysis for .05 Compressor Upgrades
- REB-11 Summary of CPVRR Analysis for Large Scale Solar Projects
- REB-12 FPL's Adjusted O&M Comparisons
- REB-13 FPL's Revenue Request 2018 vs. 2017

- REB-14 Summary of CPVRR Analysis for Transfer of Martin-Riviera Gas Lateral

Q. Are you sponsoring or co-sponsoring any Minimum Filing Requirements ("MFRs") or schedules in this case?

A. Yes. Exhibit REB-1 lists the MFRs that I am sponsoring or co-sponsoring.

Q. Are you sponsoring or co-sponsoring any schedules in support of FPL's request for the 2019 Okeechobee Limited Scope Adjustment ("2019 Okeechobee LSA") in order to address the additional revenue requirements associated with the Okeechobee Clean Energy Center (the "Okeechobee Unit")?

A. Yes. Exhibit REB-1 also shows my sponsorship and co-sponsorship of the Okeechobee Unit limited scope adjustment schedules.

Q. Please relate the MFRs and schedules being submitted to the time periods that they address.

A. FPL is filing MFRs based upon the forecast process completed in early 2016. FPL uses a 2017 Test Year as the basis for the revenue requirement calculation of its 2017 Base Rate Increase and a 2018 Test Year for purposes of the Subsequent Year Adjustment. Generally, the periods covered in FPL's MFRs are a 2015 Historical Year, 2016 Prior Year, 2017 Test Year and 2018 Subsequent Year. FPL also has prepared the 2019 Okeechobee LSA schedules, which follow the format of certain MFRs and show FPL's proposed limited scope adjustment reflecting the Okeechobee Unit being placed into service on June 1, 2019. These 2019 Okeechobee LSA schedules

show the base revenue requirements for the year ending May 31, 2020, the anticipated first twelve months of operations for the Okeechobee Unit. Finally, FPL's filing reflects a four year proposal that would require the Company to manage its operations without a general base rate increase for 2019 and 2020.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to:

(1) Demonstrate the value to customers of FPL's four year rate proposal;

(2) Explain the process FPL uses in the preparation and approval of the financial forecast upon which the projected MFRs are based;

(3) Provide an overview of the general business conditions affecting the forecast assumptions;

(4) Explain the major cost drivers since 2013 that necessitate a base rate increase effective January 1, 2017 (the "2017 Base Rate Increase");

(5) Explain the cost drivers from 2017 to 2018 that necessitate a subsequent year adjustment effective January 1, 2018 ("2018 SYA");

(6) Discuss the 2019 Okeechobee LSA; and

(7) Explain the proposal to transfer the Martin-Riviera gas lateral to Florida Southeast Connection.

Q. Please summarize your testimony.

A. During the period of FPL's 2012 Rate Settlement (2013-2016) approved by the Florida Public Service Commission ("FPSC" or "Commission") in Order No. PSC-13-0023-S-EI, Docket No. 120015-EI, FPL has made significant

improvements in lowering base operating costs and at the same time has made important investments in its infrastructure to support growth, strengthen or "harden" the system to better withstand bad weather, improve reliability and lower customer costs. Upon the expiration of the 2012 Rate Settlement at the end of 2016, FPL's revenue requirements continue to increase, such that FPL will not be able to maintain adequate earnings in 2017 and beyond without rate relief. Accordingly, FPL is requesting a 2017 Base Rate Increase, 2018 SYA and 2019 Okeechobee LSA. The final component of our proposal is to forgo a general base rate increase for 2019 and 2020, if our requested relief is granted, despite continued expected increases in 2019 and 2020 base revenue requirements. Collectively, these rate adjustments and FPL agreeing to forgo general base rate increases in 2019 and 2020 is referred to as FPL's four year rate proposal. This four year rate proposal provides long term rate stability and predictability for customers, regulatory efficiency, and is expected to produce total residential customer bills that grow roughly in line with inflation over the four year period. It will also allow the Company to focus on continuing to improve service delivery and value to our customers.

The MFRs filed in this proceeding have been prepared according to FPL's rigorous, established planning/forecasting process, relying on inputs from internal and external subject matter experts, processed through financial models widely used in the industry, and with sufficient review and approval to ensure their reliability for use in setting rates in this proceeding.

The general business conditions affecting the forecast assumptions are characterized by continued inflation-related increases and modest growth. As explained in FPL witness Morley's testimony, FPL expects to add nearly 220,000 new service accounts for the period 2014 through 2017. FPL's investment plans must account for this expected growth in our customer base.

Though inflation generally has been moderate by historical standards in recent years, cumulatively, general inflation is still expected to have added 6.3% to the cost of goods and services as measured by the Consumer Price Index ("CPI") for the period 2014 through 2017.

FPL's proposed 2017 Base Rate Increase is needed to address increased revenue requirements since 2013, the test year last used for establishing base rates. The primary drivers of the change in revenue requirements are: (1) capital investment initiatives that support storm hardening, increased reliability, and system growth, which provide long-term economic benefits to customers, and ensure regulatory compliance; (2) the increase resulting from FPL's 2016 depreciation study; (3) the impact of the amortization of the Reserve Amount authorized by the 2012 Rate Settlement not available in the 2017 Test Year; (4) the impact of inflation and customer growth; (5) the change in the weighted average cost of capital; (6) revenue growth that partially offsets the growth in base revenue requirements; (7) productivity gains that also partially offset the growth in base revenue requirements; and

(8) growth in FPL's wholesale business which reduces the amount of revenues needed from retail customers. As calculated on FPL witness Ousdahl's Exhibit KO-3, absent a rate increase in 2017, FPL's projected earned return on equity ("ROE") falls to 7.88%, substantially below FPL's cost of equity as discussed by FPL witnesses Hevert and Dewhurst.

FPL's proposed 2018 SYA reflects the increase in base revenue requirements from 2017 to 2018. The primary drivers of this increase are: (1) capital investment initiatives that support storm hardening, increased reliability, and system growth, and ensure regulatory compliance; (2) the impact of inflation and customer growth; (3) changes to the weighted average cost of capital; and (4) revenue growth that partially offsets the growth in base revenue requirements. As calculated on FPL witness Ousdahl's Exhibit KO-3, without an increase in revenue requirements in 2018, FPL's earned ROE is projected to fall by more than 100 basis points from the 2017 appropriate allowed ROE of 11.50%. With no rate increase in 2017 and 2018, FPL's ROE in 2018 is projected to be 6.95%, substantially below an appropriate return as discussed by FPL witnesses Hevert and Dewhurst.

FPL also is requesting a 2019 limited scope adjustment to recover the first twelve months of revenue requirements for the Okeechobee Unit, which is projected to go into commercial operation on June 1, 2019. The requested 2019 Okeechobee LSA would become effective when the Okeechobee Unit

begins commercial operation. The 2019 Okeechobee LSA uses the projected revenue requirements associated with the plant and is based on the Commission determination of need for the plant in Order No. PSC-16-0032-FOF-EI.

In the need proceeding for the Okeechobee Unit, FPL demonstrated that the plant was the most cost-effective option for providing needed generation in 2019 and it is projected to be more fuel efficient than the overall system prior to its addition to the fleet. Consistent with those projections, the impact of the 2019 Okeechobee LSA is expected to be partially offset by immediate fuel savings for customers. FPL intends to seek approval in the 2018 fuel cost recovery proceeding for fuel factors in 2019 that would reflect those savings coincident with the projected in-service date of the Okeechobee Unit. FPL expects that other cost increases and additional investment unrelated to the Okeechobee Unit will exert downward pressure on FPL's earnings in 2019 and beyond; however, FPL is not seeking a base rate increase at this time to recover any of those other costs.

FPL's base rate proposal supports the investments FPL has made and must continue to make to keep customer bills low over the long term. These investments will also improve system reliability, enhance storm resiliency and increase the use of clean and efficient generation technologies. For example, the base revenue requirements of these investments are expected to be

partially offset with savings in the fuel portion of customer bills -- roughly $140 million in 2020 alone – and are projected to grow over time.. FPL's four year rate proposal provides the opportunity for customers to experience low, predictable bills through 2020.

II. VALUE TO CUSTOMERS OF FPL'S FOUR YEAR PROPOSAL

Q. What is FPL's four year rate proposal?

A. FPL's four year rate proposal includes the 2017 Base Rate Increase of $866 million, 2018 SYA of $262 million and 2019 Okeechobee LSA of $209 million, together with FPL's commitment to forgo any further general base rate increases until at least January 2021 if those three requested rate increases are approved.

Q. Why is FPL proposing a four year package of rate proposals in this petition?

A. Over the last 17 years, FPL has operated under five multi-year settlement agreements. It has been FPL's experience that these multi-year agreements have produced substantial value for customers through bill stability and certainty and have allowed the Company to focus on delivering a superior level of service on a more cost-efficient basis. These multi-year agreements have offered regulatory economy and efficiency as well in that the Commission, its staff, intervening parties and the Company have been able to avoid the significant time and resources required in more frequent general

base rate proceedings.

Q. What value does this four year proposal offer to customers?

A. The Company's four year proposal offers customers base rate stability and certainty at least until January 2021, and is expected to produce total residential customer bills that grow roughly in line with inflation from today through 2020 (based on current fuel curves), which is likely to keep FPL's customers' bills among the lowest in the state. It maintains the same protections for customers that they currently enjoy regarding Commission oversight of the Company's earnings. Additionally, it provides a four year period of regulatory certainty allowing management to continue its focus on improving the Company's performance in service delivery and realizing additional efficiencies in its operations, rather than participating in annual base rate cases, thus creating strong alignment between the Company and its customers.

III. FORECASTING AND MFR PREPARATION PROCESS

Q. What role did you play in the development of FPL's forecast?

A. As previously stated, I have overall responsibility in my role as FPL's Vice President of Finance for developing the O&M budget, the capital expenditure budget, and the total company per books financial forecast. As part of this responsibility, guidance was provided to the business units to ensure that corporate assumptions were followed. I am also a member of the budget

review committee ("Review Committee"). Key members of the Review Committee, in addition to me, are the FPL President and Chief Executive Officer; the Senior Vice President, Finance and Chief Financial Officer; and the Vice President, Controller and Chief Accounting Officer. The Review Committee is responsible for reviewing the forecasts to ensure reasonableness and completeness for planning purposes.

Q. What forecast years have been included in this filing?

A. FPL has provided forecast years 2016, 2017 and 2018 for use in this proceeding. Based upon the expiration of the term of the 2012 Rate Settlement on December 31, 2016, the Company is proposing that new rates be effective January 1, 2017, at a level sufficient to cover the Company's revenue requirements in 2017. FPL proposes that 2017 be the Test Year in this proceeding, in order to best reflect the Company's revenues, costs and investment during the year in which those new rates are proposed to go into effect. The 2016 plan year is included as the Prior Year, consistent with the Commission's filing requirements.

FPL also is proposing a subsequent year adjustment, which will allow for new rates effective January 1, 2018, at a level sufficient to cover the Company's revenue requirement in 2018. Accordingly, FPL has filed all necessary MFRs for calendar year 2018 to support the 2018 SYA by showing the Company's projected financial position in that year. FPL also has submitted 2019 Okeechobee LSA schedules in support of FPL's requested limited scope

adjustment for the Okeechobee Unit. Those schedules address the base revenue requirements for the Okeechobee Unit for the twelve month period from June 1, 2019, through May 31, 2020, which coincides with the anticipated first year of operation for the project.

Q. Please summarize the process used to develop the forecasts underlying FPL's filing in this docket.

A. FPL follows a rigorous and long standing process in the development and approval of its O&M and capital expenditures budgets, financial forecasts and MFRs. Beginning in 2013, FPL incorporated into the planning process a step that is specifically focused on generating and evaluating productivity and efficiency improvement ideas – an initiative known internally as Project Momentum. Although already an industry leader in cost management, FPL saw an opportunity to do even better. Every business unit is engaged in developing, evaluating and proposing ideas that are expected to provide ongoing customer benefits that would be implemented over the succeeding 24 months. These benefits primarily result from streamlining of processes, deployment of technology to enable automation and other actions that are focused on significant improvements in operating efficiency. As a result of this effort in 2013, 2014 and 2015, FPL has been able to produce significant O&M savings that have directly reduced the revenue increase needed in this request by $175 million as reflected on Exhibit REB-8. As FPL witness Reed demonstrates, FPL has been best-in-class in non-fuel O&M cost performance among all peer groups since 2013. All of these projected savings are fully

reflected in the forecasts in this filing. Understandably, FPL has experienced diminishing incremental levels of savings from each Project Momentum cycle since 2013, primarily because many of the highest-impact opportunities for savings already have been identified and are being implemented; however, the cumulative impact of these efforts has been significant.

The next step in the planning process was the development and approval of the Company's planning and budget assumptions. These include assumptions for inflation, customer and load growth, and new service accounts. These assumptions were prepared by various subject matter experts, reviewed and approved by me, and ultimately evaluated and approved by the Review Committee. Once approved, these assumptions, together with detailed budget instructions, were issued to the operating and staff units of the Company in the FPL 2016 Planning and Budgeting Process Guidelines ("Planning Process Guidelines"). (See Exhibit REB-2).

The 2016 planning process resulted in the 2016 O&M and capital budgets, the O&M forecasts for 2017 and 2018, and the forecasted capital expenditures for 2017 through 2020. All business units entered their forecast for O&M and capital into FPL's SAP system at the work breakdown structure ("WBS") level. Each standalone project or activity is required to have a unique WBS element which maps all activities and costs to the required Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts.

Using the assumptions and Planning Process Guidelines, each of the major business units prepared a budget presentation that described their business unit objectives and goals, key initiatives and specific business unit level assumptions, as well as a preliminary funds request to support those business objectives. In September 2015, business unit executives discussed their budget presentations with the Review Committee in detailed, individual sessions. These sessions offered these executives the opportunity to present their plans and funding requests, and receive feedback from the Review Committee. The open forum format employed in this session allowed for Review Committee collaboration and challenge.

Upon completion of these individual sessions with each business unit and the Review Committee, there were subsequent follow-up discussions to resolve items raised during the individual review sessions. Final approvals were made in late 2015. Accordingly, the final plans/forecasts approved by FPL's Review Committee reflect the Company's current and best assessment of the business environment in the 2017 Test Year as well as for the 2018 Subsequent Year.

Q. How were forecasts other than O&M and capital expenditures developed?

A. Concurrent with the development of the detailed O&M and capital expenditure budgets, other key components of the financial forecast were developed, including the energy sales and revenue forecasts as well as

forecasts of other base revenues. The energy sales forecast is the subject of FPL witness Morley's direct testimony. The sales and revenue forecasts were reviewed and approved for use in the financial forecast by FPL's Review Committee. Subsequent to approval by the Review Committee, the energy sales and revenue forecasts were updated and approved in January 2016 to account for the Company's most recent official fuel projections. These updates are described in further detail by FPL witness Morley.

Other inputs into the financial forecast were prepared and provided by other subject matter experts. These inputs include taxes other than income taxes, various income tax items, non-clause fuel and capacity charges, miscellaneous below-the-line income and expense items, various working capital items and financing plans. These inputs were collectively reviewed and approved by me with the resulting comprehensive forecast reviewed and approved by the Review Committee.

Q. How are all of the various inputs combined into a consolidated financial forecast?

A. All of the above mentioned items were provided as inputs into FPL's Financial & Regulatory Information System ("FRI"). FRI is a utility financial forecast and regulatory model developed by Utilities International Inc. ("UI") that is widely used in the industry and was implemented at FPL in 2014. Prior to 2014, FPL utilized an earlier version of the UI software to develop its financial forecast. FPL has used the UI platform for financial forecasting and

in support of the preparation of certain MFR schedules for more than 15 years, including the MFRs that supported FPL's rate requests in Docket Nos. 001148-EI, 050045-EI, 080677-EI and 120015-EI as well as the present proceeding.

Based on the assumptions and inputs mentioned above, the FRI model calculated the remaining expense items including depreciation, interest, and Allowance for Funds Used During Construction ("AFUDC"). FRI produces balance sheet and income statement detail at the level necessary for the development of jurisdictional separation factors and the Cost of Service Study. A key element of the FRI model is a common data repository ("CDR") where all data inputs as well as calculated outputs are housed for use in both the financial forecasting and regulatory reporting processes. The completed financial forecast was then reviewed and approved by the Review Committee and is the source of forecast information for the MFRs filed in this proceeding.

As previously mentioned, once the forecast in FRI is complete, it is stored in the CDR. The CDR provides data validation and control routines to ensure consistency of data between the financial forecasting and regulatory analysis processes within FRI. Additionally, the system produces exception reports, financial data output validations and MFR control reports to verify the accuracy and consistency of MFRs.

The balance sheet and income statement detail from FRI is used to develop forecasted regulatory results (i.e., total company per book net operating income ("NOI"), rate base, and capital structure) in the same manner as it does for historical regulatory amounts included in the Earnings Surveillance Report ("ESR"). As described by FPL witness Deaton, these regulatory results are used in developing jurisdictional separation factors, which are then transferred back to the CDR, so FPSC jurisdictional adjusted NOI, rate base and capital structure can be calculated within the forecasting module.

The jurisdictional adjusted results for NOI, rate base and capital structure are then utilized to develop the Cost of Service Study. The Cost of Service Study calculates the revenue requirements at the individual rate class level and is the subject of the direct testimony of FPL witness Deaton. The same tool that is used to create many of the MFRs also provides for MFR data integrity and control. All MFRs were reviewed and approved by the originating business unit and the MFR sponsors and co-sponsors. Exhibit REB-3 contains a flowchart of the forecasting process and models.

Q. Has FPL followed the same process for developing all forecast years, including the 2017 Test Year and 2018 Subsequent Year as it did for the 2016 plan year?

A. Yes. As described above, FPL prepares forecasts of O&M expense for the plan year plus two additional years at an activity level. All three years (2016, 2017 and 2018) are prepared at a monthly level of detail.

Capital expenditure forecasts are prepared for the plan year, 2016, plus four additional years, 2017 through 2020, at an activity (i.e., project) level of detail. All five years are prepared at a monthly level of detail. Additionally, the capital expenditures forecast for all five years is the basis of the related external financial disclosure in the Company's 10-K and 10-Q filings with the Securities and Exchange Commission ("SEC") and is subject to an internal Sarbanes-Oxley review and approval process.

Though all years are prepared with the same level of business detail and diligence, the plan year typically is subject to more intense review as it forms the basis for operating and financial plans for the coming year. However, for the planning process conducted during 2015, the 2017 and 2018 periods received the same level of close scrutiny by the Review Committee as did the 2016 plan year in anticipation of its use in this proceeding.

Q. How did FPL develop the forecasted amounts for the 2019 Okeechobee LSA?

A. The 2019 Okeechobee LSA reflects the projected base revenue requirements for the first twelve months of operation of the Okeechobee Unit. The cost assumptions used in developing the base revenue requirements for the 2019 Okeechobee LSA are based on the Commission need determination in Order No. PSC-16-0032-FOF-EI. The base revenue requirements reflect the first-year return on and of the capital investment in the Okeechobee Unit along with all non-fuel operating costs and taxes. The method for calculating the

base revenue requirements reflected in the 2019 Okeechobee LSA is the same as used in the Generation Base Rate Adjustments ("GBRA") in prior filings. The schedules filed in support of the 2019 Okeechobee LSA are in the form of all the MFRs necessary to demonstrate the development of those base revenue requirements.

Q. What are the major assumptions that FPL used in developing its forecast?

A. The major assumptions used by FPL in developing its forecast are listed in MFR F-8, which is my Exhibit REB-4.

Q. Have FPL forecasts been accurate in the past?

A. Yes. As shown on Exhibit REB-5, on average, FPL's actual net income results have varied by about 0.5% from plan over the past three years, indicating that FPL's process for planning is highly effective in predicting future financial results and can be relied upon in a rate setting procedure.

The overall accuracy of the net income forecast is due in part to the fact that there are always offsetting variances, including weather, that cause some variability in the underlying components of the forecast, but tend to provide offsets in the determination of net income. Under the 2012 Rate Settlement, one additional factor – amortization of the Reserve Amount – tends to mitigate variability in many of the underlying components of the forecast, primarily weather. Excluding the impact of the reserve amortization and variations in weather, FPL's forecast of net income has been within

approximately 1% on a straight average, and 2% on an absolute average, of its planned net income for 2013-2015, as seen on Exhibit REB-6.

Q. Does the Company's forecast of revenue requirements in 2017 and 2018 provide a reasonable basis for evaluating the Company's projected deficiency?

A. Yes. FPL's plans/forecasts are the products of a rigorous process involving a multi-year planning horizon and have proven to be accurate. The total company per book plans/forecasts for 2016 Prior Year, 2017 Test Year and 2018 Subsequent Year were developed, reviewed, and ultimately approved in late 2015, and the subsequent MFRs were developed and approved in early 2016. The assumptions and process used in developing these plan/forecasts are robust and reasonable, and the plans/forecasts can be relied upon for rate setting.

IV. OVERVIEW OF GENERAL BUSINESS CONDITIONS

Q. Please describe the general business conditions affecting the underlying assumptions in this forecast.

A. Of the many metrics that FPL tracks in developing its business and investment plans, two of the most important are customer growth and the impact of inflation on the goods and services the Company procures to serve customers. The general business conditions affecting the forecast assumptions are characterized by continued inflation-related increases and modest growth. As explained in FPL witness Morley's testimony, for the period 2014 through

2017, FPL expects to have added nearly 220,000 new service accounts and will have invested in infrastructure to provide service to them.

Inflation generally has been moderate by historical standards in recent years. Cumulatively, general inflation is still expected to have added 6.3% to the cost of goods and services as measured by the CPI for the period 2014 through 2017.

While inflation and growth in our customer base have placed upward pressure on FPL's operating costs, FPL projects that the non-fuel O&M expense in 2017 actually will be lower than the amount incurred in 2013. The primary driver of the lower operating costs is Project Momentum.

V. DRIVERS OF 2017 BASE RATE INCREASE

Q. What is the total amount of FPL's requested 2017 Base Rate Increase and how is it calculated?

A. FPL's requested base revenue increase for 2017 is $866 million and is determined as the difference between FPL's projected net operating income of $1.618 billion and FPL's required net operating income of $2.150 billion multiplied by the revenue expansion factor of 1.63024. For further detail regarding the calculation of these revenue requirements, please refer to FPL witness Ousdahl's testimony.

Q. Please explain why the 2017 Base Rate Increase is necessary, given that FPL earned an ROE of 10.96% in 2013, 11.50% for 2014 and 2015, and is projected to earn 11.35% in 2016.

A. FPL's revenue requirements have been increasing and will continue to increase beyond the level reflected in 2013, which was the test year used in FPL's last rate case. FPL was able to earn above the mid-point ROE of 10.5% in 2013-2015 largely through significant reductions in O&M generated by Project Momentum, extraordinary weather that has resulted in higher sales and hence revenues, increases in the allocation of costs to wholesale customers and the amortization of the Reserve Amount approved in the 2012 Rate Settlement. All of these elements were specific to that time period.

In 2013, absent the amortization of $155 million of the Reserve Amount, FPL's ROE would have been approximately 10.1% which is below FPL's current authorized mid-point of 10.5%. In 2014, FPL's ROE benefited from reductions in O&M due to Project Momentum as well as a large increase in wholesale operations allowing for a significant shift of revenue requirements to wholesale customers. In 2015, FPL's ROE benefitted from extraordinarily favorable weather as well as further reductions in O&M due to Project Momentum. The impact of weather alone contributed approximately 110 basis points to earned ROE in 2015. By definition, however, extraordinary weather is not the norm and cannot be counted on for continued high revenues in 2016 and beyond; nor are rates set on the basis of abnormal weather.

FPL projects that it will be able to offset a portion of the projected increase in revenue requirements in 2016, assuming normal weather, by amortizing all of the projected remaining $202 million of Reserve Amount. By utilizing all of the remaining Reserve Amount, FPL is projecting to earn an 11.35% ROE in 2016.

Exhibit REB-7 depicts the drivers of the increase in revenue requirements from 2016 to 2017 which include the increased revenue requirements resulting from capital investments, the absence of a reserve amortization mechanism in 2017, and the increase resulting from FPL's 2016 depreciation study. These drivers demonstrate that a base rate increase is necessary to allow FPL to earn an appropriate rate of return.

Q. What are the primary drivers of the net increase in revenue requirements in the 2017 Test Year relative to actual results for 2013, the last test year used for setting rates?

A. The primary drivers of the change in revenue requirements are depicted on Exhibit REB-8 and are: (1) capital investment initiatives that support storm hardening, increased reliability, and system growth, which provide long-term economic benefits to customers, and ensure regulatory compliance; (2) the increase resulting from FPL's 2016 depreciation study; (3) the impact of the amortization of the Reserve Amount authorized by the 2012 Rate Settlement but not available in the 2017 Test Year; (4) the impact of inflation and customer growth; (5) the change in the weighted average cost of capital; (6)

revenue growth that partially offsets the growth in base revenue requirements; (7) productivity gains that also partially offset the growth in base revenue requirements; and (8) growth in FPL's wholesale business which reduces the amount of revenues needed from retail customers. Each of these drivers will be discussed individually, and they are summarized as follows:

Capital Initiatives	$829 million
Depreciation Study	$187 million
Loss of Reserve Amortization	$175 million
Inflation and Customer Growth	$145 million
Change in Weighted Average Cost of Capital	$36 million
Other	$12 million
Revenue Growth	($217) million
O&M Productivity (net of Costs to Achieve)	($175) million
Wholesale Cost Allocation	($126) million
TOTAL	$866 million

Q. Please describe the Capital Initiatives that impact 2017 revenue requirements.

A. For the period from 2014-2017, FPL's retail rate base is forecasted to increase approximately $6.5 billion, primarily as a result of the investments made to improve reliability, upgrade the generation fleet, support system growth, strengthen or "harden" our infrastructure to better withstand bad weather, and

ensure regulatory compliance. Exhibit REB-8 page 2 of 2 depicts the revenue requirements in 2017 resulting from each of these capital initiatives.

Power Delivery Reliability

Power Delivery will invest about $1.9 billion from 2014 to 2017 to continue to provide superior reliability for our customers in a cost-efficient manner. As described by FPL witness Miranda, FPL will deploy innovative technology to further leverage our existing smart grid to prevent outages and reduce restoration time, thereby improving reliability and increasing customer satisfaction. Our Power Delivery reliability investments represent about $232 million of the revenue requirements increase in 2017.

Generation Upgrades

There are three specific generation upgrade projects that FPL is undertaking to provide cumulative present value revenue requirement ("CPVRR") benefits (i.e., lower costs) and improved reliability for customers. Together, these three projects represent about $188 million of the base revenue increase in 2017.

First, from 2015 through 2017, FPL will be investing nearly $800 million to upgrade its gas turbine peaking fleet with new highly efficient combustion turbine technology. As described by FPL witness Kennedy, from an operational benefits perspective, upgrading FPL's gas turbine peaking fleet with new, highly efficient combustion turbine technology is essential for

maintaining the reliability of FPL's critical peaking units given equipment parts availability issues. FPL projects that these new combustion turbines will provide approximately 35% to 40% heat rate efficiency improvement resulting in lower fuel usage and better air emission rates. The new units will also alleviate the replacement parts availability issue on the existing 45 year old equipment. This project is expected to provide a CPVRR benefit to customers of $203 million over the operating life of the units (See Exhibit REB-9) and accounts for about $92 million of the total requested base revenue increase in 2017.

Second, from 2015 to 2017, FPL will have invested more than $450 million to upgrade the compressors on 26 combustion turbines in FPL's highly efficient combined cycle fleet. As described in further detail by FPL witness Kennedy, these upgrades will provide operational benefits such as greater generating efficiency (i.e., lower heat rate) and power output (i.e., more megawatts), thereby generating overall fuel savings. As reflected on Exhibit REB-10, the compressor upgrades are expected to provide customers with a CPVRR benefit of approximately $57 million over their operating life. This project represents about $46 million of the base revenue increase in 2017.

Third, FPL is investing approximately $400 million in three large scale solar projects during 2015 to 2016 that will continue its strategy of advancing clean energy while keeping customers' bills low. When complete, these projects

will provide up to 224 megawatts (nameplate) of zero-emissions generation while also providing significant fuel savings for our customers. The evaluation of these large scale solar projects followed FPL's process of assessing the system benefits and performing economic modeling to ensure there is an expected net benefit to customers. The three sites have inherent advantages, including land that was already owned or under option and locations that are near existing transmission and substation infrastructure. In addition, these projects qualify for a 30% investment tax credit. FPL has competitively bid components of the projects, including the panel supply contract and the engineering, procurement and construction contract. As reflected on Exhibit REB-11, all of these advantages provide customer savings and lead to an expected customer CPVRR benefit of $26 million. This project represents about $50 million of the base revenue increase in 2017, which is expected to be partially offset in 2017 with $26 million in fuel savings and environmental benefits. Note that the base revenue requirements will decline over time while the fuel savings are expected to increase over time.

It is expected that the impact on 2017 base revenue requirements for these generation upgrades will be partially mitigated by reductions in 2017 fuel revenue requirements of about $66 million. Those fuel savings are expected to grow over time while the base revenue requirements will decrease over time providing net savings to customers.

Capital Requirements for Growth

Capital Requirements for Growth, in this analysis, represent the capital revenue requirements associated with the power delivery infrastructure needed to support the addition of new service accounts to the system. The total increase to revenue requirements in 2017 related to system growth is $184 million.

For the period 2014 through 2017, FPL estimates that it will add nearly 220,000 new service accounts as described in FPL witness Morley's testimony. Revenue requirements to support system growth include the costs of expanding the transmission and distribution infrastructure to serve the growth in new service accounts.

FPL will have invested more than $1.7 billion in distribution and transmission infrastructure to support system growth, changing load patterns and the addition of new service accounts over the 2014 to 2017 period. The expenditures incurred to support growth are explained by FPL witness Miranda.

Power Delivery Storm Hardening

FPL will invest approximately $1.7 billion from 2014 to 2017 in its storm hardening program. As described by FPL witness Miranda, the Company has been executing its approved 2013-2015 storm hardening plan to strengthen its

transmission and distribution infrastructure. As part of the 2016-2018 storm hardening plan being filed contemporaneously with FPL's petition for a base rate increase, FPL will continue to focus its hardening efforts on critical feeders. Our Power Delivery storm hardening investment program represents about $175 million of the revenue requirements increase in 2017.

Regulatory Compliance

The Regulatory Compliance driver reflects an increase in base revenue requirements of $50 million for the period 2014 to 2017 related to investments and activities undertaken as required by state and federal governmental and regulatory bodies. These include expenditures related to increased compliance costs for North American Electric Reliability Corporation ("NERC") and FERC reliability matters, as well as relocation of our facilities as required by state agencies and local municipalities. These areas represent capital expenditures of $325 million, and are discussed in detail by FPL witness Miranda.

In addition, FPL will incur $136 million of expenditures to comply with Nuclear Regulatory Commission ("NRC") requirements primarily related to the fire protection plan, containment sump performance and regulatory commitments made in order to obtain license renewal for St. Lucie and Turkey Point. These capital expenditures are further discussed by FPL witness Goldstein.

In total since 2013, investments that provide long term benefits to customers resulting in a compliant, stronger, more reliable and efficient infrastructure, represent about $829 million of revenue requirements in 2017.

Q. Please explain the impact of the 2016 Depreciation Study and its effect on 2017 revenue requirements.

A. The Commission requires that all investor-owned utilities file a depreciation study every four years. FPL's current depreciation rates are based on a 2009 study approved as part of Order No. PSC-10-0153-FOF-EI ("2010 Rate Order"). The filing of a depreciation study in 2013 was deferred pursuant to the 2012 Rate Settlement. As described in further detail by FPL witnesses Allis and Ferguson, FPL has made significant investments since the approval of the last study in 2009, thus requiring an adjustment to FPL's current depreciation rates. The impact of the proposed depreciation rates included in the 2016 Depreciation Study results in a system increase to base revenue requirements of $206 million and an increase in retail base revenue requirements of $195 million. This increase related to depreciation rates also results in a modest reduction in rate base, providing a small reduction in 2017 revenue requirements of $8 million. Therefore, the net increase to 2017 revenue requirements resulting from the revised depreciation rates is $187 million.

Q. Please explain the impact of the amortization of the Reserve Amount and its effect on the 2017 revenue requirements.

A. The 2012 Rate Settlement allowed FPL to amortize up to $400 million of

reserves, comprised of $224 million of depreciation reserve surplus remaining from the 2010 Rate Order and $176 million of dismantlement reserves. Together, this total of $400 million was defined in the 2012 Rate Settlement as the Reserve Amount. Amortization of the Reserve Amount is recorded as a credit to depreciation expense and a debit to the accumulated depreciation reserve (i.e., an increase to rate base). The Company continues to have flexibility in the timing of that amortization during the 2013 through 2016 settlement term so long as FPL's ROE does not fall below 9.50% or exceed 11.50%. In September 2015, the available Reserve Amount was reduced by $30 million, to $370 million, as part of the Cedar Bay Transaction stipulation and settlement agreement approved by the Commission in Docket No. 150075-EI, Order No. PSC-15-0401-AS-EI.

Flexibility is one of the key features of the 2012 Rate Settlement. For the settlement period of 2013 to 2016, by amortizing the non-cash Reserve Amount, the Company has been able to offset variability in operating costs and revenues while continuing to invest in capital projects that provide long-term customer benefits and maintaining an appropriate earned ROE. As discussed above, in 2013 FPL amortized $155 million of the Reserve Amount to enable it to earn just under an 11% ROE. In 2014, FPL benefitted from an increase in wholesale activities and significant cost reductions allowing for the reversal of some of the amortization utilized in 2013. In 2015, FPL experienced above normal weather contributing increases to base revenues

and also continued to benefit from cost improvements, again allowing FPL to reverse some of the amortization it had taken in 2013. Because FPL's revenue plans are based on normal weather, FPL projects that it will need to amortize all of the remaining Reserve Amount in 2016, approximately $202 million, which will enable it to earn an ROE of 11.35%.

When comparing the 2017 Test Year to 2013 actual results, the amortization of the Reserve Amount during the 2013 to 2016 settlement period affects the 2017 revenue requirements in two ways. First, the $155 million reduction in 2013 revenue requirements from amortization of the Reserve Amount will no longer be available in 2017. Second, the estimated $370 million of amortization that will have been utilized through 2016 adds to rate base and therefore increases revenue requirements in 2017 by $20 million. The combined effect of both of these impacts is that 2017 revenue requirements are $175 million higher than 2013.

Q. Please describe the Inflation and Customer Growth driver and explain its cumulative effect on the 2017 revenue requirements.

A. Inflation represents the increased costs for goods and services in 2017 compared to the cost of the same goods or services in 2013. Changes to the CPI since 2013, including the forecast through 2017, indicate that inflation will have added 6.3% to the cost of goods and services in 2017 relative to 2013. The forecast of CPI during the 2014 through 2017 period is derived from third party subject matter experts and is discussed in more detail by FPL

witness Morley.

As noted by FPL witness Morley, FPL is projecting approximately 6.3% cumulative growth in total customers during the period 2014 through 2017. FPL will incur additional non-fuel base O&M costs associated with providing operational and administrative support to its growing customer base.

To be conservative, the calculation of the impact of inflation and customer growth in this portion of the analysis has quantified only the impact on non-fuel base O&M. Clearly, inflation and customer growth have also had an impact on the cost of capital goods and services but those impacts have not been quantified here. The impact of growth on capital investments was discussed earlier. The impact of base O&M inflation and customer growth over the 2014 to 2017 period on 2017 revenue requirements is estimated to be $145 million. Refer to Exhibit REB-12 for the calculation of inflation and customer growth over the 2014 to 2017 period.

Q. Please explain the Difference in Weighted Average Cost of Capital and its effect on the 2017 revenue requirements.

A. The 2017 requested rate of return is 0.04% higher than the 6.57% actual earned rate of return reflected in the December 2013 ESR. The increase in the weighted average cost of capital is driven by the required increase in ROE and a modest decrease in customer deposit balances, partially offset by an increase in the level of deferred taxes. As described by FPL witness Dewhurst, FPL is

requesting an ROE of 11.50%.

Deferred taxes increased from 20.3% of the capital structure in 2013 to 22.7% in the 2017 Test Year, primarily as the result of the continued availability of bonus depreciation on eligible new investments in infrastructure. Deferred taxes have a 0% cost basis in the capital structure, so the increased proportion of deferred taxes lowers the weighted average cost of capital. In total, the net effect of the items mentioned above results in increased revenue requirements of $36 million.

Q. Please describe the impact of Revenue Growth and its effect on 2017 revenue requirements.

A. As discussed by FPL witness Morley, FPL is projected to have higher retail sales in 2017 than 2013, resulting in an increase in retail base revenues and a corresponding decrease in revenue requirements of $196 million. Other base revenues are projected to have increased by $21 million, resulting in a corresponding decrease to revenue requirements. The overall impact of increases to retail revenues is a decrease of FPL's revenue requirements in 2017 by $217 million.

Q. Please describe the impact of FPL's productivity initiatives on 2017 revenue requirements.

A. FPL is projecting a reduction in revenue requirements of $175 million when comparing the Company's projected 2017 base O&M to a benchmark level of base O&M in 2017. The benchmark used in this analysis begins with 2013

actual expenditures as the base year and follows the Commission benchmark approach, as reflected on MFR C-41, to calculate a 2017 benchmark level of O&M. See exhibit REB-12 for the calculation. This reduction in base O&M relative to the benchmark is comprised of $217 million of projected cost savings, partially offset by $42 million in revenue requirements associated with technology investments that will enable FPL to achieve these significant savings. Project Momentum is the main catalyst that has contributed to FPL's tremendous success in lowering its operating costs since the last base rate case. This has allowed FPL to continue to provide superior service to its customers at a lower O&M cost in 2017, adjusted for inflation and customer growth, than it cost to perform those same activities in 2013. FPL embarked on Project Momentum from a position of strength; having a non-fuel O&M per kWh cost position previously in the top decile of all utilities. The improvements made through Project Momentum resulted in FPL being best-in-class among the benchmarked Straight Electric Group since 2013, and FPL's performance in 2017 is projected to be even better than 2013. FPL witness Reed further discusses FPL's cost performance.

The productivity improvements that support this cost position are evident across the Company and support FPL's on-going initiative to keep O&M expenses down, in order to save our customers money and improve service. The efforts of FPL's Nuclear business unit have reduced 2017 revenue requirements when compared to 2013 despite increases due to inflation. As

discussed in the testimony of FPL witness Goldstein, this is primarily the result of the Nuclear Continuous Improvement Process, which engages employees to develop and implement solutions to operate more efficiently without compromising safety.

The Human Resources business unit, largely through successful management of the Company's benefits program and costs, has been able to reduce nominal revenue requirements by approximately $26 million since 2013. The Company's successful cost control strategy has included a variety of plan design initiatives as outlined in FPL witness Slattery's testimony.

Throughout the rest of the organization, business units have been able to find efficiencies to manage costs to fully offset the impact of customer growth and inflation. These ongoing productivity improvements enable FPL to mitigate inflation-related increases and help keep FPL's costs among the lowest in the industry.

Q. Please describe the impact on 2017 revenue requirements due to the increase in FPL's wholesale business.

A. From 2014 through 2017, FPL has been able to increase the amount of business it provides to wholesale customers. FPL's ability to increase its wholesale sales is beneficial to retail customers as FPL is able to spread its costs over a larger customer base and thereby reduce the percentage of costs allocated for cost recovery to its retail jurisdiction. This allows FPL to

optimize the utilization of its assets and reduce the cost of the facilities that are primarily constructed, operated and maintained (including associated overheads) for the benefit of retail customers. As described by FPL witness Deaton, the cost of service study performed for 2017 allocated a higher percentage of rate base, revenue and operating expenses to wholesale customers as compared to 2013. The higher allocation to wholesale customers is projected to reduce the 2017 revenue requirements by $126 million.

VI. DRIVERS OF 2018 SYA

Q. What is the total amount of FPL's requested 2018 SYA?

A. FPL's requested base revenue increase for 2018 is $262 million. For further detail regarding the calculation of these revenue requirements, please refer to FPL witness Ousdahl's testimony.

Q. Please explain why the 2018 SYA is necessary.

A. FPL's revenue requirement increases significantly in 2018, and as reflected on FPL witness Ousdahl's Exhibit KO-3, without a subsequent year adjustment, FPL's ROE is expected to drop more than 100 basis points putting it below the bottom of the range established for 2017 (i.e., below 10.50% if the Company's request of 11.50% is granted). Assuming FPL's 2017 request is granted in full, the 2018 SYA reflects only the incremental revenue need in 2018 in order to achieve a projected ROE equal to the requested mid-point of 11.50%. The drivers of the increase in revenue requirement from 2017 versus

2018 are depicted in Exhibit REB-13.

Q. What are the primary drivers of the net increase in 2018 revenue requirements?

A. FPL's retail rate base is forecasted to increase approximately $1.3 billion, primarily as a result of the investments made to harden our infrastructure to better withstand bad weather, support system growth, improve reliability and ensure regulatory compliance. Exhibit REB-13 page 2 of 2 depicts the revenue requirement in 2018 resulting from each of these capital initiatives.

The primary drivers of the increase in revenue requirements in 2018 are: (1) capital investment initiatives that support storm hardening, increased reliability, and system growth, and ensure regulatory compliance; (2) the impact of inflation and customer growth; (3) an increase in the weighted average cost of capital; and (4) revenue growth that partially offsets the increase in revenue requirements. Each of these drivers will be discussed individually, and they are summarized as follows:

Capital Initiatives	$223 million
Inflation and Customer Growth	$47 million
Change in Weighted Average Cost of Capital	$31 million
Revenue Growth	($39) million
TOTAL	$262 million

Q. Please describe the Capital Initiatives that impact 2018 revenue requirements.

A. FPL continues to invest in projects that support system growth and provide long term customer benefits such as O&M cost savings, increasing system efficiency, fuel and emissions savings and improved system reliability.

During 2018, as discussed by FPL witness Miranda, the Company will invest approximately $870 million to continue to strengthen its infrastructure to better withstand bad weather, which results in a 2018 revenue requirement of $95 million. In addition, FPL will incur approximately $280 million in order to continue to provide superior reliable service to our customers through the continued use of innovative technology to reduce outages and restoration time. These reliability investments increase the 2018 revenue requirement by $43 million.

Capital Requirements for Growth, in this analysis, represents the revenue requirements associated with the power delivery infrastructure needed to support the addition of new service accounts to the system. During 2018, as described in further detail by FPL witness Morley, FPL projects to add approximately 74,000 new service accounts within its territory. In order to support this growth, FPL will incur approximately $570 million of capital expenditures to expand the transmission and distribution infrastructure to support the growth. This results in an increase of $76 million in revenue

requirements for 2018.

FPL also projects an increase in base revenue requirements of $9 million for the period 2017 to 2018 related to investments and activities undertaken as required by state and federal governmental and regulatory bodies.

Q. Please describe the Inflation and Customer Growth driver and the impact on 2018 revenue requirements.

A. As described previously, inflation represents the increased cost of goods and services in 2018 as compared to 2017. The CPI projection for 2018 indicates that goods and services will cost 2.6% more relative to 2017. In addition, FPL is projecting a 1.5% growth in its customer base in 2018. The impact of inflation and customer growth on O&M in 2018 results in a $47 million increase in revenue requirements.

Q. Please explain the increase in the Weighted Average Cost of Capital and its effect on the 2018 revenue requirements.

A. The 2018 weighted average cost of capital is 0.10% higher than the 2017 weighted average cost of capital. The difference is primarily attributable to an increase in the long-term cost of debt, partially offset by a slight increase in the proportion of the capital structure comprised of deferred taxes which have a 0% cost. The increase in the weighted average cost of capital is projected to increase the 2018 revenue requirements by $31 million.

Q. Please describe the impact of Revenue Growth on 2018 revenue requirements.

A. Retail base revenue resulting from increased sales reflects modest growth resulting in a decrease in revenue requirements of $38 million. Other base revenues also increased by $1 million. The overall impact results in a reduction in 2018 revenue requirements of $39 million.

VII. THE 2019 OKEECHOBEE LSA

Q. Why is FPL requesting the 2019 Okeechobee LSA?

A. The Okeechobee Unit is expected to go into service in mid-2019 and therefore is unaffected by the revenues received per the 2017 Base Rate Increase and 2018 SYA. The 2019 Okeechobee LSA will be limited to the revenue requirements associated with the Okeechobee Unit, and the cost assumptions used in developing the base revenue requirements for the 2019 Okeechobee LSA are based on the Commission need determination in Order No. PSC-16-0032-FOF-EI. This proposed treatment is analogous to the GBRA rate increases FPL has received on several of its recent power plant additions.

Accordingly, FPL has filed the information for the 2019 Okeechobee LSA that is required per Rule 25-6.0431, F.A.C., Petition for a Limited Proceeding, and is proposing to begin recovering the first-year revenue requirements when the Okeechobee Unit goes into service. FPL will request that its 2019 fuel

cost recovery factors also be reduced as of June 1, 2019 to best match recovery of the limited scope adjustment with its associated fuel savings. This rate change synchronization is analogous to that used for each of the last several gas-fired combined cycle units the Company has placed into service.

Q. What is the impact on the projected ROE in 2019 due to the 2019 Okeechobee LSA?

A. The 2019 Okeechobee LSA is designed to preserve FPL's opportunity to earn at the mid-point of its requested ROE of 11.50% for the Okeechobee Unit after the project goes into service. As determined in FPL's last rate case, Order No. PSC-13-0023-S-EI, Docket No. 120015-EI (issued January 14, 2013), and affirmed by the Florida Supreme Court (*Citizens of the State of Florida vs. Florida Public Service Commission*, 146 So. 3d 1143 (Fla. 2014), with respect to the GBRA increases for the Cape Canaveral Energy Center, Riviera Beach Energy Center, and the Port Everglades Energy Center, the base revenue increases are by definition "mid-point seeking," i.e., they cannot drive the Company's earned ROE above its authorized mid-point. The 2019 Okeechobee LSA works in exactly the same fashion. FPL expects that other cost increases and additional investment during the period following the in-service date of the project will exert downward pressure on FPL's earnings, but as part of the four year proposal described previously, FPL it is not seeking a rate increase at this time to recover any of those other costs.

VIII. TRANSFER OF THE MARTIN-RIVIERA GAS LATERAL

Q. Please describe the facilities referred to as the Martin-Riviera Gas Lateral ("MR-RV Lateral").

A. The MR-RV Lateral is an approximate 38-mile long, 20" diameter, natural gas pipeline originating at the Martin Next Generation Clean Energy Center ("Martin Plant") located in Martin County and terminating at the Riviera Beach Clean Energy Center ("Riviera Plant") in Palm Beach County. The pipeline is dedicated to providing natural gas to the Riviera Plant.

Q. How are the base revenue requirements of the MR-RV Lateral currently being recovered from retail customers?

A. The MR-RV Lateral was included in the total cost of the Riviera Plant that went into commercial operation on April 1, 2014. Accordingly, the base revenue requirements for the MR-RV Lateral were included in the Commission-approved GBRA for the Riviera Plant implemented on April 1, 2014 and are currently being recovered from retail customers through base rates.

Q. Please describe the proposed transaction involving the MR-RV Lateral.

A. FPL is proposing to transfer the MR-RV Lateral and all related equipment, working capital and operations, to its FERC-regulated affiliate, Florida Southeast Connection ("FSC") at net book value on the transaction date, currently contemplated to be May 1, 2017. FSC is the owner and operator of a 126-mile natural gas pipeline interconnected with the Sabal Trail pipeline at

the Central Florida Hub in Osceola County and terminating at the Martin Plant, and is the party with whom FPL has a long-term gas transportation agreement commencing on May 1, 2017, the day on which FSC's pipeline is expected to go in-service. FSC would contract with FPL to provide firm gas transportation from the Martin Plant to the Riviera Plant in the quantities and other operating characteristics currently available to FPL through its ownership of the MR-RV Lateral.

Q. Why is a transfer of the MR-RV Lateral to FSC in the interest of FPL customers?

A. As reflected on Exhibit REB-14, the transaction would be achieved at an overall net savings to FPL customers. Preliminary estimates suggest a CPVRR savings of $3 million over the life of the contemplated FPL-FSC Contract, with customer savings starting in year one of the transaction. Secondly, the transaction provides risk mitigation for FPL's customers as all operating costs are the responsibility of FSC and FPL is guaranteed a fixed tariff rate. Finally, FPL customers benefit from the annual resetting of fuel clause factors because the tariff reflects declining revenue requirements and the fuel clause factors will be adjusted each year to reflect that decline.

Q. What is the Commission being asked to approve in this proceeding?

A. FPL requests that the Commission approve the conceptual framework for the transfer of the MR-RV Lateral from FPL to FSC in this proceeding. The economic analysis on Exhibit REB-14 reflects current assumptions regarding revenue requirements of the MR-RV Lateral implicit in FPL's MFRs filed in

this proceeding. The Commission's decision on the various issues in this proceeding may alter the resulting revenue requirements effective May 1, 2017.

Q. Please describe the process by which the proposed transaction would be reflected in customers' rates.

A. If the Commission approves this conceptual approach, FPL would file a petition in early 2017 that would confirm the cost-effectiveness of the transaction and seek approval to implement a simultaneous change in base rates and fuel charges. Specifically, following FERC approval of a negotiated transportation agreement between FPL and FSC, FPL would file a petition requesting approval to simultaneously lower base rates through a Pipeline Base Rate Reduction ("PBRR") and increase fuel clause factors to recover the transportation charges that FPL would pay to FSC for the MR-RV Lateral under the transportation agreement. The effective date of these proposed changes to rates would be based on the date of transfer of the MR-RV Lateral. It is expected that the net adjustment would be a reduction to the total amount paid by FPL's customers and FPL would proceed with the transaction only if that is the case. The amount of the reduction would be documented in the supporting exhibits to FPL's petition. FPL proposes to implement the PBRR as a percentage reduction in base rates for every rate class consistent with how FPL has implemented GBRA increases.

Q. Does this conclude your direct testimony?

A. Yes.

Florida Power & Light Company

MFRs AND SCHEDULES SPONSORED AND CO-SPONSORED BY ROBERT E. BARRETT, JR.

[illegible]	[illegible]	Title
SOLE SPONSOR:		
B-03	Prior Test Subsequent	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-07	Test Subsequent	PLANT BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-08	Test Subsequent Okeechobee Limited Scope	MONTHLY PLANT BALANCES TEST YEAR - 13 MONTHS
B-09	Test Subsequent	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-10	Test Subsequent Okeechobee Limited Scope	MONTHLY RESERVE BALANCES TEST YEAR - 13 MONTHS
B-11	Historic Prior Test Subsequent	CAPITAL ADDITIONS AND RETIREMENTS
B-12	Test Subsequent	PRODUCTION PLANT ADDITIONS
B-14	Test Subsequent	EARNINGS TEST
B-21	Test Subsequent	ACCUMULATED PROVISION ACCOUNTS - 228.1, 228.2 and 228.4
C-13	Subsequent	MISCELLANEOUS GENERAL EXPENSES
C-16	Test Subsequent	OUTSIDE PROFESIONAL SERVICES

Florida Power & Light Company

MFRs AND SCHEDULES SPONSORED AND CO-SPONSORED BY ROBERT E. BARRETT, JR.

MFR Schedule	Period	Title
SOLE SPONSOR:		
C-19	Test Subsequent	AMORTIZATION/RECOVERY SCHEDULE - 12 MONTHS
CO-SPONSOR:		
B-05	Prior Test Subsequent	DETAIL OF CHANGES IN RATE BASE
B-06	Test Subsequent Okeechobee Limited Scope	JURISDICTIONAL SEPARATION FACTORS - RATE BASE
B-12	Prior	PRODUCTION PLANT ADDITIONS
B-13	Test Subsequent	CONSTRUCTION WORK IN PROGRESS
B-15	Prior Test Subsequent	PROPERTY HELD FOR FUTURE USE - 13 MONTH AVERAGE
B-16	Prior Test Subsequent	NUCLEAR FUEL BALANCES
B-17	Prior Test Subsequent	WORKING CAPITAL - 13 MONTH AVERAGE
B-22	Historic Prior Test Subsequent	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-23	Historic Prior Test Subsequent	INVESTMENT TAX CREDITS - ANNUAL ANALYSIS
B-24	Prior Test Subsequent	LEASING ARRANGEMENTS

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MFRs AND SCHEDULES SPONSORED AND CO-SPONSORED BY ROBERT E. BARRETT, JR.

MFR Schedule	Period	Title
CO-SPONSOR:		
C-04	Test Subsequent Okeechobee Limited Scope	JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
C-05	Test Subsequent	OPERATING REVENUES DETAIL
C-06	Historic Prior Test Subsequent	BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
C-08	Prior Test Subsequent	DETAIL OF CHANGES IN EXPENSES
C-10	Test	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-12	Historic Test Subsequent	ADMINISTRATIVE EXPENSES
C-14	Test Subsequent	ADVERTISING EXPENSES
C-15	Test Subsequent	INDUSTRY ASSOCIATION DUES
C-20	Prior Test Subsequent Okeechobee Limited Scope	TAXES OTHER THAN INCOME TAXES
C-21	Historic Prior Test Subsequent	REVENUE TAXES
C-23	Historic Test Subsequent Okeechobee Limited Scope	INTEREST IN TAX EXPENSE CALCULATION

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MFRs AND SCHEDULES SPONSORED AND CO-SPONSORED BY ROBERT E. BARRETT, JR.

MFR Schedule	Period	Title
CO-SPONSOR:		
C-29	Historic Prior Test Subsequent	GAINS & LOSSES ON DISPOSITION OF PLANT AND PROPERTY
C-33	Historic Prior Test Subsequent	PERFORMANCE INDICES
C-36	Historic Prior Test Subsequent	NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
C-37	Test Subsequent	O & M BENCHMARK COMPARISON BY FUNCTION
C-42	Historic Prior Test Subsequent	HEDGING COSTS
C-43	Historic Prior Test Subsequent	SECURITY COSTS
D-01A	Prior Test Subsequent Okeechobee Limited Scope	COST OF CAPITAL - 13-MONTH AVERAGE
D-06	Prior Test Subsequent	CUSTOMER DEPOSITS
F-05	Test Subsequent	FORECASTING MODELS
F-08	Test Subsequent	ASSUMPTIONS

Florida Power & Light Company

2016

Planning and Budgeting Process Guideline

Contents

2016 Planning and Budgeting Process Calendar

Item	Date	Day	Time	Action / Deliverable / Event	Comments
1	1-May	Fri	NA	Open SAP/IP Planning Templates	Performed by Corporate Budgets
2	25-Jun	Thu	NA	Planning Guidelines and Assumptions issued	Provided by Corporate Budgets
3	18-Aug	Tue	8:00 AM	• Presentation materials for the Budget Review Meeting with E. Silagy due to Corporate Budgets – See Section 1 of the Guideline for requirements • All required data loaded into SAP/IP – See Section 2 of the Guideline for requirements – Detail forecast for remaining 2015 (R08) – Detail budgets for 2016 - 2018, plus 2019 - 2020 for capital – O&M FERC Functionalization percentages – Capital Installation / Removal / Demolition percentages	Applies to all business units Note: detail budgets include • O&M Base • O&M Clauses (incl Fuel) • Non-clause Fuel • Below the Line • Revenue Enhancement • Capital Base • Capital Clauses • Cost Pools • Intercompany • Gas Reserves • Work Force
4	19-Aug to 21-Aug	Wed To Fri	NA	Preliminary review of WBS Level 4 Plan Distribution Template percentages – O&M FERC Functionalization – Run FERCalator, revise, re-run, – Capital Installation / Removal / Demolition	– Percentages provided by business units – Corporate Budgets and BUs to review O&M and Capital percentages
5	25-Aug	Tue	5:00 PM	Deliver Budget Meeting Books to Budget Review Committee	Provided by Corporate Budgets
6	1-Sep	Tue	8:00 AM to 5:00 PM	• Initial Budget Review Meetings with E. Silagy • Business units present to Budget Review Committee	Participant BUs will be notified of their date and time
	2-Sep	Wed	1:00 PM to 5:00 PM		
	4-Sep	Fri	10:00 AM to 12:00 PM		
7	14-Sep	Mon	1:00 PM to 3:00 PM	Follow up Session with E. Silagy if needed	Participant BUs will be notified of their date and time
8	16-Sep	Wed	5:00 PM	• Final data submissions in IP due to Corporate Budgets: – See Section 2 of the Guideline for requirements – Detail forecast for remaining 2015 (R09) – Detail budgets for 2016 - 2018, plus 2019 - 2020 for capital – O&M FERC Functionalization percentages – Capital Installation / Removal / Demolition percentages	Applies to all business units. Note: detail budgets include • O&M Base • O&M Clauses (incl Fuel) • Non-clause Fuel • Below the Line • Revenue Enhancement • Capital Base • Capital Clauses • Cost Pools • Intercompany • Gas Reserves • Work Force

9	17-Sep to 2-Oct	Thu To Fri	NA	***REFER TO e-Web CALENDAR FOR DETAILS*** • Review and finalize Master Data • Calculate and apply overheads (PR, EO, Stores, etc.) • Calculate and apply AMF percentages • Run FERCalator, revise, re-run, finalize	• Corporate Budgets • Cost Measurement & Allocations • Business Units as required
10	2-Oct	Fri	Noon	• Presentation materials for the Budget Review Meeting with J. Robo and E. Silagy due to Corporate Budgets – See Section 1 of the Guideline for requirements	Applies to all business units
11	30-Sep	Wed	5:00 PM	Hand off Five Year Capital Forecast and O&M Forecast to Forecasting Group	Provided by Corporate Budgets
12	7-Oct	Wed	5:00 PM	Forecasting provides Preliminary Financial Plan to Corporate Budgets	Provided by Forecasting Group
13	9-Oct	Fri	5:00 PM	UI Model update: final plan inputs based on September actuals (for financial statement preparation, excludes O&M and capex)	Applies to those business units that enter plans directly into the UI model
14	12-Oct	Mon	5:00 PM	Deliver Budget Meeting Books to J. Robo and Budget Review Committee	Provided by Corporate Budgets
15	19-Oct	Mon	9:00 AM to 11:00 AM	Final Budget Review Meeting with J. Robo and E. Silagy	No business unit participation required
16	21-Oct	Wed	5:00 PM	• Final-Final data submissions in IP due to Corporate Budgets: – See Section 2 of the Guideline for requirements – Detail forecast for remaining 2015 (R09) – Detail budgets for 2016 - 2018, plus 2019 - 2020 for capital – O&M FERC Functionalization percentages – Capital Installation / Removal / Demolition percentages	Applies to all business units. Note: detail budgets include • O&M Base • O&M Clauses (incl Fuel) • Non-clause Fuel • Below the Line • Revenue Enhancement • Capital Base • Capital Clauses • Cost Pools • Intercompany • Gas Reserves • Work Force
17	22-Oct to 29-Oct	Thu To Thu	NA	• Review and finalize Master Data • Calculate and apply overheads (PR, EO, Stores, etc.) • Calculate and apply AMF percentages • Run FERCalator, revise, re-run, finalize	• Corporate Budgets • Cost Measurement & Allocations • Business Units as required
18	27-Oct	Tue	5:00 PM	Hand off of Five Year Capital Forecast to Forecasting Group	Provided by Corporate Budgets
19	30-Oct	Fri	5:00 PM	Hand off of O&M Forecasts to Forecasting Group	Provided by Corporate Budgets
20	15-Feb 2016	Mon	5:00 PM	Final version of budget presentation due to Corporate Budgets updated with 2015 actuals and final approved budgets and forecast	Applies to all business units

Overview of 2016 Planning and Budgeting Process

GENERAL:

This document contains instructions for preparing the required presentations for each budget review meeting and loading detail budget data into SAP/IP.

Throughout the budget review process all business unit budget presentation materials must be submitted through the Corporate Budgets e-Web page. The web site is designed to facilitate the entire budget process and includes reference materials, data templates, presentation templates, and path references to BW reports.

Corporate budgets will rely upon the business unit level data in BW to roll up the total corporate funds request for each budget review meeting. Therefore, it is required that all business unit budget review meeting presentations tie to the data on the system.

Section 1 of this document contains instructions for preparing the presentations. Please note the treatment of Momentum savings in the Base O&M and the Employee "walks".

Section 2 of this document contains the detailed requirements for entering data into the SAP-IP planning tool. There are specific cost elements that must be used in order to facilitate the overhead loading processes built into the IP tool. It is important to review and understand the details of these overhead allocations as they impact the business unit's budget totals.

To assist with the development of budgets, BW reporting tools are available in the "Budget Cycle" Folder within BW. These reports are referenced throughout the guideline.

SPECIAL CONSIDERATIONS:

The results of this year's planning and budgeting process (2016 through 2020) will be used as the basis for the 2016 rate case.

Many elements of the annual budgeting process are similar to the monthly forecasting process. The following elements require special attention in the annual process and are highlighted here as a reminder. See Section 2 of this document for more specific instructions on both requirements.

- All business units are required to follow the four steps for planning payroll:

    1. Enter all project payroll at the WBS element level (due August 18)
    2. Enter your unit's gross payroll in the Home Cost Center (due September 16)
    3. Perform a reconciliation between items 1 and 2 (due September 16)
    4. Shape your Payroll and related Headcount budget to reflect when positions are added and vacancies are created and filled

- WBS element Level 4 Plan Distribution Templates must be finalized by September 16, to support timing requirements for updating the Financial Forecasting Model.

  1. Review / adjust O&M FERC Functionalization percentages
  2. Review / adjust Capital Installation / Removal / Demolition percentages

  Preliminary reviews of the assigned Level 4 percentages will be conducted by Corporate Budgets per the calendar.

Note:

Owing to the timing of the budget review meetings, it will be necessary to use the July MOPR version R08 for the 2015 Year End Forecast, for the first round of presentation submittals. For the second round of presentation submittals, we will use the August MOPR version R09 for the 2015 Year End Forecast. See also the Calendar on pages 3 and 4 and the reference Tables on page 8.

When planning payroll, 2017 has only 260 payroll days, rather than the 261 payroll days we have been experiencing since the business units first began budgeting by payroll days per month, during the 2012 planning cycle. Because 2017 will have fewer payroll days than 2016 one would expect the 2017 payroll budget to be lower than the 2016 budget, assuming everything else were held equal between years, that is, assuming no change in the composition of the payroll budget and no merit increases. To recognize the impact of one fewer payroll days in the 2017 payroll budget, see the special instructions in the "FPL-2016 Payroll Work Days Reference" file located in the "Reference Material" section of the Corporate Budgets e-Web page.

Any severance associated with Momentum ideas should be budgeted / forecasted at the business unit level.

Based on the current SAP/BPC project implementation timeline, SAP/BPC will be the system of record beginning with the January 2016 MOPR cycle. For rate case discovery responses, existing BW reports will still be available to the business units, including the comparative FERC report. In order to generate accurate rate case reporting data, these reports will continue to be able to access SAP/IP plan data after the implementation of SAP/BPC.

Overview of Available Planning Tools and Resources

- **Corporate Budgets e-Web Link**

http://eweb.fpl.com/bunit/finance/FunctGroups/BgtFcst/budgetsubmissionportal2016-2020.shtml

- This website is structured to help both the business units and corporate budgets streamline the preparation of budget process deliverables
- Each deliverable is outlined as well as the due date
- This website contains the following items:
  - Planning and Budgeting Process Guidelines
  - Planning and Budgeting Process Calendar
  - Sample templates for developing presentations
    - Excel
    - PowerPoint
  - Folders for submitting budget process deliverables
  - Reference Materials

- **SAP Financial BW – IP Templates**
  - All budget details are required to be on system throughout the schedule of deliverables
  - Business units will use the following template to meet the corporate requirement for years 2016 through 2020:
    - WV1 – Working Version 1 (Project Planning Template)

- **SAP Financial BW – Budget Cycle Reports**
  - Reports specific to the annual planning process are available in the "Budget Cycle" sub-folder within BW
  - The following reports will help the business unit verify its on-system data aligns with its presentation material:
    - Expense Forecast
    - Capital Forecast
    - Between Year Variances
    - Payroll/Headcount Shaping
    - Gross Payroll Reconciliation Report

- See Tables below for versions to use throughout the planning process

First Deliverable - Due August 18

Time Frame	Version
Prior Year Actuals	0
Current Year Forecast	R08
Future Years Fund Requests	WV1
Final Approved Budget	PCY

Second Deliverable - Due September 23

Time Frame	Version
Prior Year Actuals	0
Current Year Forecast	R09
Future Years Fund Requests	WV1
Final Approved Budget	PCY

Section 1

Instructions for Preparing Budget Presentations

Budget Presentation Development Overview

- All business units are required to prepare a Budget Presentation deliverable for submittal to Corporate Budgets in advance of each scheduled budget review meeting (see calendar pages 3 and 4).

- The required budget presentation materials must be tied out to the on-system data at each submittal point during the planning process. For detailed instructions on updating IP, see Part 2 of the Guideline: Instructions for Entering Detail Budgets in SAP / IP.

- Use the reports in the BW "Budget Cycle" folder to verify the data loaded into IP is correct. See "Step 2: Prepare / Review Budget Submission in SAP Financial BW" on the e-Web page for the paths to the various reports.

- Once IP has been updated and funds request totals verified in BW, the results need to be transferred to the required Excel templates. The templates should then be pasted into the business unit's Power Point presentation. Blank Excel and PowerPoint templates can be found on the e-Web page under "Step 3: Prepare Budget Submission Documents in Microsoft Office."

- The PowerPoint presentation is the final deliverable due to Corporate Budgets. See "Step 4: Submit Budget Deliverables in Business Unit SharePoint Folder" on the e-Web page for links to the business unit folders where the presentations are to be deposited.

Budget Presentation Content

The Budget Presentation must contain the following sections:

1) Base O&M Schedules

a) Prepare a schedule identifying your business unit's major projects and activities for the years indicated. ***Select a level of detail appropriate for a thorough senior executive review.***

Utilize the following BW report to stratify your O&M budgets: Roles -> FPL Planning and Forecasting -> Managerial Reporting ->
Budget Cycle -> "Expense Forecast (8Yr -2/+6 PY/FcFc)"

Base O&M
Business Unit: _____
($millions) or ($thousands)

Project / Activity	2014 Actual	2015 Forecast [1]	2016 Funds Request	2017 Forecast	2018 Forecast
Project 1					
Activity A					
Activity B					
Activity C					
Project 2					
Activity A					
Activity B					
Project 3					
Activity A					
Activity B					
Total Base O&M					

[1] Deliverables due August 18, 2015, should use July MOPR Year End Forecast (version R08)
Deliverables due September 23, 2015, should use August MOPR Year End Forecast (version R09)

b) Prepare a year to year "walk" patterned after the following example for each of the following comparisons:

- 2015 MOPR Year End Forecast to 2016 Funds Request
- 2016 Funds Request to 2017 Forecast
- 2017 Forecast to 2018 Forecast

Include an explanation for each step-up and step-down in each of the categories shown on the table.

The Inflation category should include merit increases and any other cost increases related to inflation. When applying inflation, be sure not to inflate any cost that will be identified as a non-recurring cost in the Changes in the Business category.

As you "walk" from year to year, be sure to add back all of the Momentum savings in the prior year, in anticipation of removing a full year of Momentum savings in each forecasted year. This will ensure the same savings are not deducted twice in the same year, and will allow the Full Year Momentum Savings category in the "walk" to be reconciled with Momentum source information, which is expressed in terms of annual savings, not incremental savings.

The Changes in the Business category should include cost increases for new work, including increased levels of activity such as from customer growth, and also should include cost reductions for non-recurring events. Do not include Momentum cost changes in the Changes in the Business category.

Base O&M **Business Unit** ($millions) or ($thousands)		
2015 Year End Forecast [1]		**$100.0**
Inflation		2.2
2015 Estimated/Actual Momentum Savings - Add Backs		
2015 Estimated/Actual Savings - item 1	4.0	
2015 Estimated/Actual Savings - item 2	2.0	
		6.0
Changes in the Business - Increase / (Decrease)		
New Activity - item 3	2.0	
Non-recurring - item 4	(1.0)	
		1.0
2016 Full Year Momentum Savings - (Reductions)		
2016 Full Year Savings - item 1	(9.0)	
2016 Full Year Savings - item 2	(5.0)	
2016 Full Year Savings - item 5	(10.0)	
		(24.0)
2016 Funds Request		**$85.2**
Repeat 2015 to 2016 Walk Elements		
2017 Forecast		**$XXX.X**
Repeat 2015 to 2016 Walk Elements		
2018 Forecast		**$XXX.X**

[1] Deliverables due August 18, 2015, should use July MOPR Year End Forecast (version R08) Deliverables due September 23, 2015, should use August MOPR Year End Forecast (version R09)

2) Below the Line O&M Schedules

a) Prepare a schedule identifying your business unit's major projects and activities for the years indicated.

Utilize the following BW report to stratify your Below the Line budgets: Budget Cycle Folder > Expense Forecast (8Yr -2/+6 PY/FcFc).

Below the Line
Business Unit: _____
($millions) or ($thousands)

Project / Activity	2014 Actual	2015 Forecast [1]	2016 Funds Request	2017 Forecast	2018 Forecast
Project 1					
Activity A					
Activity B					
Project 2					
Activity A					
Activity B					
Total Below the Line					

[1] Deliverables due August 18, 2015, should use July MOPR Year End Forecast (version R08)
Deliverables due September 23, 2015, should use August MOPR Year End Forecast (version R09)

b) Prepare a year to year walk patterned after the following example for each of the following comparisons:

- 2015 MOPR Year End Forecast to 2016 Funds Request
- 2016 Funds Request to 2017 Forecast
- 2017 Forecast to 2018 Forecast

Include a brief explanation for each step-up and step-down on the table.

Below the Line
Business Unit _____
($millions) or ($thousands)

2015 Year End Forecast [1]		**$1,000**
Additional ...	$100	
Required....	$50	
Non-recurring ...	($30)	
2016 Funds Request		**$1,120**
Additional ...	$100	
Required....	$50	
2017 Forecast		**$1,270**
Additional ...	$50	
2018 Forecast		**$1,320**

[1] Deliverables due August 18, 2015, should use July MOPR Year End Forecast (version R08)
Deliverables due September 23, 2015, should use August MOPR Year End Forecast (version R09)

3) Capital Schedules

Prepare a schedule identifying your business unit's major projects and activities for the years indicated. ***Select a level of detail appropriate for a thorough senior executive review.***

The Total Capital schedule should be stratified into two categories:

- Earning Projects
  - Project receives AFUDC
  - Project receives Carrying Charges at AFUDC rate (Extended Power Uprate project only)
  - Clause projects (indicate which clause)
  - Automated MeterReading Infrastructure project (Customer Service only)

- Infrastructure Projects
  - All other capital expenditures not included in Earning Projects

Utilize the following BW report to stratify your capital budgets into the two categories below: Roles -> FPL Planning and Forecasting -> Managerial Reporting -> Budget Cycle -> "Capital Forecast (8Yr -2/+6 PY/FcFc)."

Total Capital
Business Unit: _____
($millions) or ($thousands)

Project / Activity	2014 Actual	2015 Forecast [1]	2016 Funds Request	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
AFUDC / Carrying Charges / Clause / AMI							
Project / Activity 1							
Project / Activity 2							
Project / Activity 3							
Total AFUDC / Carrying Charges / Clause / AMI							
Infrastructure							
Project / Activity 1							
Project / Activity 2							
Project / Activity 3							
Total Infrastructure							
Total Capital							

[1] Deliverables due August 18, 2015, should use July MOPR Year End Forecast (version R08)
Deliverables due September 23, 2015, should use August MOPR Year End Forecast (version R09)

4) FPL Employees Schedules

a) Prepare a schedule of your business unit's FPL Employee count for the years indicated. Count all positions as 1.0 each. Do not count any positions as fractional (e.g. 0.5).

Utilize the following BW report to stratify your employee budgets into the format below: Roles -> FPL Planning and Forecasting -> Managerial Reporting -> Budget Cycle -> "Headcount (6Yr -2/+4 A/Fc/Fc)."

FPL Employees
Business Unit: _____

FPL Employees	2014 Actual	2015 Actual [2]	2015 Forecast [1]	B/(W) than 2015 Actual	2016 Request	B/(W) than 2015 Forecast	2017 Forecast	B/(W) than 2016 Forecast	2018 Forecast	B/(W) than 2017 Forecast
Full Time (excluding Temporaries)										
FPL Exempt										
FPL Non-Exempt										
FPL Bargaining Unit										
Total FPL Full Time Employees										
Part Time (count each as 1.0)										
FPL Exempt										
FPL Non-Exempt										
FPL Bargaining Unit										
Total FPL Part Time Employees										
Total FPL Employees (excl Temporaries)										

[1] Deliverables due August 18, 2015, should use July MOPR Year End Forecast (version R08)
Deliverables due September 23, 2015, should use August MOPR Year End Forecast (version R09)

[2] Deliverables due August 18, 2015, should use July Actual
Deliverables due September 23, 2015, should use August Actual.

b) Prepare a year to year walk patterned after the example for each of the following comparisons:

- 2015 Actual to 2015 MOPR Year End Forecast
- 2015 August MOPR Year End Forecast to 2016 Request
- 2016 Request to 2017 Forecast
- 2017 Forecast to 2018 Forecast

Include a brief explanation for each step-up and step-down on the table. Include the month of action and the number of positions associated with the addition / reduction.

Regarding changes due to Momentum, please note that the employee "walk" is on an incremental basis, not an annual basis. Unlike the Base O&M "walk," the employee "walk" does not add back the prior year's reductions related to Momentum.

FPL Employees
Business Unit _____

	Month - Year	Increment	Total
2015 Actual [2]			**1,000**
Momentum ...	Sep-15	(2)	
Replace open postion ...	Oct-15	1	
Momentum ...	Dec-15	(3)	
2015 Year End Forecast [1]			**996**
Replace open postion ...	Feb-16	1	
Momentum ...	Mar-16	(5)	
Momentum ...	Jul-16	(3)	
2016 Request			**989**
Momentum ...	Mar-17	(2)	
2017 Forecast			**987**
Momentum ...	Jun-18	(1)	
2018 Forecast			**986**

[1] Deliverables due August 18, 2015, should use July MOPR Year End Forecast (version R08)
Deliverables due September 23, 2015, should use August MOPR Year End Forecast (version R09)

[2] Deliverables due August 18, 2015, should use July Actual
Deliverables due September 23, 2015, should use August Actual.

5) IM Funded Business Cases

Each business unit must prepare a summary of the business cases it is sponsoring that will be presented by the IM business unit for funding in the IM budget for 2016 through 2020. Each summary must contain at least the following information:

a) Description of Business Case
b) Momentum Idea #, if applicable
c) Project Benefits
   - Estimated cost savings
   - Productivity gains, etc.
d) Project Costs
   - O&M and/or capital components
   - Annual / total project costs

6) Other

Business units may include other supplemental materials in the presentation, as appropriate.

Final Approved Budget Presentation Development

This section provides the requirements for the development of the Final Approved Budget Presentation deliverable.

At the conclusion of the budget review and approval process, each business unit will prepare a final approved version of its Budget Presentation for submittal to Corporate Budgets. ***The due date for this deliverable is Feb 15, 2016***.

Include all templates and walks used during the budget review process.

- **Base O&M Schedules**
- **Below the Line Schedules**
- **Capital Schedules**
- **FPL Employee Schedules**

Revise the 2015 year-end estimates (version R09) to the year-end actuals (version 0). Ensure all budgets and forecast amounts are final approved and tie to SAP / BW (version PCY). Revise all walks as necessary to support the changed annual amounts.

At the discretion of the business unit, the final approved Budget Presentation may be expanded to include elements such as the following.

- **Objectives and Goals**
- **Key Initiatives**
- **Assumptions**
- **Benchmarking and Performance Indicators**

Section 2

Instructions for Entering Detail Budgets in SAP / IP

General Instructions for Entering Detail Budget Data

- **All budget details are required to be on system beginning August 18, unless otherwise noted**
  - Corporate Budgets will rely on data entered into the planning system to roll up corporate totals to support the various budget review meetings

- **Integrated Planning (IP) will be the input tool for all budgeted dollars and headcount**
  - IP can be accessed through the SAP Financial BW Role > FPL IP Templates
  - The following two templates are mandatory inputs for all business units
    - Project Planning Template 6 Years - This template will be used to input all payroll and non-payroll costs within a business unit's budget for all project type/business area combinations
    - Cost Center Planning Template – This template will be used to input all headcount and gross payroll budgets

- **Plan values are entered using level 3 WBS elements**
  - A level 3 WBS element represents a budget activity and segregates costs between Expense and Capital, or Base and Clause, or designates the costs for a cost pool
  - For assistance creating new Level 3 WBS elements, please contact the SAP/CO Master Data Team (SharedMailbox, FPL-Utility-SAP-Accounting-Control)

- **Plan values must be entered in whole dollars; inclusion of decimals is permitted**

- **Planned expenditures must be cash flowed to represent the nature of the activity**
  - It is not acceptable to budget total annual expenditures in one month (e.g., December), unless that is how the actual costs will be booked

- **During the planning cycle, budget data will be saved in WV1 (Working Version 1)**
  - This version is reportable and updated real time in all SAP Financial BW reports
  - From time to time during the planning and budgeting process, Corporate Budgets will take snapshots of WV1, using the naming convention B01, B02, etc.

Business Area/Project Types To Be Budgeted

- Monthly detail cash flows must be prepared for each of the following business area/project type combinations, as appropriate

Project Type	Business Area	Description
Operating Expenses		
E	A01	Base O&M
E	A02	ECCR (Energy Conservation Cost Recovery Clause)
E	A04	O&M Fuel (Clause)
E	A05	O&M Capacity (Clause)
E	A06	Below the Line
E	A08	ECRC (Environmental Cost Recovery Clause)
E	A09	O&M NR Fuel (not recoverable through the Fuel Clause)
E	A12	Clearing/Overheads (Benefits, EO, Non Productive, Worker's Comp, Stores)
E	A22	Inter-company Expenses
E	A20	Revenue Enhancement Expense
Capital Expenditures		
C	A01	Capital Base
C	A02	Capital ECCR (Energy Conservation Cost Recovery Clause)
C	A08	Capital ECRC (Environmental Cost Recovery Clause)
C	A18	Capital New Nuclear
C	A21	Capital Gas Reserves
Deferred Expenditures		
D	A10	Budgeted Deferred Projects (Considered a capital expenditure)
Revenues		
E	A20	Revenue Enhancement Revenue (budgeted as a credit)

- **Special Notes Regarding Revenue Enhancement:**
  - The assignment of **revenue enhancement expense business area A20** is determined solely by the accounting treatment the actual transaction receives when recorded in the general ledger
  - Use of business area A20 is limited to existing revenue enhancement programs in the Engineering and Construction and the Energy Marketing and Trading business units
  - Business unit proposals for **new revenue enhancement programs** should be submitted to Accounting and Corporate Budgets prior to the commitment of any corporate resources, implementation of any programs, or inclusion of required resources in 2016 budgeting and planning deliverables

How to Budget the Home Cost Center

- **Payroll and Headcount**
  - A payroll and headcount budget must be prepared in the Home Cost Center (HCC) for 2016, 2017 and 2018 using the SAP - IP Cost Center Planning Template

- **Home Cost Center Payroll – *Due on system starting Sept 16***
  - **Definition – Business unit native payroll that corresponds to the business unit's FPL employee headcount; it does not include payroll from other business units or affiliate companies**
  - All of a unit's gross payroll must be fully budgeted in one or more HCCs using the IP Cost Center Planning Template
  - Gross payroll entered in the HCC(s) must have a meaningful month-to-month relationship to the headcount / workforce budgeted in that HCC. Payroll Shaping should be applied, consistent with headcount shaping.
  - Gross payroll entered in the HCC(s) must include payroll that will be charged, via timesheets, to the cost elements shown below

Home CC Payroll

Cost Element	Description
5202000	FPL N-Exempt ST
5203000	FPL Exempt ST
5204000	FPL Bargaining Fixed ST
5201000	FPL Bargaining Variable ST
5207000	FPL Exempt OT
5206000	FPL N-Exempt OT
5205000	FPL Bargaining Variable OT
5208000	FPL Bargaining Fixed OT

- **Home Cost Center Headcount - *Due on system starting Aug 18***
  - **Definition – Business unit FPL headcount that corresponds to the business unit's native payroll; it does not include headcount from other business units or affiliate companies.**
  - At a minimum, units must prepare a headcount detail budget at the business unit level; units are encouraged to prepare the detail work force budget at lower organization levels to provide adequate variance analysis and forecasting.
  - Using the IP Cost Center Planning Template, enter the number of FPL utility employees that will be employed by your business unit on the last day of each month for the following work force types:
    - Full Time
      - SK200 - FPL Exempt
      - SK202 - FPL Non- Exempt
      - SK204 - FPL Bargaining Unit Fixed
      - SK205 - FPL Bargaining Unit Variable

- Part Time
  - SK201 - FPL Exempt Part-Time
  - SK203 - FPL Non-Exempt Part-Time
- Temporary
  - SK206 - FPL Exempt Full-Time Temporary
  - SK208 - FPL Non-Exempt Full-Time Temporary
  - SK207 - FPL Bargaining Unit Full-Time Temporary
  - SK211 – FPL Non-Exempt College Intern

➢ Budget all FPL Full Time, Part Time and Temporary employees in whole numbers; do not budget fractional equivalents

➢ The HCC workforce budget must have a meaningful month-to-month relationship to the corresponding expenditure budget for that work force type (see table below). Headcount Shaping should be applied, consistent with payroll shaping.

Home CC Headcount		Payroll		
SKF	Description	Gross Payroll Cost Element	Project Payroll Cost Element	Description
SK203	FPL Non-Exempt Part-Time Employees	5202000	5992201	FPL N-Exempt ST
SK200	FPL Exempt Employees	5203000	5992200	FPL Exempt ST
SK201	FPL Exempt Part -Time Reg Employees	5203000	5992200	FPL Exempt ST
SK202	FPL Non-Exempt Employees	5202000	5992201	FPL N-Exempt ST
SK204	FPL Bargaining Unit - Fixed Employees	5204000	5992203	FPL Bargaining Fixed ST
SK205	FPL Bargaining Unit - Variable Employees	5201000	5992202	FPL Bargaining Variable ST
SK206	FPL Exempt Full-Time Temp Employees	5203000	5992200	FPL Exempt ST
SK207	FPL Barg Full-Time Temp Fixed Employees	5204000	5992203	FPL Bargaining Fixed ST
SK208	FPL Non-Exempt Full-Time Temp Employees	5202000	5992201	FPL N-Exempt ST
SK211	FPL Non-Exempt College Intern	5202000	5992201	FPL N-Exempt ST

- **Budgeting for FPL Overtime Equivalent Headcount and Contractors**
  - ➢ FPL Overtime Equivalent Headcount and Contractor Headcount are not entered into the Home Cost Center, but are included in this section to complete the discussion of budgeting for headcount
  - ➢ Using the IP Project Planning Template, enter the expected utilization for each calendar month, for the following work force types
    - SK209 - FPL Overtime Equivalent Employees
      - FTE formula = (total hours to be worked in the month) ÷ (the number of workdays in the month x 8 hours)
    - SK210 - Contractor Non-employee
      - Use this SKF for all contractors (the non-FPL workforce)
  - ➢ The FPL OT Equivalent/Contractor workforce budget must have a meaningful month-to-month relationship to the corresponding expenditure budget for that work force type (see following table)

- The labor costs for staff augmentation contractor resources (i.e. contingent labor) must be budgeted in the three GL accounts established specifically for these costs:
  - 5750550 – Outside Services: Contractor Straight Time Labor
  - 5750560 – Outside Services: Contractor Other Labor (Overtime and Other pay)
  - 5750570 – Outside Services: Contractor Non Labor

Project Headcount		Payroll		
SKE	Description	Gross Payroll Cost Element	Project Payroll Cost Element	Description
SK209	FPL Overtime Equivalent Employees	5207000	5992204	FPL Exempt OT
		5206000	5992205	FPL N-Exempt OT
		5205000	5992206	FPL Bargaining Variable OT
		5208000	5992207	FPL Bargaining Fixed OT
SK210	Contractor Employees	Contingent Labor		
		5750550 – Outside Services: Contractor Straight Time Labor		
		5750560 – Outside Services: Contractor Other Labor (Overtime and Other pay)		
		5750570 - – Outside Services: Contractor Non Labor		
		All Others - Various Outside Services GL Accounts		

How to Budget Project Payroll

- **Project Payroll – *Due on system starting Aug 18***
  - **Definition – FPL Payroll that is charged to a business unit's budget which should include payroll from other business units; however, should not include payroll from other legal entities of NEE, Inc. (see Payroll Charges from Affiliates below)**
  - Using the IP Project Planning template, all of a business unit's expected payroll charges must be entered on system, under a Level 3 WBS element, by the first deliverable date of Aug. 18; this includes all project types and business areas (see page 20 for a complete list)
  - When entering project payroll a sending/partner cost center must be referenced, this cost center represents the source of the payroll resource
  - When entering project payroll include all payroll charged to the cost elements below via timesheets, plus Other Earnings paid through the payroll system

Project Payroll Cost Element	Description
5992201	FPL N-Exempt ST
5992200	FPL Exempt ST
5992203	FPL Bargaining Fixed ST
5992202	FPL Bargaining Variable ST
5992204	FPL Exempt OT
5992205	FPL N-Exempt OT
5992206	FPL Bargaining Variable OT
5992207	FPL Bargaining Fixed OT
5992008	Other Payroll
5992208	FPL - Other Labor

Reconciliation of Home Cost Center Payroll and Project Payroll

- **Reconciliation - *Due on system starting Sept 16***
- 100% of a business unit's gross payroll resources entered into the SAP IP - Cost Center Planning Template must be accounted for in the project payroll entered in the SAP IP – Project Planning Template
- Using the Gross Payroll Reconciliation report in BW, gross payroll can be analyzed at the business unit level to verify that all payroll resources have been accounted for
- For payroll being charged to other business units, coordination will need to occur to determine the proper Level 3 WBS element(s) and cost centers to use for budgeting

Payroll Reconciliation

Home CC Payroll Cost Element	Project Payroll Cost Element	Description
5202000	5992201	FPL N-Exempt ST
5203000	5992200	FPL Exempt ST
5204000	5992203	FPL Bargaining Fixed ST
5201000	5992202	FPL Bargaining Variable ST
5207000	5992204	FPL Exempt OT
5206000	5992205	FPL N-Exempt OT
5205000	5992206	FPL Bargaining Variable OT
5208000	5992207	FPL Bargaining Fixed OT
N/A	5992008	Other Payroll
N/A	5992208	FPL - Other Labor

How to Budget Payroll Monthly Cash Flows

- Budget both Home Cost Center and Project payroll based on the number of work days in each month
- Do not budget payroll based on the number of pay period closings per month
- A table of the number of work days in each month is available in the "Reference Material" section of the Corporate Budgets e-Web page
- See special instructions for budgeting 2017 Payroll in the "FPL-2016 Payroll Work Days Reference" file in the "Reference Material" section of the Corporate Budgets e-Web page

Methods for Transferring Payroll from the Home Cost Center to Projects

There are three ways to transfer payroll expenses that are under the control of one organizational entity to a different organizational entity

- Business Unit to Business Unit
- Within a business unit (Responsible Cost Center to Responsible Cost Center)
- Company to Company

- **Business Unit to Business Unit**
  - The business unit providing payroll resources should first budget the Gross Payroll expense in **a Home Cost Center,** using the correct cost elements (see table below)
  - The business unit receiving the actual payroll costs should budget the project payroll expense using Level 3 WBS elements, with the appropriate business area/project type (Base O&M, ECCR O&M, etc.), and the correct cost elements (see table below)
  - When entering the project payroll a partner cost center must be entered identifying the business unit providing the payroll resources
  - It is a corporate requirement that all between-unit transfers be budgeted by both the providing business unit (as gross payroll) and the receiving business units (as project payroll)
  - The Gross Payroll Reconciliation report should be run, at least at the Business Unit Level, to ensure all payroll resources are properly accounted for

Payroll		
Gross Payroll Cost Element	**Project Payroll Cost Element**	**Description**
5202000	5992201	FPL N-Exempt ST
5203000	5992200	FPL Exempt ST
5204000	5992203	FPL Bargaining Fixed ST
5201000	5992202	FPL Bargaining Variable ST
5207000	5992204	FPL Exempt OT
5206000	5992205	FPL N-Exempt OT
5205000	5992206	FPL Bargaining Variable OT
5208000	5992207	FPL Bargaining Fixed OT

- **Within a business unit (Responsible CC to Responsible CC)**
  - Within-unit transfers are budgeted in the same manner as unit-to-unit transfers described above, using the Home Cost Center and the Project Payroll templates
  - Planning and tracking of within-unit transfers is **optional;** a unit may elect to eliminate internal transfers, limit transfers to certain roll-up levels and above, or allow transfers to occur at the Responsible Cost Center level

- **Company to Company**
  - Direct charges to any NextEra Energy Inc subsidiaries are accomplished by charging an intercompany internal order (SO15 Order Type).
  - Such charges should be budgeted in a manner similar to the unit-to-unit transfers described above, except that the receiver of the payroll cost will be a WBS element with a business area of A22 – Inter-company Expenses
  - Budgeting the payroll to be charged across companies is part of the corporate requirement to fully account for the gross payroll resources in the Home Cost Center

How to Budget Project Non- Payroll

- **Non Payroll – *Due on system starting Aug 18***
  - Non-payroll project costs for ***all*** project type / business area combinations are due on system starting Aug. 18
  - **Note**: in prior years, the completion of project type / business area combinations was staggered over several weeks, but this is not the case for this planning cycle
  - See also the Calendar on pages 3 and 4

- **Payroll Overheads**
  - Payroll overheads will be applied automatically, based on the payroll amounts entered in the project planning template
  - Do not enter budget dollars for payroll overheads
  - To ensure payroll overheads are applied accurately, it is imperative that a business unit's payroll is fully budgeted under the appropriate business area/project type combinations using the appropriate cost elements
  - Applied payroll overheads are visible in all BW Variance reports, as well as on the "total expenses" report within the project planning template, giving visibility to fully loaded costs and total budget responsibility
    - See the "Overhead and Loader Rates" document in the "Reference Material" section of the e-Web page for the current rates being applied by the system for each year

- **Corporate Performance Incentives**
  - Corporate performance incentives will be applied automatically as an overhead to all budgeted exempt payroll, cost element 5992200 FPL Exempt ST.
  - Do not enter budget dollars for the March payout of corporate performance incentives
  - To ensure payroll overheads are applied accurately, it is imperative that a business unit's payroll is fully budgeted under the appropriate business area/project type combinations, using the appropriate cost elements
  - **Note**: the actual payout of the incentive will be booked to a balance sheet account; the payout will have no impact on business unit's operating or capital budgets

- **Other Forms of Compensation**
  - To differentiate the payroll associated with hours worked from other forms of compensation, use the following payroll Cost elements as appropriate:
    - 5220000 – Overtime Meals

- ◊ 5250000 – Payroll Expense Other Earnings
- ◊ 5260000 – Lump Sum Increases
- ◊ 5240000 – Employee Incentive (Do Not Use – for HR use ONLY)

- **Payroll Charges from Affiliates**
  - ➢ Payroll being charged to FPL from any NEE subsidiaries should be budgeted within the SAP-IP Project Planning Template on the "Non Payroll" tab as a fully loaded cost
  - ➢ These non-FPL payroll costs are not part of the business unit's Home Cost Center Gross Payroll
  - ➢ Use any of the following Cost Elements to budget for payroll charges from affiliates:
    - ◊ 5992006 – Corporate Payroll
    - ◊ 5992008 – Other Payroll
    - ◊ 5992007 – Plant Payroll
    - ◊ 5992058 – Corp P/R OT
    - ◊ 5992066 – Plant P/R OT

How to Budget Workers Compensation (Acct 5450100)

- ➢ Business units that currently budget for workers compensation premiums should continue to do so
- ➢ Each workers compensation budget will serve as a cost pool from which the unit's workers compensation premiums will be applied to the unit's payroll as an overhead
- ➢ The overhead will be unit specific to reflect only the unit's annual premium
- ➢ See the "Overhead and Loader Rates" document in the "Reference Material" section of the e-Web page for the current rates being applied by the system for each year
- ➢ Below is a schedule of those business units with a worker's compensation pool. The pool must be budgeted in project type E, business area A12, using the WBS Level 3 shown and Account 5450100:

Resp. cost cntr	WBS-Reporting WBS-L3		WBS-Requesting CC	
Power Generation Division FPL	UPGD.00000637.01.01	PGD WORKER'S COMPENSATION	619990	PGD:Workers Comp
Nuclear Division	UNUC.00000432.01.01	Workers Comp Cost Pool	620407	Dir: Nuc WC Pool-12
Transmission	UTRN.00000207.01.01	T&S Workers Comp	639900	Trn Workers Comp-12
Distribution	UDST.00000278.01.01	O&M Workers Compensation Pool - Dsbn	648003	Dist Work Comp Pool
Customer Service	UCUS.00000073.01.01	CUST SERV WORKERS COMPENSATION	669000	CS Workers Comp-12
Human Resources	UHRS.00000001.03.01	Monthly Premium - HR/Corp Svcs	670905	HR - Workers Comp

How to Budget Outside Counsel for Capital Projects (Acct 5750100)

- Charges to "Account 5750100 – Outside Services: Legal" for use of outside legal counsel on capital projects are no longer re-routed to the General Counsel Business unit
- Each business unit should budget for its own expected cost of outside legal counsel for capital projects

How to Budget Relocation, Recruiting and Sign on Bonus Costs

- Each business unit is responsible for its own Relocation, Recruiting and Sign on Bonus costs
- Human Resources does not provide funding for these activities
    - ◊ 5320000 – Relocation
    - ◊ 5320100 – Employee Recruiting
    - ◊ 5250100 – Payroll Expense: Sign on Bonus

How to Budget Stores Loading

- Stores Loading is an automated overhead within IP for Customer Service, Power Delivery, Power Generation and Nuclear; the loadings should not be added manually
- **Power Delivery and Customer Service follow the instructions below:**
    - ➢ The following budgeted material accounts will receive the full stores loading rate in IP:
        - o 5400101; 5400201; 5400311; 5400321; 5400331; 5400401; 5400601; 5401001; 5401101
    - ➢ For the Transmission budget, dollars under material account 5959997 are applied 1/2 the rate
    - ➢ For the Distribution and Customer Service budgets, dollars under material account 5959997 are applied the full rate
- **Power Generation and Nuclear follow the instructions below:**
    - ➢ The following budgeted material accounts will receive the full stores loading rate in IP:
        - o 5400102
- See the "Overhead and Loader Rates" document in the "Reference Material" section of the e-Web page for the current rates being applied by the system for each year

How to Budget Charges to Affiliates

- **Service Fees**
    - ➢ Units with unit specific service agreement fee arrangements should budget the fee as a direct charge in the pre-determined A22 WBS element established to capture the actual costs
    - ➢ The appropriate affiliate overheads will be automatically applied to dollars budgeted within A22 to support a fully loaded view of budgeted service fees
    - ➢ All Service Fee activity should be budgeted in a separate and unique Level 3 WBS element; the Service Fee WBS elements require that the "WBS Activity" field be populated on the master data with the value of SERVICE FEE

- **Affiliate Management Fee**
    - ➢ Staff business unit expenditures that are allocable to non-utility entities through the Affiliate Management Fee (AMF) should be budgeted 100% in Base O&M
    - ➢ Costs that are applicable to the AMF should be budgeted in a level 3 WBS element that is marked with the appropriate AMF flags (Investment Reason and IM Services)

- Each AMF Level three WBS element is allocated 100 % to level 4 WBS elements based on driver percentages determined by Accounting's Cost Measurement and Allocations (CMA) department
- CMA will work with the business units to determine if budgeted costs are applicable to the affiliate management fee
- CMA will calculate the appropriate allocation percentages for these costs; however, it will be the responsibility of the business units to ensure that the correct allocation percentages are entered into IP using the Plan Distribution Template
- Once a level 3 WBS is determined to be eligible for the AMF, any non-AMF costs should not be budgeted (or charged) to that WBS

- **Direct Charges**
  - A unit planning direct charges to non-utility entities should budget 100% of its cash expenditures in business area A22 (see Transfer Out / Transfer In above)
  - It is recommended that the costs budgeted and recorded in each level 3 WBS element within A22 be unique to a single receiving company. The IM Services field may be used for that purpose (example: 22 FiberNet, 23 FPLES, etc.)
  - The four affiliate overheads will be automatically applied to dollars budgeted within A22 to support a fully loaded view of budgeted direct charges

How to FERC Functionalize O&M

- Shortly after the Aug. 18 due date for completion of detail budgets in SAP/IP, Corporate Budgets will initiate the first FERC Functionalization of the O&M budgets loaded into WV1 for 2015 through 2018.
- Once the FERC Functionalization has been completed, each business unit will be asked to review, and if necessary adjust, the FERC Functionalization of all O&M project type / business area combinations entered by the business unit. This will ensure an accurate company forecast of O&M from a regulatory perspective. Use BW reports such as the "FERC O&M Trend Analysis (A/FFc/FFc)" report to perform the review.
- If your unit's O&M FERC allocations appear to be incorrectly allocated compared to historical FERC actuals or other plan years, update your Level 4 WBS element allocation percentages using the FERC Plan Distribution Template in IP. For further guidance on how to update the percentages, see the "FPL-2016-2018 - SAP BW IP FPL Budget Allocation Process Job Aid" file located in the "Reference Material" section of the Corporate Budgets e-Web page.
- When all business units have completed their changes to the percentage splits, Corporate Budgets will re-run the FERC Functionalization of the O&M budgets loaded into WV1 for 2015 through 2018, so the units can see the impact of the percentage changes on the budgeted / forecasted dollars.
- The above sequence will be iterated during the planning and budgeting process on a schedule to be announced.

Capital Budgeting

General

- Each business unit is required to provide five years of capital budget details (2016 – 2020), using the IP Project Planning template, and in accordance with the foregoing instructions for entering detail budgets and the following guidance specific to capital budgeting

- Enter monthly cash flows in whole dollars for <u>all</u> years: 2016 through 2020
  - For years 2019 and 2020
    - Do not budget annual amounts in December; provide monthly cash flows
    - Major projects should be cash flowed monthly based on the best information available
    - Minor projects may be budgeted using an even monthly spread if better information is not available

- Ensure all master data is correct for all capital WBS elements (see page 31)

- Review, and if necessary adjust, the FERC Plan Distribution Template percentage splits for installation, removal and demolition capital. This will ensure accurate cost detail is available to support depreciation calculations in the Financial Forecasting Model. ***The first due date for completing this deliverable is August 18. The final due date for completing this requirement is September 16.***
  - **<u>All capital projects</u>** must be classified as either installation, removal or demolition capital, by assigning percentages to the Level 4 WBS elements
  - In most cases a capital project will be assigned one or both of the following level 4 WBS elements
    - Install: FERC Indicator 9901
    - Remove: FERC Indicator 9902
  - When a plan represents the demolition of assets, such as in the case of the demolition of the retired Cutler Plant, the "Demolition" FERC Indicator 9904 must be assigned as the level 4 WBS element
  - The push of dollars from Level 3 to Level 4 is automatic and will immediately reflect any changes to the percentages splits made using the FERC Plan Distribution Template.

Capital Type	GAAP Account	FERC Indicator	FERC Account
1 – Install	2609300 - CWIP	9901	9107100
2 – Remove	2650200 - ACC. DEPRECIATION (DP)	9902	9108050
3 – Nuclear Fuel	2607200 - NUCLEAR FUELS - In Process	9903	9120100
	2607100 - NUCLEAR FUELS - In Stock	9903	9120200
	2607310 - NUCLEAR FUELS: Inventory In Rx	9903	9120300
4 – Demolition	3701010 - DISMANTLEMENT RESERVE: Fossil	9904	9108332

Capital WBS Element Master Data

- Master Data for all capital WBS elements includes "corporate attributes" that define the capital project:
  - FERC Function code
  - Plant Site code
  - Major Project designation
  - In-service date (Required only for Major Projects)
  - AFUDC relevance
  - Earning a Return status
  - Depreciation status
  - Storm Secure status

- When budgeting capital expenditures, it is important to ensure the corporate attributes that define the Project or WBS element accurately describe all of the capital expenditures budgeted or forecasted under that Project or WBS element --- if not, then the expenditures should be allocated to two or more WBS elements as necessary

- **FERC Function Code (FERCFnclD)**
  - A single digit code describing a classification of expenditures under the FERC System of Accounts
  - All costs associated with a single WBS should be reflective of the FERC Function selected, multiple WBS elements may be needed for proper differentiation
    - 1 – Steam Generation
    - 2 – Nuclear Generation
    - 3 – Other Generation
    - 4 – Transmission
    - 5 – Distribution Line
    - 6 – Distribution Substation
    - 7 – Buildings
    - 8 – General Plant Equipment
    - 9 – Transportation Equipment
    - 0 – Intangible Plant

- **Plant Site Code**
  - A three digit code
  - Expenditures pertaining to a specific plant site must be budgeted in a WBS element unique to that site, per the following table; for all other expenditures use default plant site 000

Code	Plant Site
010	Cutler
040	Riviera #1 & #2
041	Riviera Modernization
050	Putnam
061	Putnam Modernization
070	Sanford #3
072	Sanford Repowered #4 & #5
080	Fort Lauderdale
082	Lauderdale Unit 6
090	Florida EnergySecure Pipeline
110	Fort Myers Old #1 & #2
112	Fort Myers Repowered #1 & #2
113	Fort Myers Peaking Units
120	Port Everglades
121	Port Everglades Modernization
130	Cape Canaveral
131	Cape Canaveral Modernization
140	Turkey Point Old
141	Turkey Point #5
143	Turkey Point #3
144	Turkey Point #4
148	Turkey Point Common #6 & #7
150	St. Lucie Common
151	St. Lucie #1
152	St. Lucie #2
160	St. Lucie Wind
170	Manatee #1 and #2
171	Manatee #3
172	Manatee PV Solar
180	Martin #1, #2, #3 & #4
182	Martin #8
185	Martin Gas Pipeline
186	Martin #7
188	Martin Solar Energy Center
190	West County Energy Center #1 & #2
191	West County Energy Center #3
192	Desoto Solar Energy Center
193	NASA Solar Energy Center
194	Okeechobee Site
196	Hendry Site
197	Babcock Ranch Solar
198	Vero Beach
199	Citrus PV Solar
500	SJRPP #1 & #2
501	SJRPP Coal Car
502	SJRPP Switchyard
503	SJRPP Coal Terminal
505	Scherer #4

- **Major Project Designation**
  - A specific project is considered a Major project when the total cost over the life of the project is $10 million or more
  - A Major project should be identified with a Level 1 WBS Element
  - Stratify a Major project into sub-activities using separate Level 3 WBS elements for the following reasons:
    - When a Project comprises individual sub-projects that have individual total life time costs of $10 million or more
    - When the sub-projects have different in-service dates, regardless of their respective sub-project cost
    - To identify demolition or removal costs
    - To identify land held for future use
    - To identify asbestos removal costs
    - When the business unit finds a further breakdown to be a meaningful way to forecast the project
  - Use "Y" to indicate a Major project and "N" if not a major project

- **In Service Date (ISD)**
  - The date a Major project will be completed and go into service
  - ISDs are used for Major projects only; it is not necessary to provide or maintain ISDs for minor projects
  - The ISD is used by the Financial Forecasting Model (FFM), which is a non-SAP system. The FFM uses the ISD to determine when a project's Construction Work In Progress (CWIP) balance should be reclassified to Plant In Service and for initiating Depreciation. The FFM only requires a MM/YYYY ISD format. However, the SAP convention for entering dates is the

MM/DD/YYYY format. To reconcile the formatting differences and to minimize the need to update changes in ISDs the following guidance is provided.

- Creating a new major capital WBS Element
  - Enter the ISD in the format MM/DD/YYYY
  - Always enter the last day of the month that the project will go into service
  - Examples
    - Enter 06/30/YYYY for a June ISD
    - Enter 08/31/YYYY for an August ISD
- Revising the ISD for an existing major capital WBS Element
  - Revise the ISD only when the month or year has changed; it is not necessary to revise the ISD to reflect a change in the day of the month within the same month
  - When revising an ISD, always enter the last day of the month that the project will go into service
  - Examples
    - If the current ISD is 06/15/2016 and the new ISD is 06/30/16, no change is required
    - If the current ISD is 06/15/2016 and the new ISD is 07/15/16, revise the ISD to 07/31/16

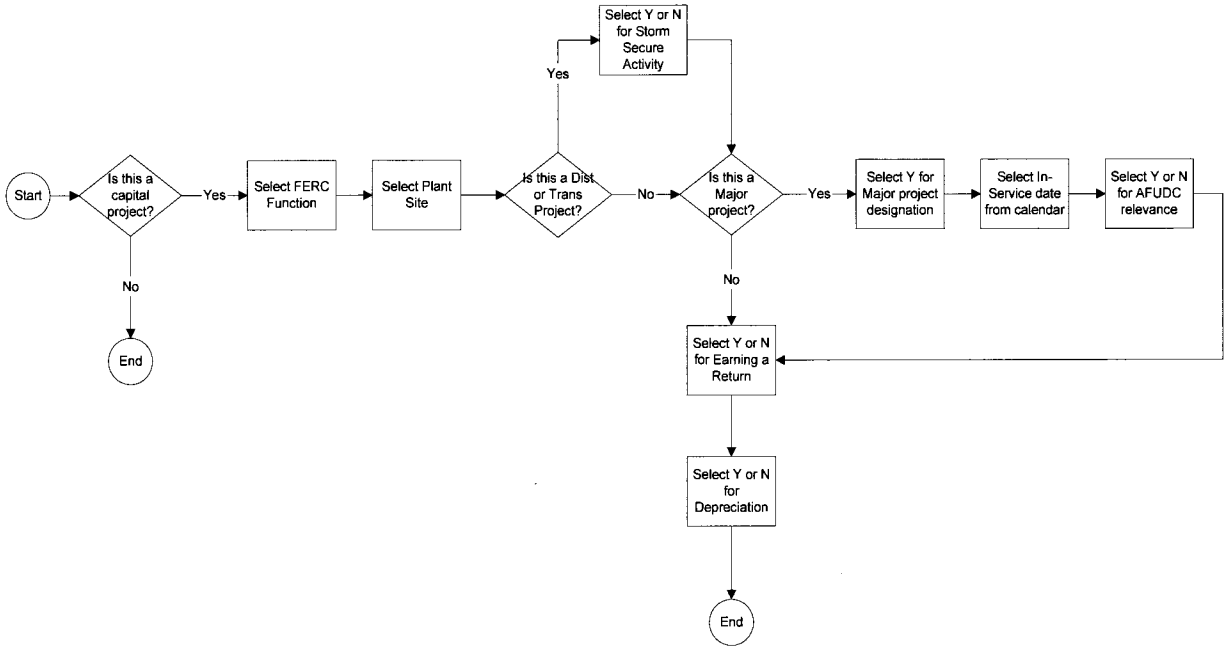
- **AFUDC Relevance**
  - Indicates eligibility for an accounting treatment known as Allowance for Funds Used During Construction
  - Used only for a WBS element designated as a Major Project; check with Accounting to make the determination
  - Enter "Y" if the project is AFUDC relevant and "N" if not

- **Earning a Return**
  - A project is considered earning a return if it meets any of the following requirements
    - Project receives AFUDC
    - Project receives Carrying Charges at AFUDC rate (Extended Power Uprate project only)
    - Project is clause related
    - Project is Automated MeterReading Infrastructure (AMI) related
  - Enter "Y" if the project is earning a return and "N" if not

- **Depreciation Status**
  - Use "Y" if depreciable and "N" if non-depreciable
  - Land is the only capital expenditure that is non-depreciable; land should be in a separate WBS with a code of "N"

- **Storm Secure**
  - Applicable for Power Delivery projects only
  - Enter "Y" if a Storm Secure project and "N" if not

- **Flow Diagram for Assigning Corporate Defined Attributes**
  - The following is a flow diagram to help guide in the set-up of WBS elements and projects using the "Corporate" defined WBS attributes for Capital projects



Special Capital Budgeting Requirements

- **Demolition or Dismantlement Costs for a major project**
  - must be budgeted in a separate level 3 WBS element
  - the words Demolition or Dismantlement must appear in the WBS element name and description
  - must have a level 4 WBS element with FERC Indicator 9904 and 100% of the plan assigned to that WBS element

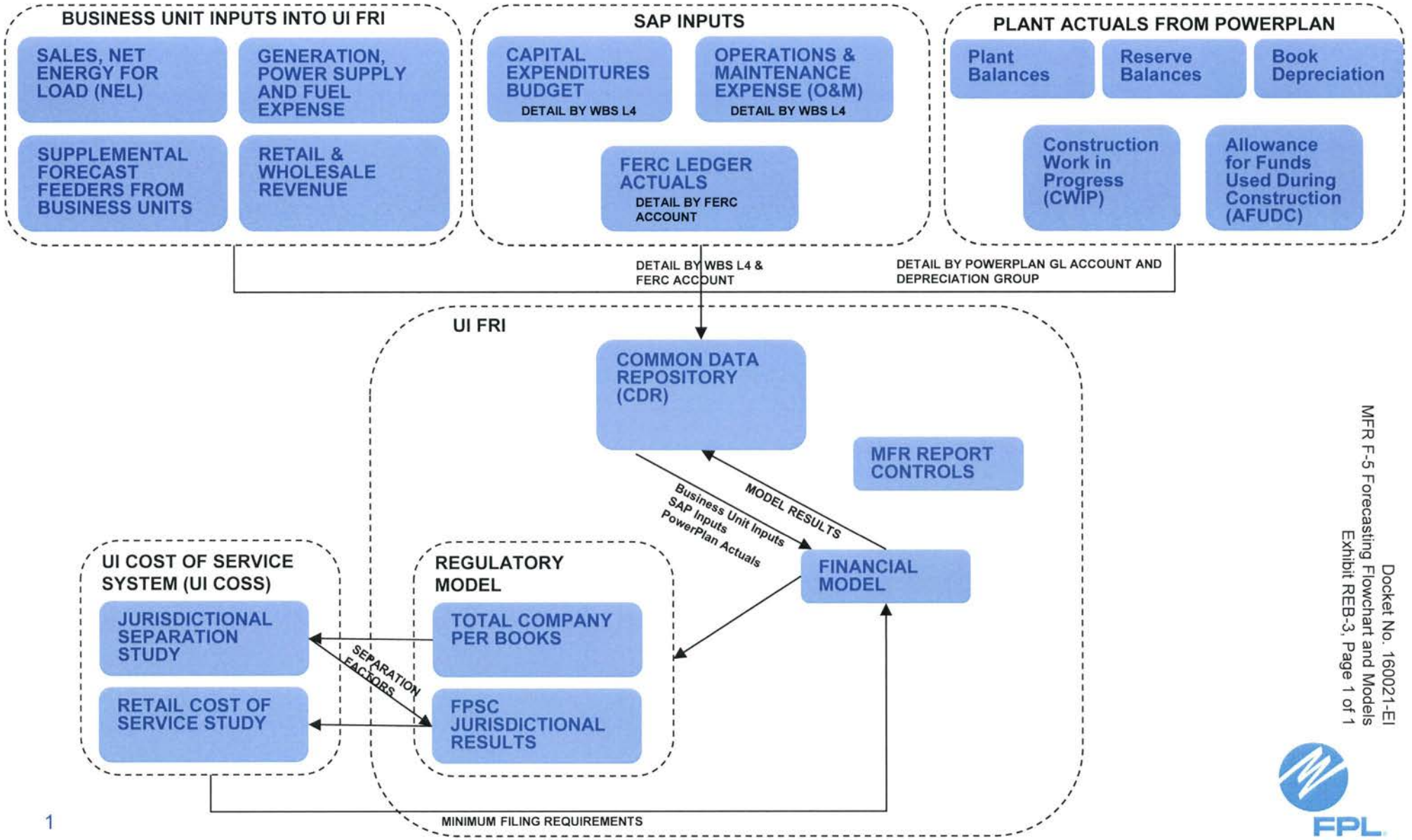
- **Land Held for Future Use**
  - must be budgeted in a separate level 3 WBS element
  - the words Future Use must appear in the WBS element name and description

- **Asbestos Removal Activity**
  - must be budgeted in a separate level 3 WBS element
  - the words Asbestos Removal must appear in the WBS element name and description
  - must have a level 4 WBS element with FERC Indicator 9904 and 100% of the plan assigned to that WBS element
  - Also, see the Accounting Department memo of July 30, 2009 titled "FPL-2016 Asbestos Removal Accounting Process Reference," in the "Reference Material" section of the corporate budgets e-Web page for additional requirements relative to FIN 47 and FASB 143

- **Retirements**
  - Units must submit a list of major project retirements for individual items of property with historical costs of $10 million or more
  - Identify the month and year (2015 through 2020) of retirement
  - If none, submit notification indicating nothing to report

- **Budgeting for Acquisitions**
  - Acquisitions of other operating entities to become part of the existing FPL organization are not always transacted as budgeted Capital assets to be recorded to Construction Work In Progress (CWIP). In some instances acquisitions are recorded directly to Balance Sheet Accounts and will not flow through the Capital Budget
  - If your organization has an initiative/project which falls into this category, please contact Corporate Budgets for guidance on a specific case-by-case basis

FLORIDA POWER & LIGHT COMPANY
FORECASTING PROCESS OVERVIEW



Docket No. 160021-EI
MFR F-5 Forecasting Flowchart and Models
Exhibit REB-3, Page 1 of 1

FPL

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 160021-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
__X__ Projected Test Year Ended 12/31/17
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/__

Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**I. SALES, CUSTOMERS, NET ENERGY FOR LOAD**								
2	**GENERAL ASSUMPTIONS**							**2017**	
3	**A. Population (Florida)**							20,789,909	
4									
5	**B. Florida Real Per Capital Income (Thousands 2009$) Weighted by Percent Employed**							17.6	
6									
7	**C. FPL Service Territory Cooling Degree Hours (Base 72 Degree Temperature)**							1,974	
8									
9	**D. FPL Service Territory Winter Heating Degree Days (Base 66 Degree Temperature)**							257	
10									
11	**E. FPL Service Territory Heating Degree Days (Base 45 Degree Temperature)**							0.65	
12									
13	**F. Energy Efficiency Codes and Standards per Customer (MWH)**							2.56	
14									
15	**G. Electric Price Increase**							7.399	
16									
17	**H. Electric Price Decrease**							-1.482	
18									
19	**I. 2017 Sales by Revenue Class - Most likely (in Million KWH)**								
20									
21		Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
22									
23		57,025	46,363	3,255	488	23	91	107,246	5,988	113,234
24									
25	**J. 2017 Customers by Revenue Class**								
26									
27		Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
28									
29		4,352,668	547,025	13,245	3,882	183	27	4,917,029	7	4,917,036
30									
31	**K. 2017 Net Change in Customers by Revenue Class**								
32									
33		Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [2]
34									
35		63,780	6,806	980	83	-1	0	71,649	-2	71,647
36									
37		[1] Totals may not add-up due to rounding.								
38		[2] average 2017 customers - average 2016 customers.								
39										
40										
41										

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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Type of Data Shown:
_X_ Projected Test Year Ended 12/31/17
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/__

Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No.		(1)	(2)
1	I. L. **Most Likely Forecast of Monthly Net Energy for Load (Million KWH)**		
2			**2017**
3		January	8,847
4		February	7,987
5		March	8,977
6		April	9,246
7		May	10,505
8		June	10,996
9		July	11,751
10		August	11,913
11		September	10,983
12		October	10,298
13		November	8,563
14		December	8,766
15			118,832
16			
17	**M. Most Likely Forecast of System Monthly Peaks (Megawatts)**		
18			**2017**
19		January	21,140
20		February	18,380
21		March	18,324
22		April	19,897
23		May	21,743
24		June	23,202
25		July	23,613
26		August	24,336
27		September	22,794
28		October	21,445
29		November	18,843
30		December	18,103
31			
32	II. **INFLATION RATE FORECAST**		
33		**Most Likely Annual**	
34		**Rates of Change**	
35		**2017**	
36	**A.**	2.5%	**Consumer Price Index (CPI)**
37			The CPI Measures the price change of a constant market basket of goods and services over time.
38			For company purposes it is a useful escalator for determining trends in wage contracts and income
39			payments, excluding construction work.

Supporting Schedules: E-18

E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 160021-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
_X_ Projected Test Year Ended 12/31/17
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/__

Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No. (1) (2) (3)

III. FINANCING AND INTEREST RATE ASSUMPTIONS

General Assumptions

A. Target Capitalization Ratios

During the projected test year, Florida Power & Light Company's investor sources of capitalization is projected to be approximately 59.6% equity and approximately 40.4% debt.

B. Preferred Stock Premium and Underwriting Discount

It is assumed that no preferred stock will be issued.

C. First Mortgage Bond Prices and Underwriting Discount

It is assumed that first mortgage bonds will be issued to the public at par with an underwriting commission of 0.875%.

Interest Rate Assumptions

	2017
D. Long Term Debt	6.16%
Short Term Debt	Although the company maintains several lines of credit, the company forecasts them at zero and therefore has not forecasted a cost rate.
E. Pollution Control Bonds	1.2%
F. Preferred Stock	No preferred stock outstanding.
G. 30-Day Commercial Paper	1.15%

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 160021-EI

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Line No. (1) (2) (3)

IV. IN SERVICE DATES OF MAJOR PROJECTS

A.

BUDGET ITEM #	PROJECT DESCRIPTION	IN SERVICE DATE*	
	Other Production		
Various	DOT 05 Compressor Upgrades	2017	(Multiple Projects with Various In-Service Dates)
UENC.00000083	Okeechobee Energy Center	6/1/2019	
	Nuclear		
UNUC.00000971	Turkey Point U3 LP TURBINE REPLACEMENT	11/30/2018	
UNUC.00000972	Turkey Point U4 LP TURBINE REPLACEMENT	5/31/2019	
	Other		
UGAS.00000001	Gas Reserves	2017-2020	(Multiple Projects with Various In-Service Dates)
	General Plant/Intangible		
UIMS.00000359	Statewide Radio Replacement	12/31/2018	
UIMS.00000516	CIS Renewal Project	12/31/2018	

V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS

A. Nuclear Maintenance Schedules (Including outage period and reason)

Unit	2017 Outage Period	2017 Outage Description
St. Lucie Unit 2	3/6/2017 - 3/31/2017	Refueling
Turkey Point Unit 3	3/27/2017 - 4/26/2017	Refueling
Turkey Point Unit 4	10/2/2017 - 10/27/2017	Refueling

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V. B. Fossil Units Outage Schedule (including outage period and reason)

Line No.	Unit	2017 Outage Start	2017 Outage End	2017 Outage Description
5	Martin 8	1/1/17	1/31/17	A .05 UPGRADE,CONTROLS , HGP , HRSG INSPECTION
6	Martin 8	1/7/17	3/2/17	B .05 UPGRADE,CONTROLS , HGP , HRSG INSPECTION
7	Martin 8	1/7/17	3/17/17	C GENERATOR MAJOR , CONTROLS , HRSG INSPECTION
8	Martin 8	1/7/17	3/17/17	D GENERATOR MAJOR (REWEDGE) , CONTROLS , HRSG INSPECTION
9	Martin 8	1/7/17	3/17/17	GENERATOR MAJOR,STEAM TURBINE VALVES,ACTUATORS, HP,IP,LP, CONTROLS
10	Lauderdale 4	1/21/17	1/24/17	A HRSG INSPECTION
11	Lauderdale 4	1/21/17	1/24/17	B HRSG INSPECTION
12	Lauderdale 4	1/21/17	1/24/17	BALANCE OF PLANT INSPECTION
13	Martin 4	1/21/17	3/15/17	A SUPERHEATER ECONOMIZER REPLACEMENT , .04 MAJOR , GENERATOR MINOR , INLET FILTERS
14	Lauderdale 5	2/4/17	2/12/17	A COMBUSTOR INSPECTION
15	Lauderdale 5	2/4/17	2/17/17	B HGP , HRSG INSPECTION
16	Lauderdale 5	2/4/17	2/7/17	BALANCE OF PLANT INSPECTION
17	St. Johns River Power Park 2	2/18/17	2/20/17	PLAN CHECK
18	West County 3	2/25/17	4/15/17	A CT MAJOR , HRSG INSPECTION
19	Martin 1	3/4/17	3/13/17	PLAN CHECK
20	Manatee 1	3/4/17	3/31/17	MINOR BOILER , GENERATOR INSPECTION
21	Manatee 3	3/4/17	4/27/17	C .05 UPGRADE , GENERATOR MAJOR , REWEDGE , BALANCE OF PLANT INSPECTION
22	St. Johns River Power Park 1	3/4/17	3/4/17	MINOR BOILER
23	Sanford 5	3/4/17	3/10/17	B HRSG INSPECTION
24	Sanford 5	3/4/17	3/10/17	C HRSG INSPECTION
25	Sanford 5	3/4/17	3/10/17	BALANCE OF PLANT INSPECTION
26	Turkey Point 1	3/4/17	4/14/17	SYNCHRONOUS CONDENSER MAINTENANCE
27	West County 3	3/4/17	4/22/17	C CT MAJOR , HRSG INSPECTION
28	West County 3	3/11/17	4/29/17	B CT MAJOR , HRSG INSPECTION
29	West County 3	3/11/17	4/7/17	STEAM TURBINE VALVES , BALANCE OF PLANT INSPECTION
30	Manatee 3	3/18/17	5/11/17	D .05 UPGRADE , GENERATOR MAJOR , REWEDGE, BALANCE OF PLANT INSPECTION
31	Martin 2	3/25/17	4/3/17	PLAN CHECK
32	Manatee 3	3/25/17	5/18/17	A .05 UPGRADE , GENERATOR MAJOR , REWEDGE , BALANCE OF INSPECTION
33	Manatee 3	3/25/17	6/2/17	STEAM TURBINE MAJOR , GENERATOR MAJOR (REWEDGE) , TURBINE VALVES
34	Fort Myers 2	4/1/17	4/7/17	A HRSG INSPECTION
35	Fort Myers 2	4/1/17	4/7/17	B HRSG INSPECTION

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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V. B.

Line No.	(1) Unit	(2) 2017 Outage Start	(3) 2017 Outage End	(4)	(5) 2017 Outage Description
3	Martin 4	4/1/17	4/7/17		B HRSG INSPECTION , INLET FILTERS
4	Martin 4	4/1/17	4/21/17		STEAM TURBINE VALVES , GENERATOR MINOR , BALANCE OF PLANT INSPECTION
5	Fort Myers 2	4/8/17	4/14/17		C HRSG INSPECTION
6	Fort Myers 2	4/8/17	4/14/17		D HRSG INSPECTION
7	Manatee 2	4/8/17	4/17/17		PLAN CHECK
8	Sanford 4	4/8/17	4/14/17		A HRSG INSPECTION
9	Fort Myers 2	4/15/17	4/21/17		E HRSG INSPECTION
10	Fort Myers 2	4/15/17	4/21/17		F HRSG INSPECTION
11	Fort Myers 2	4/15/17	5/12/17		STEAM TURBINE VALVES , BALANCE OF PLANT , GENERATOR MINOR
12	Sanford 4	4/15/17	4/21/17		B HRSG INSPECTION
13	Sanford 4	4/15/17	4/21/17		BALANCE OF PLANT INSPECTION
14	Turkey Point 2	4/15/17	4/28/17		SYNCHRONOUS CONDENSER MAINTENANCE
15	Riviera 5	5/6/17	5/15/17		1 HRSG INSPECTION
16	Riviera 5	5/16/17	5/25/17		2 HRSG INSPECTION
17	Martin 3	5/20/17	5/26/17		A HRSG INSPECTION
18	Martin 3	5/20/17	5/29/17		B CT GENERATOR MINOR , BRUSH , MOV REPLACEMENT
19	Martin 3	5/20/17	5/26/17		BALANCE OF PLANT INSPECTION
20	Manatee 3	5/20/17	7/13/17		B .05 UPGRADE , GENERATOR MAJOR , REWEDGE , BALANCE OF PLANT INSPECTION
21	Sanford 5	5/20/17	7/13/17		D .05 UPGRADE , HRSG INSPECTION
22	Riviera 5	5/22/17	5/31/17		3 HRSG INSPECTION
23	Sanford 5	6/3/17	7/27/17		A .05 UPGRADE , HRSG INSPECTION , GENERATOR MINOR
24	Sanford 4	7/22/17	9/14/17		C .05 UPGRADE , HRSG INSPECTION , GENERATOR MINOR
25	Sanford 4	7/29/17	9/21/17		D .05 UPGRADE , HRSG INSPECTION
26	Cape Canaveral 3	7/31/17	8/21/17		3 HGP,GENERATOR MINOR , HRSG INSPECTION
27	Turkey Point 5	9/9/17	11/2/17		A .05 UPGRADE , RECOAT INLET FILTER HOUSE , HRSG INSPECTION
28	Turkey Point 5	9/23/17	11/16/17		A .05 UPGRADE , RECOAT INLET FILTER HOUSE , HRSG INSPECTION
29	Turkey Point 5	9/30/17	10/9/17		BALANCE OF PLANT
30	Port Everglades 5	10/7/17	10/16/17		1 HRSG INSPECTION
31	Port Everglades 5	10/21/17	10/30/17		2 HRSG INSPECTION
32	Turkey Point 5	10/28/17	12/21/17		C .05 UPGRADE , RECOAT INLET FILTER HOUSE , HRSG INSPECTION
33	Cape Canaveral 3	10/31/17	11/21/17		1 HGP ,GENERATOR MINOR , HRSG INSPECTION
34	Cape Canaveral 3	10/31/17	11/21/17		2 HGP , GENERATOR MINOR , HRSG INSPECTION
35	Port Everglades 5	11/4/17	11/13/17		3 HRSG INSPECTION
36	Turkey Point 5	11/11/17	1/4/18		D .05 UPGRADE , RECOAT INLET FILTER HOUSE , HRSG INSPECTION
37	West County 2	12/2/17	12/9/17		A HRSG INSPECTION
38	West County 2	12/2/17	12/9/17		B HRSG INSPECTION
39	West County 2	12/2/17	12/9/17		C HRSG INSPECTION
40	West County 2	12/2/17	12/9/17		BALANCE OF PLANT INSPECTION

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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DOCKET NO.: 160021-EI

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Line No.	(1)	(2)
1	**VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS**	
2		
3	**A. Contractual Commitments for Scheduled Interchange/Purchased Power**	
4		
5	**1. Unit Power Purchase - St Johns River Power Park**	
6	a. 30% of rated net capacity of each unit is considered purchased power.	
7		
8	b. All energy scheduled by FPL in excess of 20% (FPL owned generation) is considered	
9	purchased energy.	
10		
11	c. Capacity costs are recovered through the CCRC and base rates. Energy costs are recovered	
12	through the FCRC.	
13		
14	**2. Power Sold and Economy Energy Purchases (Schedule "OS")**	
15	a. Schedule OS sales are based upon projected market prices and expected available	
16	generation relative to FPL's projected incremental cost of sales (generation and	
17	transmission).	
18	b. Schedule OS purchases are based upon FPL's projected incremental generation cost	
19	relative to projected market prices plus incremental costs and transmission costs.	
20	c. Energy & transmission costs of OS purchases are recovered through the FCRC. For OS	
21	sales, the FCRC is credited for incremental generation cost, the CCRC is credited for FPL	
22	transmission costs incurred to make the sale, Base is credited for the incremental costs of running	
23	gas turbines, if applicable, and the FCRC is credited for the gain on a sale.	
24		
25		
26		
27		

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

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Line No.			(1)	(2)	(3)	(4)
1	VI	**3.**	**Interchange related to St Lucie Unit 2 Reliability Exchange agreement**			
2			a. Based on GenTrader projection for PSL 1 and PSL 2 output as applied to the contract formula.			
3						
4		**4.**	**Schedule of New and Expiring Interchange/Purchase Power Contracts for the period**			
5			None			
6						
7		**5.**	**Purchased Power from Qualifying Facilities:**			
8			a. Firm		Capacity (MW)	Energy (MWH)
9				2017	334	704,770
10				2018	334	1,112,343
11			b. As Available			
12				2017	n/a	417,620
13				2018	n/a	417,620
14						
15		**6.**	**Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2017)**			
16			**a. Sales:**	FPL's load forecast includes projected wholesale sales served under full and partial requirements contracts that provide other utilities all or a portion of their load		
17				requirements at a level of service equivalent to the Company's own native load customers. The wholesale requirements contracts included in the 2017 load forecast		
18				with their annual peak contributions are:		
19				Florida Keys Electric Cooperative Association, Inc.: 156 MW		
20				Lee County Electric Cooperative, Inc.: 783 MW		
21				Seminole Electric Cooperative , Inc: 200 MW		
22				New Smyrna Beach: 45 MW		
23				City of Winter Park: 60 MW		
24				City of Quincy: 19 MW		
25				City of Homestead: 21 MW		
26						
27			**b. Purchases:**	Solid Waste Authority of Palm Beach County capacity and energy 40 MW (1/1/2017 to 12/31/2018)		
28				Solid Waste Authority of Palm Beach County capacity and energy 70 MW (1/1/2017 to 12/31/2018)		
29						

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

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Line No.	(1)	(2)	(3)
1	**VII.**	**FUEL ASSUMPTIONS**	
2	**A.**	**Fuel Related Assumptions**	
3	**1.**	**Fossil Fuel**	
4		The fuel price forecast for light and heavy fuel oil, natural gas, coal,	
5		and petroleum coke, and the projection for the availability of natural gas	
6		to the FPL system for 2017 and 2018 was issued on January 4, 2016.	
7		This forecast was used as input into the GenTrader production	
8		costing model for development of forecasted information.	
9			
10	**2.**	**Nuclear Fuel**	
11		The Nuclear Fuel Forecast model was used to project fuel costs. The 2016 Fuel Cost Projections used in the impending rate case filing	
12		are consistent with the Approved Operating Schedule dated August 12, 2015.	
13			
14	**VIII.**	**OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS**	
15	**A.**	**INFLATION RATE FORECAST**	
16			
17		**See Section II. Inflation Rate Forecast**	
18			
19	**B.**	**PAY PROGRAMS**	
20	**1.**	**Merit Pay Program Increases 2017**	
21		3%	
22			
23			
24			
25			
26			

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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Line No.	(1)	(2)	(3)
1	**IX. OTHER ASSUMPTIONS**		
2	**A. Amount of CWIP and NFIP in Rate Base - FPSC**		
3	1. CWIP: All Construction Work in Progress (CWIP) which does not meet the criteria for the accrual of Allowance for Funds Used During Construction (AFUDC)		
4	are included in CWIP for rate base in accordance with Rule No. 25-6.0141, Florida Administrative Code.		
5	2. NFIP: All Nuclear Fuel in Process is included in rate base.		
6			
7	**B. Amount of CWIP and NFIP in Rate Base - FERC**		
8	1. CWIP: None.		
9	2. NFIP: None.		
10			
11	**C. AFUDC Rates for Capital Expenditures (FPSC and FERC)**		
12	FPL's current AFUDC rate is 6.34% as approved by the Florida Public Service Commission in Order No. PSC-14-0193-PAA-EI, in Docket No. 140035-EI issued on April 24, 2014.		
13			
14	**D. AFUDC Debt/Equity Split - FPSC and FERC**		
15		FPSC Ratio	FERC Ratio
16	1. Debt %	23.3544	23.3544
17	2. Equity %	76.6456	76.6456
18			
19	**IX. E. Depreciation Rates**		
20	1. For the 2017 Test Year, depreciation expense is based on depreciation rates approved by the Florida Public Service Commission in Docket Nos. 080677-EI / 090130-EI, Order No. PSC-10-0153-FOF-EI issued on		
21	March 17, 2010. The 2012 Rate Settlement approved by the Florida Public Service Commission in Docket No. 120015-EI, Order No. PSC-13-0023-S-EI issued on January 14, 2013, did not require the filing of a		
22	depreciation study during the settlement term ending December 31, 2016.		
23	2. The Company has filed its current depreciation study in accordance with Rule No. 25-6.0436, Florida Administrative Code.		
24	3. The Company is requesting a company adjustment to its 2017 Test Year results to reflect the final outcome of the FPSC's review and approval of its recently filed depreciation study.		
25	4. For the 2017 Test Year, FPL included an accrual of $18,468,387 for the Dismantlement of Fossil-Fueled and Solar Generating Stations. This annual amount was approved by the Florida Public Service Commission		
26	in Docket Nos. 080677-EI / 090130-EI, Order No. PSC-10-0153-FOF-EI issued on March 17, 2010. The 2012 Rate Settlement approved by the Florida Public Service Commission in Docket No. 120015-EI,		
27	Order No. PSC-13-0023-S-EI, issued on January 14, 2013, did not require the filing of a dismantlement study during the settlement term ending December 31, 2016.		
28	5. The Company has filed its current dismantlement study in accordance with Rule 25-6.04364, Florida Administrative Code.		
29	6. The Company is requesting a company adjustment to its 2017 Test Year results to reflect the final outcome of the FPSC's review and approval of its recently filed dismantlement study.		
30			

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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Line No.	(1)	(2)	(3)	(4)
1	IX. F. **Total Line Losses**		**2017**	**of Net Energy for Load**
2			**4.74%**	
3				
4	G. **Company Usage**		**2017**	**of Net Energy for Load**
5			**0.11%**	
6	H.	35%	**FEDERAL INCOME TAX RATE (REGULAR)**	
7				
8	I.	5.5%	**FLORIDA STATE INCOME TAX RATE**	
9		6.0%	**OKLAHOMA STATE INCOME TAX RATE**	
10				
11	J.	0.00072	**REGULATORY ASSESSMENT FEE RATE (FPSC)**	
12			Per Rule 25-6.0131,"Investor Owned Electric Company Regulatory Assessment Fee" in the Florida Administrative Code.	
13				
14	K.	2.50%	**GROSS RECEIPTS TAX RATE**	
15			Provided as a pass through to customers as provided in Florida Statute Chapter 203.	
16				
17	L.		**FRANCHISE FEE RATE**	
18		4.68%	**2015**	
19		4.65%	**2016**	
20		4.63%	**2017**	
21				
22			**Percentage represents composite rate.**	
23	M. **PRIOR YEAR**			
24			Year 2016 Forecast	
25				
26	N. **TEST YEAR**			
27			Year 2017 Forecast	
28				
29				

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

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Line No.	(1)	(2)
1	**O.**	**HISTORICAL YEAR**
2		Year 2015
3		
4	**P.**	**LAST MONTH OF HISTORICAL DATA**
5		September 2015
6		
7	**Q.**	**MILLAGE RATE FOR PROPERTY TAXES**
8		The overall millage rate used for historical, prior and test year are as follows:
9		2015 1.813%
10		2016 1.813%
11		2017 1.813%
12		
13	**R.**	**STATUTORY SALES TAX RATE**
14		6.00% Is the statutory sales tax rate. This may be coupled with a sur-tax that is levied by the County from 1/2% up to 1 1/2%.
15		6.079% is the blended forecasted rate, based on 2015 actual payments.
16		
17	**S.**	**FEDERAL AND STATE UNEMPLOYMENT TAX RATES**
18		0.6% FUTA on the first $7,000 of wage base per employee
19		1.05% SUTA on the first $7,000 of wage base per employee
20		
21	**T.**	**FICA TAX RATES**
22		6.2% Social Security Tax on $118,500 wage base
23		1.45% Medicare tax on wage base up to $200,000; 2.35% Medicare tax on wage base > $200,000
24		
25		
26		
27		
28		

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/__
__X__ Proj. Subsequent Yr Ended 12/31/18

Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**I. SALES, CUSTOMERS, NET ENERGY FOR LOAD**								
2	**GENERAL ASSUMPTIONS**							**2018**	
3	**A. Population (Florida)**							21,084,790	
4									
5	**B. Florida Real Per Capital Income (Thousands 2009$) Weighted by Percent Employed**							18.0	
6									
7	**C. FPL Service Territory Cooling Degree Hours (Base 72 Degree Temperature)**							1,974	
8									
9	**D. FPL Service Territory Winter Heating Degree Days (Base 66 Degree Temperature)**							257	
10									
11	**E. FPL Service Territory Heating Degree Days (Base 45 Degree Temperature)**							0.65	
12									
13	**F. Energy Efficiency Codes and Standards per Customer (MWH)**							2.76	
14									
15	**G. Electric Price Increase**							7.583	
16									
17	**H. Electric Price Decrease**							-1.610	
18									
19	**I. 2018 Sales by Revenue Class - Most likely (in Million KWH)**								
20									
21		Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
22									
23		57,392	46,534	3,319	499	23	91	107,859	6,013	113,872
24									
25	**J. 2018 Customers by Revenue Class**								
26									
27		Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
28									
29		4,418,320	553,530	13,860	3,964	182	27	4,989,883	6	4,989,889
30									
31	**K. 2018 Net Change in Customers by Revenue Class**								
32									
33		Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [2]
34									
35		65,652	6,505	614	82	-1	0	72,853	-1	72,852
36									
37	[1] Totals may not add-up due to rounding.									
38	[2] average 2018 customers - average 2017 customers.									
39										
40										
41										

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 160021-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

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Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No.		(1)	(2)
1	I. L.	**Most Likely Forecast of Monthly Net Energy for Load (Million KWH)**	
2			**2018**
3		January	8,871
4		February	8,018
5		March	9,036
6		April	9,320
7		May	10,579
8		June	11,067
9		July	11,819
10		August	11,982
11		September	11,045
12		October	10,363
13		November	8,626
14		December	8,837
15			119,563
16	M.	**Most Likely Forecast of System Monthly Peaks (Megawatts)**	
17			**2018**
18		January	21,358
19		February	18,584
20		March	18,527
21		April	20,118
22		May	21,984
23		June	23,460
24		July	23,875
25		August	24,606
26		September	23,047
27		October	21,683
28		November	19,053
29		December	18,304
30			
31	II.	**INFLATION RATE FORECAST**	
32		**Most Likely Annual**	
33		**Rates of Change**	
34		**2018**	
35	A.	2.6%	**Consumer Price Index (CPI)**
36			The CPI Measures the price change of a constant market basket of goods and services over time.
37			For company purposes it is a useful escalator for determining trends in wage contracts and income
38			payments, excluding construction work.
39			

Supporting Schedules: E-18 E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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Line No. (1) (2) (3)

III. FINANCING AND INTEREST RATE ASSUMPTIONS

General Assumptions

A. Target Capitalization Ratios

During the projected test year, Florida Power & Light Company's investor sources of capitalization is projected to be approximately 59.6% equity and approximately 40.4% debt.

B. Preferred Stock Premium and Underwriting Discount

It is assumed that no preferred stock will be issued.

C. First Mortgage Bond Prices and Underwriting Discount

It is assumed that first mortgage bonds will be issued to the public at par with an underwriting commission of 0.875%.

Interest Rate Assumptions

	2018
D. Long Term Debt	6.5%
Short Term Debt	Although the company maintains several lines of credit, the company forecasts them at zero and therefore has not forecasted a cost rate.
E. Pollution Control Bonds	1.7%
F. Preferred Stock	No preferred stock outstanding.
G. 30-Day Commercial Paper	1.6%

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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Line No. (1) (2) (3)

IV. IN SERVICE DATES OF MAJOR PROJECTS

A. BUDGET

ITEM #	PROJECT DESCRIPTION	IN SERVICE DATE*	
	Other Production		
UENC.00000083	Okeechobee Energy Center	6/1/2019	
	Nuclear		
UNUC.00000971	Turkey Point U3 LP TURBINE REPLACEMENT	11/30/2018	
UNUC.00000972	Turkey Point U4 LP TURBINE REPLACEMENT	5/31/2019	
	Other		
UGAS.00000001	Gas Reserves	2018-2020	(Multiple Projects with Various In-Service Dates)
	General Plant/Intangible		
UIMS.00000359	Statewide Radio Replacement	12/31/2018	
UIMS.00000516	CIS Renewal Project	12/31/2018	

V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS

A. Nuclear Maintenance Schedules (Including outage period and reason)

Unit	2018 Outage Period	2018 Outage Description
St. Lucie Unit 1	3/26/2018 - 4/20/2018	Refueling
St. Lucie Unit 2	9/3/2018 - 9/28/2018	Refueling
Turkey Point Unit 3	10/1/2018 - 10/26/2018	Refueling

B. Fossil Units Outage Schedule (including outage period and reason)

Unit	2018 Outage Start	2018 Outage End	2018 Outage Description
Turkey Point 5	1/1/18	1/4/18	D .05 UPGRADE , RECOAT INLET FILTER HOUSE , HRSG INSPECTION
Martin 8	1/6/18	1/12/18	A HRSG INSPECTION
Martin 8	1/20/18	1/26/18	B HRSG INSPECTION , GENERATOR INSPECTION
Martin 8	2/3/18	2/9/18	C HRSG INSPECTION
Turkey Point	2/3/18	2/16/18	SYNCHRONOUS CONDENSER MAINTENANCE
Scherer 4	2/10/18	3/16/18	MAJOR BOILER
Sanford 5	2/10/18	2/16/18	A HRSG INSPECTION
Sanford 5	2/10/18	3/9/18	STEAM TURBINE VALVES , BALANCE OF PLANT INSPECTION , GENERATOR MINOR
Martin 8	2/17/18	2/23/18	D HRSG INSPECTION
St. Johns River Power Park 2	2/17/18	3/23/18	NSTALL NOX REDUCTION TIE INS BOILER, FLUE GAS DESULFURIZATION BOILER FEED PUMP TURI
Sanford 5	2/17/18	3/2/18	D HRSG INSPECTION , INLET FILTER
Martin 3	2/24/18	3/2/18	A HRSG INSPECTION
Martin 3	2/24/18	3/2/18	B HRSG INSPECTION
Martin	2/24/18	3/2/18	BALANCE OF PLANT INSPECTION

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 160021-EI

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Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

V. B. Fossil Units Outage Schedule (including outage period and reason)

Line No.	Unit	2018 Outage Start	2018 Outage End	2018 Outage Description
5	St. Johns River Power Park 1	2/24/18	3/3/18	PLAN CHECK
6	Fort Myers 2	3/3/18	3/9/18	F HRSG INSPECTION
7	Martin 1	3/3/18	3/30/18	WYE REPLACEMENT, CHEMICAL CLEAN, TURBINE VALVES
8	Manatee 3	3/3/18	3/9/18	A HRSG INSPECTION
9	Manatee 3	3/3/18	3/9/18	B HRSG INSPECTION
10	Manatee 3	3/3/18	3/9/18	BALANCE OF PLANT INSPECTION
11	Turkey Point 2	3/3/18	3/16/18	SYNCHRONOUS CONDENSER MAINTENANCE
12	Turkey Point 5	3/3/18	3/9/18	A HRSG INSPECTION
13	Turkey Point 5	3/3/18	3/9/18	B HRSG INSPECTION
14	West County 1	3/3/18	3/28/18	A HGP, GENERATOR MINOR , HRSG INSPECTION
15	Manatee 1	3/10/18	3/19/18	PLAN CHECK
16	Manatee 3	3/10/18	3/16/18	C HRSG INSPECTION
17	Manatee 3	3/10/18	3/16/18	D HRSG INSPECTION
18	Turkey Point	3/10/18	3/16/18	C HRSG INSPECTION
19	Turkey Point	3/10/18	3/14/18	BALANCE OF PLANT INSPECTION
20	West County 1	3/10/18	4/4/18	B HGP , GENERATOR MINOR , HRSG INSPECTION
21	West County 1	3/17/18	4/11/18	C HGP , GENERATOR MINOR , HRSG INSPECTION
22	West County 1	3/17/18	3/28/18	BALANCE OF PLANT
23	Fort Myers 2	4/7/18	4/13/18	B HRSG INSPECTION
24	Fort Myers 2	4/7/18	4/13/18	BALANCE OF PLANT INSPECTION
25	Martin 2	4/7/18	5/4/18	FAN COMPRESSOR, AIR PREHEATER, EXPANSION JOINT , BOILER FEED PUMP TURBINE VALVES
26	Sanford 4	4/7/18	4/13/18	C HRSG INSPECTION
27	Lauderdale 4	4/14/18	4/27/18	A HGP , HRSG INSPECTION
28	Lauderdale 4	4/14/18	4/17/18	B HRSG INSPECTION
29	Lauderdale 4	4/14/18	6/4/18	BALANCE OF PLANT MAJOR , VALVE , ACTUAL
30	Fort Myers 2	4/14/18	4/20/18	C HRSG INSPECTION
31	Fort Myers 2	4/14/18	4/20/18	C HRSG INSPECTION
32	Martin 4	4/14/18	4/20/18	A HRSG INSPECTION
33	Martin 4	4/14/18	4/20/18	B HRSG INSPECTION
34	Martin 4	4/14/18	4/20/18	BALANCE OF PLANT INSPECTION
35	Manatee 2	4/14/18	6/22/18	MINOR BOILER , HIGH PRESSURE , MINOR GENERATOR MOTORS
36	Sanford 5	4/14/18	4/27/18	B INLET FILTER , HRSG INSPECTION
37	Sanford 4	5/12/18	5/25/18	B HGP , EXCITER , HRSG INSPECTION
38	Sanford 4	5/12/18	5/18/18	BALANCE OF PLANT
38	Port Everglades 5	5/19/18	5/28/18	1 HRSG INSPECTION
39	Port Everglades 5	5/29/18	6/7/18	2 HRSG INSPECTION
39	Port Everglades 5	6/8/18	6/17/18	3 HRSG INSPECTION
40	Sanford 4	6/16/18	6/29/18	A HGP , GENERATOR MINOR , HRSG INSPECTION
41	Fort Myers 2	7/7/18	7/13/18	E HRSG INSPECTION
42	Fort Myers 2	7/14/18	7/20/18	A HRSG INSPECTION

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No.	(1)	(2)	(3)	(4)	(5)
1	V. B.	2018	2018		2018
2	Unit	Outage Start	Outage End		Outage Description
3	Riviera 5	9/29/18	10/20/18		1 HGP, HRSG INSPECTION
4	Riviera 5	9/29/18	10/20/18		2 HGP, HRSG INSPECTION
5	Riviera 5	9/29/18	10/20/18		3 HGP, HRSG INSPECTION
6	Cape Canaveral 3	10/1/18	10/10/18		1 HRSG INSPECTION
7	Cape Canaveral 3	10/10/18	10/19/18		2 HRSG INSPECTHRSG INSPECTION
8	Sanford 4	10/13/18	10/26/18		D HGP , GENERATOR MINOR , HRSG INSPECTION
9	Cape Canaveral 3	10/18/18	10/27/18		3 HRSG INSPECTION
10	Lauderdale 5	10/20/18	11/2/18		A HGP , HRSG INSPECTION
11	Lauderdale 5	10/20/18	10/28/18		B COMBUSTOR INSPECTION , HRSG INSPECTION
12	Lauderdale 5	10/20/18	10/23/18		RELIABILITY OUTAGE
13	Sanford 5	11/3/18	11/16/18		C HGP , INLET FILTER , HRSG INSPECTION
14	West County 3	11/3/18	11/10/18		A HRSG INSPECTION
15	West County 3	11/3/18	11/10/18		B HRSG INSPECTION
16	West County 3	11/3/18	11/10/18		C HRSG INSPECTION
17	West County 3	11/3/18	11/10/18		BALANCE OF PLANT INSPECTION
18					
19	**VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS**				
20					
21	**1. Unit Power Purchase - St Johns River Power Park**				
22	a. 30% of rated net capacity of each unit is considered purchased power.				
23					
24	b. All energy scheduled by FPL in excess of 20% (FPL owned generation) is considered				
25	purchased energy.				
26					
27	c. Capacity costs are recovered through the CCRC and base rates. Energy costs are recovered				
28	through the FCRC.				
29					
30	**2. Power Sold and Economy Energy Purchases (Schedule "OS")**				
31	a. Schedule OS sales are based upon projected market prices and expected available				
32	generation relative to FPL's projected incremental cost of sales (generation and				
33	transmission).				
34	b. Schedule OS purchases are based upon FPL's projected incremental generation cost				
35	relative to projected market prices plus incremental costs and transmission costs.				
36	c. Energy & transmission costs of OS purchases are recovered through the FCRC. For OS				
37	sales, the FCRC is credited for incremental generation cost, the CCRC is credited for FPL				
38	transmission costs incurred to make the sale, Base is credited for the incremental costs of running				
39	gas turbines, if applicable, and the FCRC is credited for the gain on a sale.				
40					
41					
42					

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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Line No.			(1)	(2)	
1	VI	**3. Interchange related to St Lucie Unit 2 Reliability Exchange agreement**			
2		a. Based on GenTrader projection for PSL 1 and PSL 2 output as applied to the contract formula.			
3					
4		**4. Schedule of New and Expiring Interchange/Purchase Power Contracts for the period**			
5		None			
6					
7		**5. Purchased Power from Qualifying Facilities:**			
8		a. Firm		Capacity (MW)	Energy (MWH)
9			2018	334	1,112,343
10					
11		b. As Available			
12			2018	n/a	417,620
13					
14					
15		**6. Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2018)**			
16		**a. Sales:**	FPL's load forecast includes projected wholesale sales served under full and partial requirements contracts that provide other utilities all or a portion of their load		
17			requirements at a level of service equivalent to the Company's own native load customers. The wholesale requirements contracts included in the 2018 load forecast		
18			with their annual peak contributions are:		
19			Florida Keys Electric Cooperative Association, Inc.: 157 MW		
20			Lee County Electric Cooperative, Inc.: 788 MW		
21			Seminole Electric Cooperative , Inc: 200 MW		
22			City of Winter Park: 60 MW		
23			City of Quincy: 19 MW		
24			City of Homestead: 24 MW		
25					
22		**b. Purchases:**	Solid Waste Authority of Palm Beach County capacity and energy 40 MW (1/1/2018 to 12/31/2018)		
23			Solid Waste Authority of Palm Beach County capacity and energy 70 MW (1/1/2018 to 12/31/2018)		
24					
25					
26					
27					
28					
29					
30					

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

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Line No.	(1)	(2)	(3)	(4)
1	**VII. FUEL ASSUMPTIONS**			
2	**A. Fuel Related Assumptions**			
3	**1. Fossil Fuel**			
4	The fuel price forecast for light and heavy fuel oil, natural gas, coal,			
5	and petroleum coke, and the projection for the availability of natural gas			
6	to the FPL system for 2017 and 2018 was issued on January 4, 2016.			
7	This forecast was used as input into the GenTrader production			
8	costing model for development of forecasted information.			
9	**2. Nuclear Fuel**			
10	The Nuclear Fuel Forecast model was used to project fuel costs. The 2016 Fuel Cost Projections used in the impending rate case filing			
11	are consistent with the Approved Operating Schedule dated August 12, 2015.			
12				
13	**VIII. OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS**			
14	**A. INFLATION RATE FORECAST**			
15				
16	**See Section II. Inflation Rate Forecast**			
17				
18	**B. PAY PROGRAMS**			
19	**1. Merit Pay Program Increases 2018**			
20	3%			
21				
22	**IX. OTHER ASSUMPTIONS**			
23	**A. Amount of CWIP and NFIP in Rate Base - FPSC**			
24	1. CWIP: All Construction Work in Progress (CWIP) which does not meet the criteria for the accrual of Allowance for Funds Used During Construction (AFUDC)			
25	are included in CWIP for rate base in accordance with Rule No. 25-6.0141, Florida Administrative Code.			
26	2. NFIP: All Nuclear Fuel in Process is included in rate base.			
27				
28				
29				

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

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Line No.	(1)	(2)	(3)
1	**IX. OTHER ASSUMPTIONS**		
2	**B. Amount of CWIP and NFIP in Rate Base - FERC**		
3	1. CWIP: None.		
4	2. NFIP: None.		
5			
6	**C. AFUDC Rates for Capital Expenditures (FPSC and FERC)**		
7	FPL's current AFUDC rate is 6.34% as approved by the Florida Public Service Commission in Order No. PSC-14-0193-PAA-EI, in Docket No. 140035-EI issued on April 24, 2014.		
8			
9	**D. AFUDC Debt/Equity Split - FPSC and FERC**		
10		FPSC Ratio	FERC Ratio
11	1. Debt %	23.3544	23.3544
12	2. Equity %	76.6456	76.6456
13			
14	**E. Depreciation Rates**		
15	1. For the 2018 Subsequent Year, depreciation expense is based on depreciation rates approved by the Florida Public Service Commission in Docket Nos. 080677-EI / 090130-EI,		
16	Order No. PSC-10-0153-FOF-EI issued on March 17, 2010. The 2012 Rate Settlement approved by the Florida Public Service Commission in Docket No. 120015-EI, Order No. PSC-13-0023-S-EI		
17	issued on January 14, 2013, did not require the filing of a depreciation study during the settlement term ending December 31, 2016.		
18	2. The Company has filed its current depreciation study in accordance with Rule No. 25-6.0436, Florida Administrative Code.		
19	3. The Company is requesting a company adjustment to its 2018 Subsequent Year results to reflect the final outcome of the FPSC's review and approval of its recently filed depreciation study.		
20	4. For the 2018 Subsequent Year, FPL included an accrual of $18,468,387 for the Dismantlement of Fossil-Fueled and Solar Generating Stations. This annual amount was approved by		
21	the Florida Public Service Commission in Docket Nos. 080677-EI / 090130-EI, Order No. PSC-10-0153-FOF-EI issued on March 17, 2010. The 2012 Rate Settlement approved by the		
22	Florida Public Service Commission in Docket No. 120015-EI, Order No. PSC-13-0023-S-EI issued on January 14, 2013, did not require the filing of a dismantlement study during the		
23	settlement term ending December 31, 2016.		
24	5. The Company has filed its current dismantlement study in accordance with Rule 25-6.04364, Florida Administrative Code.		
25	6. The Company is requesting a company adjustment to its 2018 Subsequent Year results to reflect the final outcome of the FPSC's review and approval of its recently filed dismantlement study.		
26			

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No.	(1)	(2)	(3)	
1	IX. F.	**Total Line Losses**	**2018**	**of Net Energy for Load**
2			**4.73%**	
3				
4	G.	**Company Usage**	**2018**	**of Net Energy for Load**
5			**0.11%**	
6	H.	35%	**FEDERAL INCOME TAX RATE (REGULAR)**	
7				
8	I.	5.5%	**FLORIDA STATE INCOME TAX RATE**	
9		6.0%	**OKLAHOMA STATE INCOME TAX RATE**	
10				
11	J.	0.00072	**REGULATORY ASSESSMENT FEE RATE (FPSC)**	
12			Per Rule 25-6.0131,"Investor Owned Electric Company Regulatory Assessment Fee" in the Florida Administrative Code.	
13				
14	K.	2.50%	**GROSS RECEIPTS TAX RATE**	
15			Provided as a pass through to customers as provided in Florida Statute Chapter 203.	
16				
17	L.		**FRANCHISE FEE RATE**	
18		4.65%	**2018**	
19				
20			**Percentage represents composite rate.**	
21				
22	M.	**PRIOR YEAR**		
23			Year 2016 Forecast	
24				
25	N.	**TEST YEAR**		
26			Year 2017 Forecast	
27				
28				

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 160021-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
____Projected Test Year Ended ___/___/___
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/__
__X__ Proj. Subsequent Yr Ended 12/31/18
Witness: Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, Roxane R. Kennedy, Mitchell Goldstein

Line No.	(1)	(2)	(3)	(4)
1	IX. O.	**SUBSEQUENT YEAR**		
2		Year 2018		
3				
4	P.	**HISTORICAL YEAR**		
5		Year 2015		
6				
7	Q.	**LAST MONTH OF HISTORICAL DATA**		
8		September 2015		
9				
10		**MILLAGE RATE FOR PROPERTY TAXES**		
11	R.	The overall millage rate used for subsequent year is as follows:		
12		2018	1.827%	
13				
14		**STATUTORY SALES TAX RATE**		
15	S.	6.00% Is the statutory sales tax rate. This may be coupled with a sur-tax that is levied by the County from 1/2% up to 1 1/2%.		
16		6.079% is the blended forecasted rate, based on 2015 actual payments.		
17				
18		**FEDERAL AND STATE UNEMPLOYMENT TAX RATES**		
19	T.	0.6% FUTA on the first $7,000 of wage base per employee		
20		1.05% SUTA on the first $7,000 of wage base per employee		
21				
22	U.	**FICA TAX RATES**		
23		6.2% Social Security Tax on $118,500 wage base		
24		1.45% Medicare tax on wage base up to $200,000; 2.35% Medicare tax on wage base > $200,000		
25				
26				
27				
28				
29				

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

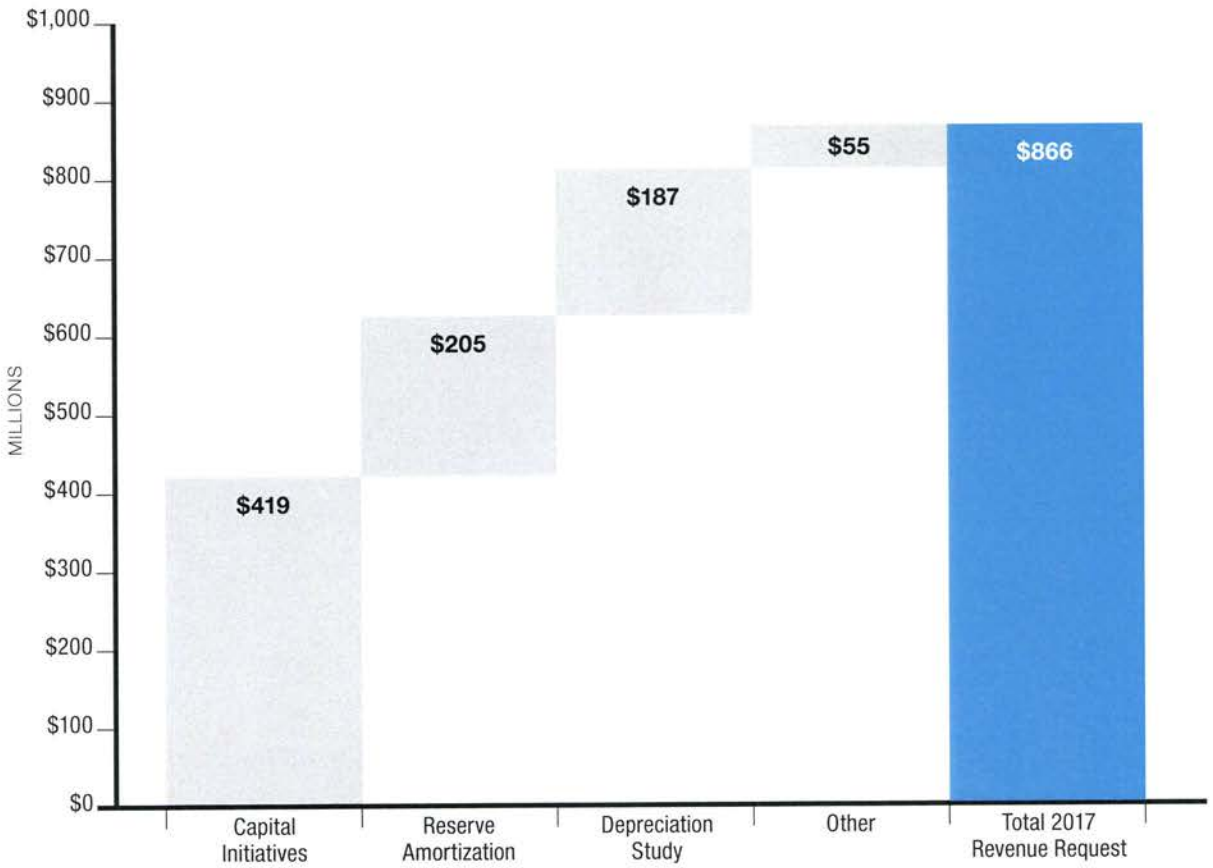
	Plan Net Income ($ millions)	Actual Net Income[1] ($ millions)	Percent Change
2013	1,349	1,349	0.0%
2014	1,500	1,517	1.1%
2015	1,641	1,648	0.4%
Average 2013-2015			**0.5%**

(1) Source: NextEra Energy, Inc. Form 10-K

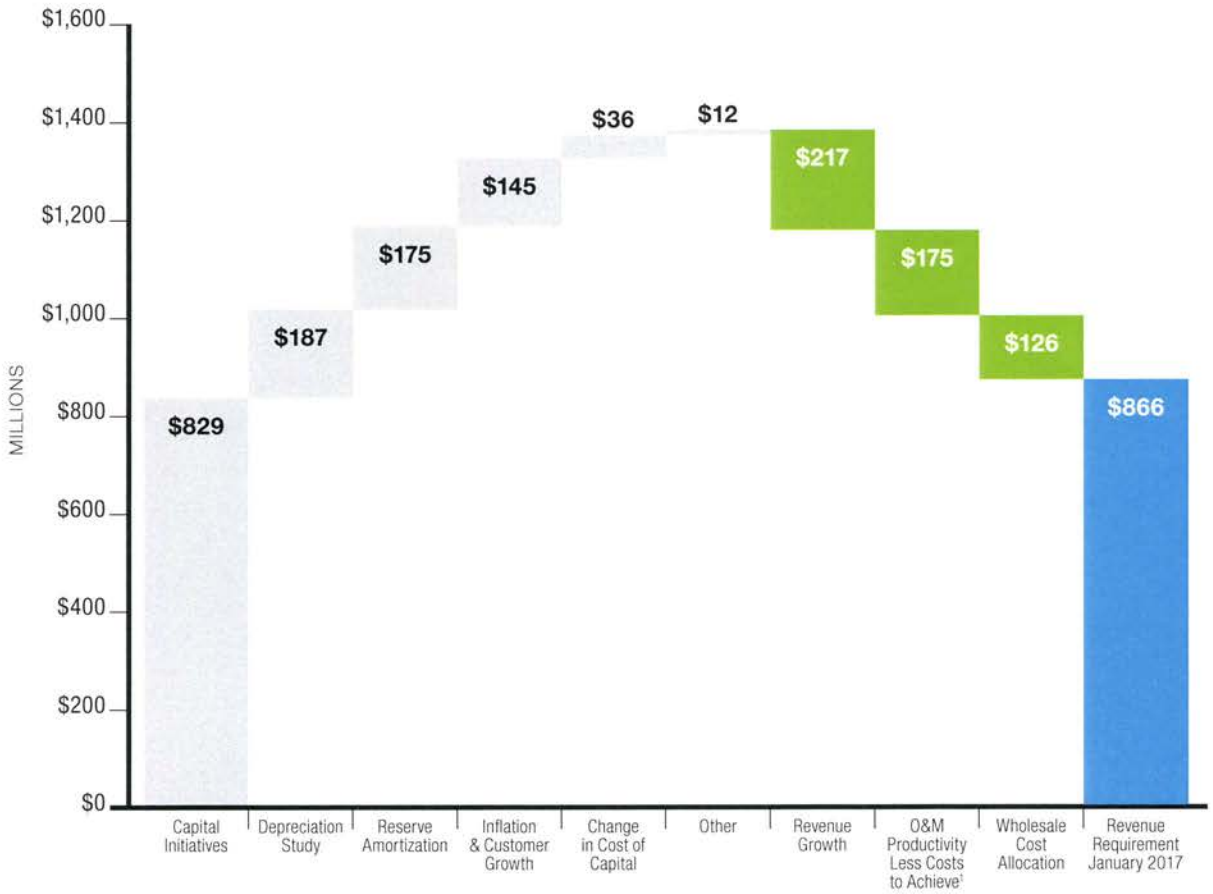
Actual Net Income ($ millions)	2013	2014	2015
Weather Related Incremental Revenue (pre-tax)	$ (15)	$ (22)	$ 220
Reserve Amortization Utilized (pre-tax)	155	(33)	(109) [1]
Tax Impact	(54)	21	(43)
Adjustment to net income	86	(34)	68
Actual Net Income	1349	1517	1648
Adjusted Net Income without Weather and Reserve Amortization	**$ 1,263**	**$ 1,551**	**$ 1,580**
Planned Net Income ($ millions)			
Planned Net Income	1349	1500	1641
Planned Reserve Amortization	184	(18)	61
Tax Impact	(71)	7	(24)
Adjusted Plan Net Income	**$ 1,236**	**$ 1,511**	**$ 1,604**
Difference	**$ (27)**	**$ (40)**	**$ 24**
Percentage	**-2.19%**	**-2.63%**	**1.48%**
Straight Average	**-1.11%**		
Absolute Average	**2.10%**		

(1) Amount excludes $94 million related to the immediate expense recognition of remaining analog meters recorded in December 2015.

FPL's Revenue Request - 2017 vs. 2016

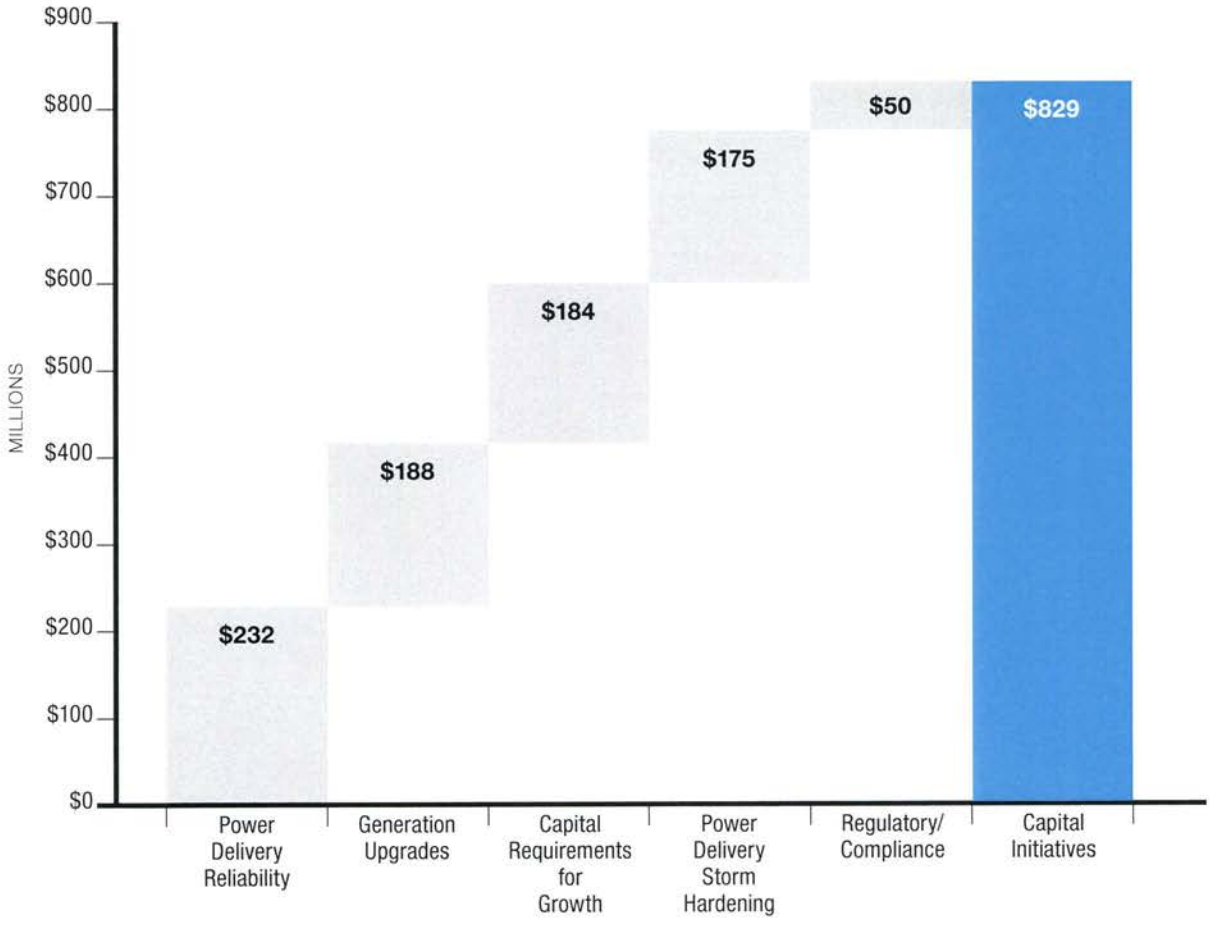


2017 Test Year Base Revenue Request of $866 Million for 2013 Actual to 2017 Forecast



[1] O&M Productivity includes $217 million of savings less $42 million of costs to achieve.

Capital Initiatives
2017 Revenue Requirement of $829 Million



Docket No. 160021-EI
Summary of CPVRR Analysis for Peaker Upgrade Project
Exhibit REB-9, Page 1 of 1

	CPVRR ($ millions)
Equipment and Installation	$ 199
Avoided Replacement Costs	(266)
Avoided Fixed O&M Costs	(14)
Subtotal	**$ (81)**
Fuel Savings	(114)
Emissions Savings	(8)
Net System Benefits	**$ (122)**
CPVRR (Favorable) / Unfavorable	**$ (203)**

Docket No. 160021-EI
Summary of CPVRR Analysis for .05 Compressor Upgrades
Exhibit REB-10, Page 1 of 1

	CPVRR ($ millions)
Equipment and Installation	$ 426
Avoided Replacement Costs	(168)
Incremental Fixed O&M	24
Subtotal	**$ 282**
Fuel Savings	$ (255)
Emissions Savings	(28)
Variable O&M Savings	(40)
Avoided Capacity Purchases	(16)
Net System Benefits	**$ (339)**
CPVRR (Favorable) / Unfavorable	**$ (57)**

Docket No. 160021-EI
Summary of CPVRR Analysis for Large Scale Solar Projects
Exhibit REB-11, Page 1 of 1

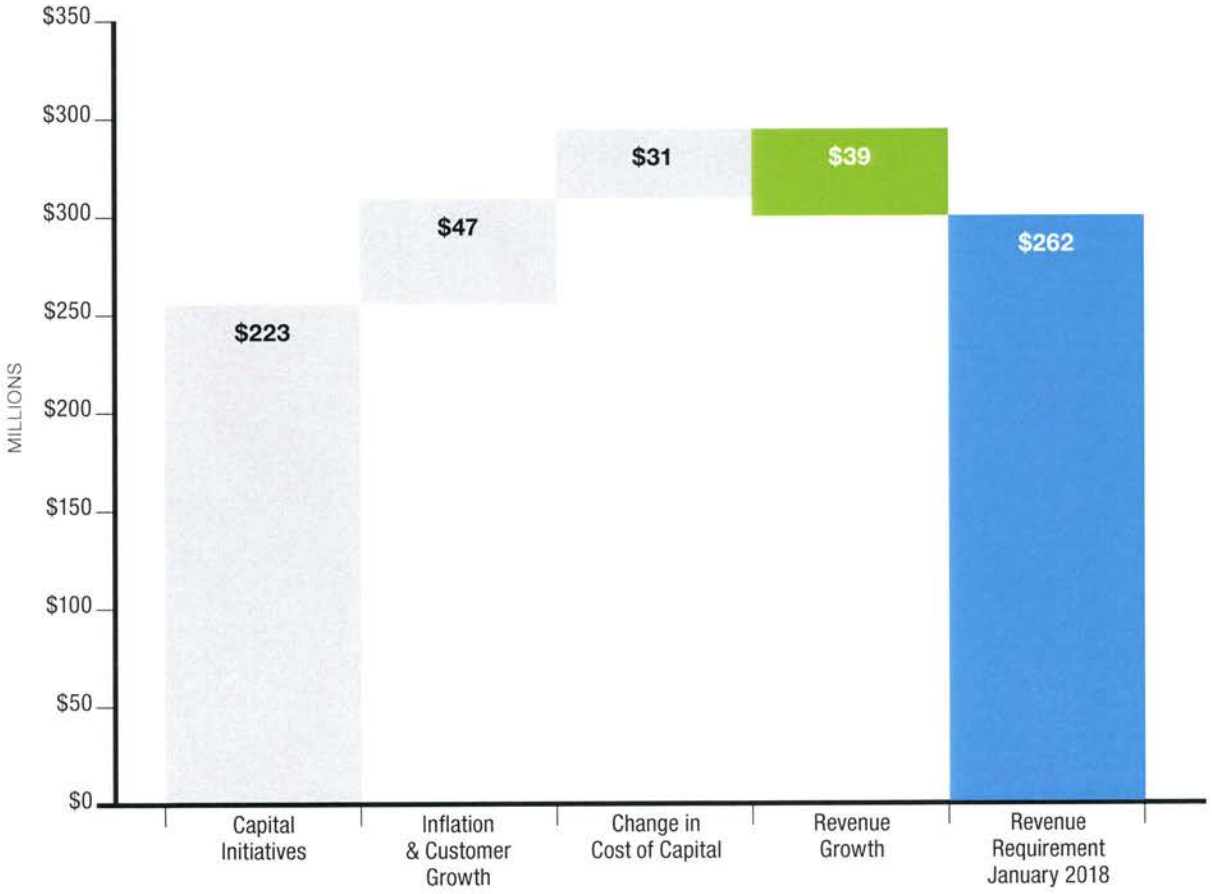
	CPVRR ($ millions)
Equipment and Installation	$ 342
Avoided Replacement Costs	(12)
Incremental Fixed O&M	5
Subtotal	**$ 335**
Fuel Savings	(306)
Emissions Savings	(62)
Avoided Capacity Purchases	(5)
Incremental Variable O&M	12
Net System Benefits	**$ (361)**
CPVRR (Favorable) / Unfavorable	**$ (26)**

2013 Adjusted Actual O&M compared to 2017 Adjusted Test Year O&M ($ thousands)

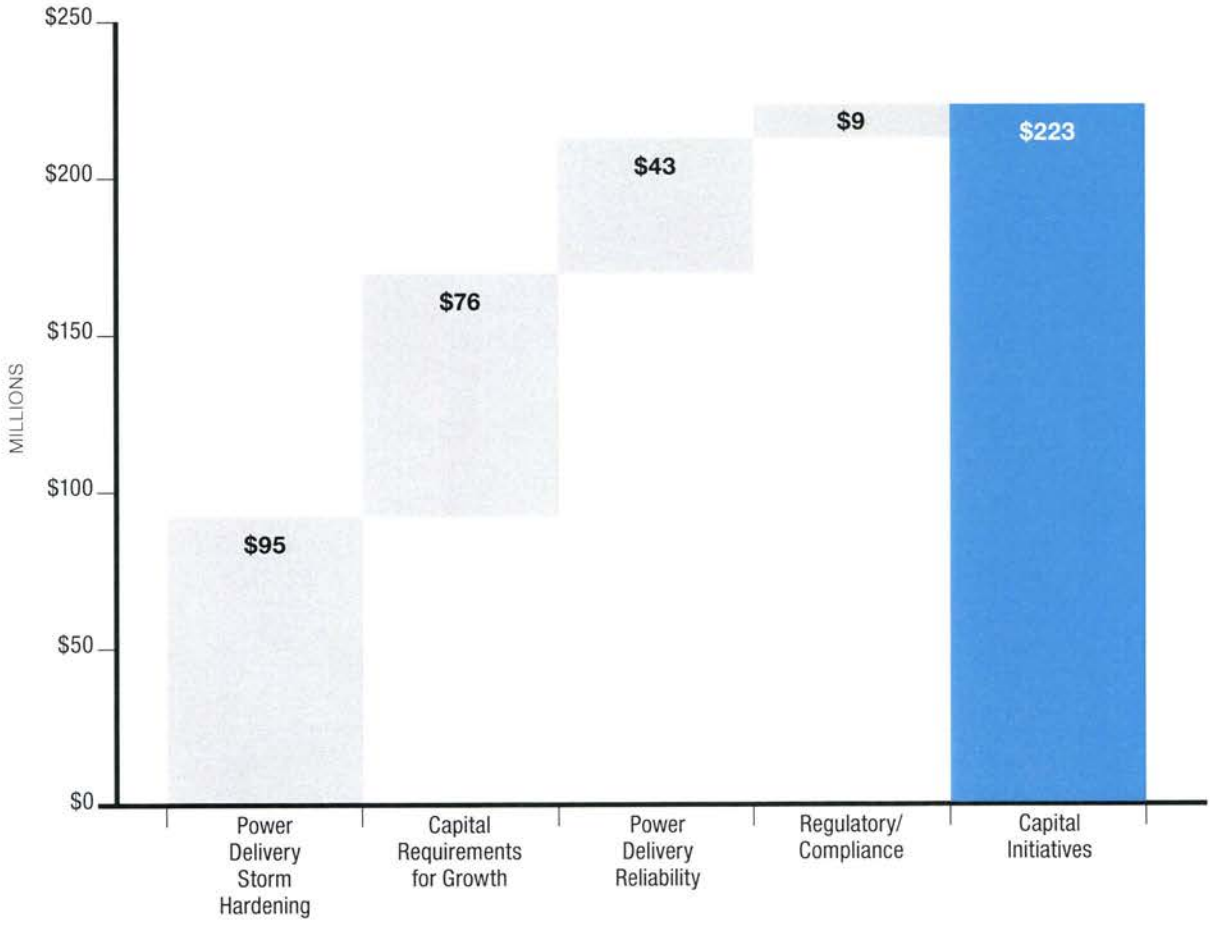
Functional O&M	Adjusted 2013 Actual O&M	Compound Multiplier	2017 Test Year Benchmark O&M	2017 Test Year O&M	2017 Test Year Variance
STEAM PRODUCTION	$ 76,986	1.063400	$ 81,867	$ 68,882	**$ (12,985)**
NUCLEAR PRODUCTION	$ 367,525	1.063400	$ 390,826	$ 363,795	**$ (27,031)**
OTHER PRODUCTION	$ 129,864	1.063400	$ 138,098	$ 135,585	**$ (2,512)**
OTHER POWER SUPPLY	$ 5,869	1.063400	$ 6,241	$ 6,523	**$ 282**
TRANSMISSION	$ 49,361	1.130074	$ 55,781	$ 48,309	**$ (7,472)**
DISTRIBUTION	$ 261,199	1.130074	$ 295,174	$ 294,260	**$ (914)**
CUSTOMER ACCOUNTS	$ 134,720	1.130074	$ 152,244	$ 108,616	**$ (43,627)**
CUSTOMER SERVICE	$ 12,118	1.130074	$ 13,694	$ 13,938	**$ 243**
SALES	$ 4,582	1.130074	$ 5,178	$ 14,242	**$ 9,064**
ADMINISTRATIVE & GENERAL	$ 369,833	1.130074	$ 417,939	$ 286,020	**$ (131,918)**
TOTAL	**$ 1,412,056**		**$ 1,557,041**	**$ 1,340,170**	**$ (216,870)**
			Revenue Requirement - Technology Investments:		**$ 42,000**
Inflation and Customer Growth	**$ 144,984**		**Total Productivity less Costs to Achieve**		**$ (174,870)**

Note: Amounts for 2013 actual and 2017 test year are adjusted to exclude expenses associated with FPL's GBRA Plants (Cape Canaveral, Riviera Beach and Port Everglades) as well as FPL's revenue enhancement program, for which revenues received under the program fully offset the costs.

2018 Subsequent Year Adjustment of $262 Million



Capital Initiatives
2018 Revenue Requirement of $223 Million



	Preliminary CPVRR ($ millions)
Avoided Operating Expenses[1]	$ (64)
Avoided Capital Costs[2]	(208)
Reduction in FPL Revenue Requirements	**$ (272)**
Tariff Paid to FSC	**$ 269**
CPVRR (Favorable) / Unfavorable	**$ (3)**

1) Avoided Operating Expenses include savings to operations and maintenance, property tax, and administrative expenses from divesting the asset.
2) Avoided Capital Costs include reduction to depreciation expense, financing costs, and income taxes associated with divesting the asset.