BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for base rate increase by Florida Power & Light Company	Docket No. 160021-EI Filed: May 3, 2016

FLORIDA POWER & LIGHT COMPANY'S
NOTICE OF IDENTIFIED ADJUSTMENTS

Florida Power & Light Company ("FPL") hereby files this Notice of Identified Adjustments, to advise the Florida Public Service Commission, its Staff and intervenors of minor adjustments to certain information contained in its rate case filing that have been identified early in this proceeding. The adjustments are described in Attachment 1 to this Notice.

As reflected in Attachment 1, the adjustments fall into two categories: (i) Adjustments Affecting Revenue Requirements[1] for 2017 and 2018; and (ii) Adjustments Affecting Cost Allocations. The Adjustments Affecting Cost Allocations have no impact on revenue requirements. The Adjustments Affecting Revenue Requirements, if made, would net to an approximate net $9 million decrease in FPL's overall 2017 test year revenue requirements and a decrease of approximately $7 million for FPL's overall 2018 Subsequent Year revenue requirements.

FPL will include all adjustments identified on Attachment 1 in an exhibit of adjustments that it will file with rebuttal testimony, along with any other adjustments that may be identified between now and then. Final rates determined by the Commission would include such adjustments as may be determined appropriate through this proceeding. FPL included similar

[1] As described in Attachment 1, the Adjustments Affecting Revenue Requirements include minor corrections to FPL's dismantlement study. To ease the burden to parties, FPL will produce a dismantlement study with these identified corrections which will be filed in Docket 160062, *2016 Depreciation and Dismantlement Study by Florida Power & Light Company*.

exhibits with the rebuttal testimony of FPL witnesses in its 2009 and 2012 rate cases.

Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket No. 160021-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice has been furnished by electronic mail this 3rd day of May 2016 to the following parties:

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ATTACHMENT 1

DOCKET NO. 160021-EI
FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
SUMMARY OF IDENTIFIED ADJUSTMENTS

Item No.	Category Affected	Item	Per Book Adjustments/Corrections with Revenue Requirement Impact	Impact on 2017 Retail Revenue Requirements Incr/(Decr) ($000)	Impact on 2018 Retail Revenue Requirements Incr/(Decr) ($000)	Impact on 2019 OK LSA Revenue Requirements Incr/(Decr) ($000)
1	RB	Deferred Pension Debit	Deferred pension debit in FERC Account 186 was forecasted inconsistently with forecasted pension expense amounts reflected on MFR C-17. As such, rate base is overstated by approximately $3.6M and $8.9M for 2017 and 2018, respectively.	($329)	($808)	N/A
2	NOI	West County Water Reclamation	O&M expense for the servicing of the water reclamation bonds was double counted, resulting in an overstatement to O&M of $4.2M for both 2017 and 2018.	($4,037)	($4,038)	N/A
3	NOI	Outdoor Lighting Revenues	An incorrect present rate was used for the "OL-1 Underground conductors excluding trenching (rate per foot)" in the 2018 revenue forecast. As shown on MFR E-13d page 13 of 21, line 19, column 5, the rate entered was "1.078" and the correct rate is "0.078." Adjusting this rate to reflect the correct value decreases 2018 revenues under present rates by approximately $3.8M.	N/A	$3,838	N/A
4	NOI	Retail Base Revenues	The long-term price of electricity for both 2017 and 2018 was calculated incorrectly as it included higher fuel expense than should have been forecasted. This underestimated the amount of usage by customers and results in less than 0.1% increase in the amount of megawatt hours sold for 2017 and less than 0.2% for 2018. This results in $4.9M of additional retail base revenues for 2017 and $9.3M for 2018.	($4,911)	($9,338)	N/A
5	Changes Related to Forecasted Revenues		The following components of revenue requirement were not forecast consistent with the final forecasted retail revenue from the sales of electricity:			
	NOI	Late Payment Charges	Incorrect Late payment charges for 2017 and 2018 result in an understatement of revenues in 2017 and overstatement of revenues in 2018.	($245)	$491	N/A
	NOI	Returned Checks	Incorrect returned check charges for 2017 and 2018 result in an understatement of revenues in 2017 and overstatement of revenues in 2018.	($6)	$12	N/A
	NOI & RB	Uncollectible Accounts Expense	Incorrect uncollectible accounts expense for 2017 and 2018 result in an understatement of O&M expense in 2017 and overstatement of O&M expense in 2018.	$402	($21)	N/A
	NOI Multiplier	NOI Multiplier - Bad Debt Rate	Incorrect bad debt rate reflected on MFR C-44 for all periods should be 0.066% and the resulting NOI multiplier should be 1.63025.	$4	$1	$2
6	NOI & RB	Demand Side Management (DSM) Peaking Adjustment	FPL includes adjustments to Net Energy for Load (NEL) in its forecast for incremental DSM to account for DSM impacts not reflected in historical data; however, did not include comparable adjustments in its peak forecasts. Including the incremental DSM impact to its peak forecasts lowers the retail share of the system monthly coincident peak demand resulting in a reduction in production demand-based separation factors of 0.014% in 2017 and 0.018% in 2018. There is no impact on the allocation between the rate classes as a result of this adjustment.	($723)	($944)	N/A
7	NOI	Amortization of Gains - Aviation	Gain amortization related to the sale of aviation assets ceased in 2016 and should not have been included in 2017 or 2018. This results in an overstatement of the credit to FERC Account 407 by approximately $1.2M for both 2017 and 2018. FPL did not forecast any activity in the related regulatory liability (FERC Account 254); therefore, no adjustment to rate base is required.	$1,231	$1,231	N/A
8	NOI & RB	Amortization of Gains - Mitigation Bank - Phase II	FPL included a $25.1M as the estimated phase II mitigation bank gain on MFR C-29 and related amortization in 2018 in error. This benefit cannot be recognized until beyond 2020. This results in an overstatement of the credit to FERC Account 407 by approximately $5.0M for 2018.	N/A	$4,807	N/A
9	RB	Company Adjustment - Fukushima	Accumulated depreciation reserve for the Fukushima Company adjustment for 2018 contained a formula error for January 2018. The accumulated depreciation reserve adjustment was understated by $0.1M for 2018, with a resulting $7K impact on revenue requirements.	N/A	($7)	N/A
10	NOI & RB	Company Adjustment - Depreciation	Company adjustment for base depreciation expense was not reflected in the correct distribution plant accounts. The majority of distribution plant accounts have a separation factor of 1; however, plant account 370 has a factor lower than 1. The retail jurisdictional amount for the credit to depreciation expense for the distribution function for both 2017 and 2018 was understated.	($3)	($3)	N/A
11	NOI & RB	Company Adjustment - Dismantlement	Company adjustment dismantlement calculations for both 2017 and 2018 are as follows: 1. Useful life of the Okeechobee plant (currently 52 years, should be 40 years); 2. Alignment of forecasted dismantlement costs for Turkey Point and gas turbines with the study assumptions; and 3. Certain formula errors in the 2016 Dismantlement Study prepared by Burns & McDonnell. The impact of these adjustments result in an overstatement of FPL's dismantlement expense Company adjustment for 2017 and 2018 of $1.4M. Corrections to the 2016 Dismantlement Study will be filed in Docket No. 160062-EI.	($1,315)	($1,186)	N/A

Notes:
The amounts reflected above are approximate amounts and were independently calculated of each other. None of the calculations take into account the impact of other items listed, nor do the calculations for 2018 reflect the impacts for 2017.

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12	Cost of Capital	Company Adjustment - ADIT Proration	ADIT proration company adjustment for 2017 and 2018 did not include the impact of bonus depreciation associated with FPL's Gas Reserves investment. In addition, 2018 was calculated incorrectly due to a formula error. The beginning balance for the 2018 13-month average company adjustment should have been zero, not the ending balance of the ADIT company adjustment for 2017. As such, the weighted average cost of capital for 2017 and 2018 should be 6.6080% and 6.7032%, respectively.	$537	($876)	N/A
13	Cost of Capital	Customer Deposits	Amount of customer deposits for 2017 and 2018 was not updated for the final forecasted retail revenues from the sales of electricity. In addition, the amount of forecasted refunds for excess deposits on master accounts was input incorrectly. As such, the amount of total company per book customer deposits should increase $1.2M and $1.8M for 2017 and 2018, respectively, and all other classes of capital should be adjusted in order for rate base to reconcile to capital structure. The weighted average cost of capital for 2017 and 2018 should be 6.6071% and 6.7048%, respectively. Because the amounts of long term debt and common equity have changed based on these adjustments, the amount of long term debt and common equity used in the calculation of the incremental cost of capital for the 2019 Okeechobee LSA requires an adjustment. Adjusting for these changes decreases the incremental cost of capital for the OK LSA by 0.000098%.	$176	($168)	($2)
14	Cost of Capital	Incremental Cost of Capital	The calculation of the incremental cost of capital for the 2019 Okeechobee LSA was based on the jurisdictional adjusted capital structure amounts from 2018, which included an ADIT proration adjustment specific to 2018 forecasted activity. The ADIT proration adjustment for the 2019 Okeechobee LSA was already reflected in the calculation of deferred income taxes, which is a reduction to rate base. As such, incremental cost of capital should be based on the jurisdictional adjusted 2018 capital structure, less the 2018 ADIT proration adjustment. Adjusting for these changes decreases incremental cost of capital by 0.000002%	N/A	N/A	($0)
NET INCREASE/(DECREASE) IN FPL'S REVENUE REQUIREMENTS				**($9,219)**	**($7,006)**	**($0)**

Item No.	Category Affected	Item	Adjustments/Corrections Without Revenue Requirement Impact	Impact on 2017 Allocations and Unit Costs	Impact on 2018 Allocations and Unit Costs
15	Cost Allocation and Unit Cost	Transmission Pull-off Cost Basis	The cost basis for FPL301, Transmission Customer Pull-offs shown in MFR E- 10, Attachment 2, page 13, for the Test Year and the Subsequent Year is stated as $273,879 per pull-off. The correct cost basis is $167,663.	Shifts $2.952M from demand to customer classification. Increases customer unit costs for transmission level customers ~$1000	Shifts $2.957M from demand to customer classification. Increases customer unit costs for transmission level customers ~$1000
16	Unit Cost	Wholesale interchange revenue	Revenues from Sales of Electricity shown on MFR E1, Test Year and Subsequent Year - Attachment 1, line 15, includes $3.1M of interchange sales revenue that should have been reclassified to other operating revenues. The reclassification from sales revenues to other revenues is needed in order to not impact retail revenue reflected in MFR E-6. This has no impact on revenue recovered through base rates and only a minor impact on unit cost.	The impact on demand unit cost is $0.01/kW or less. The impact to customer and energy unit costs is less than $0.001 per month and 0.0001¢/kWh, respectively	The impact on demand unit cost is $0.01/kW or less. The impact to customer and energy unit costs is less than $0.001 per month and 0.0001¢/kWh, respectively
17	Unit Cost	Transformer depreciation expense	The portion of the 2017 company adjustment to depreciation expense for distribution transformers was $21.8M and the correct adjustment should be $18.2M. For 2018, the difference in the depreciation expense is approximately $0.4M.	Decreases the transformation rider credit unit costs $0.01/kW	<$0.01/kW

Notes:
The amounts reflected above are approximate amounts and were independently calculated of each other. None of the calculations take into account the impact of other items listed, nor do the calculations for 2018 reflect the impacts for 2017.