

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for rate increase by Florida Power Company	Docket No. 160021-EI
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In re: Petition for approval of 2016-2018 storm hardening plan, by Florida Power & Light Company.	Docket No. 160061-EI
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In re: 2016 depreciation and dismantlement study by Florida Power & Light Company.	Docket No. 160062-EI
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In re: Petition for limited proceeding to modify and continue incentive mechanism, by Florida Power & Light Company.	Docket No. 160088-EI
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Filed: July 08, 2016

**MOTION TO ACCEPT THE FILING OF EXHIBITS  
RCS-1 THROUGH RCS-4 OUT-OF-TIME**

The Citizens of Florida through the Office of the Public Counsel (Citizens or OPC) file this motion asking that Exhibits RCS-1 through RCS-4 appended to the prefiled Direct Testimony of Citizens witness be accepted for filing even though they were filed after the 5 P.M. deadline. In support the OPC states as follows:

1. Order No. PSC-16-0231-FOF-EI, issued on June 10, 2016, required that Intervenor testimony be filed by the close of business on July 7, 2016.
  
2. Throughout the day on July 7<sup>th</sup>, the OPC submitted the prefiled direct testimony of 7 witnesses, including Mr. Smith. His testimony was submitted electronically at 2:59 P.M. on July 7, 2016. (See attached transmittal email) Due to a communication breakdown within the office, and given the intense level of activity involving most of

the office personnel, the Exhibits RCS-1 through RCS-4, which had been completed and stored in the OPC computer system at 11:59 A.M. that day, were inadvertently not appended to the email transmitting Mr. Smith's testimony.

3. At 6:52 P.M. on the evening of July 7<sup>th</sup>, the undersigned was alerted by text message to the oversight and returned to the office; and at 7:34 P.M. emailed the Exhibits to the original distribution that received the testimony of Mr. Smith. An email containing the Exhibits was also sent at the same time to [clerk@psc.state.fl.us](mailto:clerk@psc.state.fl.us) in an abundance of caution. (See attached emails excluding the exhibits) This morning, in advance of this motion the OPC formally submitted the Exhibits as a filing to the Commission clerk. (See attached transmittal letter and email receipt).
4. The Citizens submit that the error was inadvertent and while regrettable for even the slightest delay and inconvenience it may have caused, did not likely cause material delay to the review of the OPC's case or the testimony of Mr. Smith since all parties had electronic access to it less than 3 hours after the filing deadline. Citizens further submit that the interests of justice and the ability of the Commission to properly analyze the entire case filed in these dockets would not be advanced if the OPC were denied the opportunity to present the schedules contained in Exhibits RCS-1 through RCS-4 that help explain the testimony of Mr. Smith and the other OPC witnesses.
5. OPC has contacted all the parties to these dockets and is authorized to represent that FPL, The Florida Industrial Power Users Group (FIPUG), The Florida Retail

5. OPC has contacted all the parties to these dockets and is authorized to represent that FPL, FIPUG, FRF, SFHAA, FEA, Walmart, AARP, and Commission Staff have all stated no objection to this motion.

Wherefore, for the reasons set out above, the Citizens move this Commission to enter an order or otherwise take action to accept the filing of Exhibits RCS-1 through RCS-4, out-of-time.

Respectfully submitted,



Charles J. Rehwinkel  
Deputy Public Counsel

Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399-1400  
(850) 488-9330

Attorneys for the Citizens  
of the State of Florida

# ATTACHMENTS

**Davis, Phyllis**

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**From:** noReply@psc.state.fl.us  
**Sent:** Thursday, July 07, 2016 3:00 PM  
**To:** Davis, Phyllis  
**Subject:** FPSC Electronic Filing Submission: ID=48184

Please do not reply to this email. Your document has been received. You may print this page for your records.

Docket: 160021

Description:

Primary File Name: 160021-EI - OPC's Direct Testimony of Ralph Smith, CPA.pdf

Additional Dockets? Yes: 160061,160062,160088

Received Date: 7/7/2016 2:59:52 PM

Tracking Number: 48184

NOTE: A party who files by electronic transmission is responsible for any delay, disruption, or interruption of the electronic signals and accepts the risk that the document may not be properly filed with the Clerk as a result. Documents received after 5:00 p.m.(ET) will be time-stamped for the next business day.

## Rehwinkel, Charles

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**From:** Rehwinkel, Charles  
**Sent:** Thursday, July 07, 2016 7:34 PM  
**To:** Davis, Phyllis; Christensen, Patty; Derrick Williamson; Eric Silagy; Jack McRay; John B. Coffman; John Butler; John LaVia; Jon Moyle; Julie McKenna; K. Wiseman; Kelly, JR; Kenneth Hoffman; M. Sundback; Merchant, Tricia; Noriega.Tarik; Robert Scheffel Wright (schef@gbwlegal.com); Saylor, Erik; Stephanie U. Roberts; Suzanne Brownless; Thomas Jernigan; W. Rappolt; Wade Litchfield; K Mapp; djanjic@psc.state.fl.us; aharper@psc.state.fl.us  
**Cc:** Woods, Monica; Roberts, Brenda  
**Subject:** RE: Docket No. 160021-EI - OPC's Direct Testimony of Ralph Smith and Daniel Lawton  
**Attachments:** Exhibit RCS-1.pdf; Exhibit RCS-2 TY 2017.pdf; Exhibit RCS-3 TY 2018.pdf; Exhibit RCS-4 Okeechobee LSA 2019.pdf

All:

Due to a clerical oversight the attached Exhibits RCS-1 through RCS-4 , associated with the Direct Testimony of OPC Witness Ralph C. Smith were inadvertently omitted from the official filing of Mr. Smith's testimony with the clerk's office at around 3 PM today. The files were saved to the OPC computer system at 11:58 AM and were complete and ready to file well in advance of the actual submission of the testimony. After being alerted to the error I returned to the office and am emailing the exhibits to all parties to minimize and delay in their receipt. We will officially file the exhibits first thing in the morning (July 8<sup>th</sup>) with an appropriate pleading.

I apologize for any inconvenience.

Sincerely,

Charles J. Rehwinkel  
Deputy Public Counsel

**From:** Davis, Phyllis  
**Sent:** Thursday, July 07, 2016 3:07 PM  
**To:** Christensen, Patty <CHRISTENSEN.PATTY@leg.state.fl.us>; Derrick Williamson <dwilliamson@spilmanlaw.com>; Eric Silagy <eric.silagy@fpl.com>; Jack McRay <jmcray@aarp.org>; John B. Coffman <john@johncoffman.net>; John Butler <john.butler@fpl.com>; John LaVia <jlavia@gbwlegal.com>; Jon Moyle <jmoyle@moylelaw.com>; Julie McKenna <juliemckenna@acadianconsulting.com>; K. Wiseman <kwiseman@andrewskurth.com>; Kelly, JR <KELLY.JR@leg.state.fl.us>; Kenneth Hoffman <Ken.hoffman@fpl.com>; M. Sundback <msundback@andrewskurth.com>; Merchant, Tricia <MERCHANT.TRICIA@leg.state.fl.us>; Noriega.Tarik <NORIEGA.TARIK@leg.state.fl.us>; Rehwinkel, Charles <REHWINKEL.CHARLES@leg.state.fl.us>; Robert Scheffel Wright (schef@gbwlegal.com) <schef@gbwlegal.com>; Saylor, Erik <SAYLER.ERIK@leg.state.fl.us>; Stephanie U. Roberts <sproberts@spilmanlaw.com>; Suzanne Brownless <sbrownle@psc.state.fl.us>; Thomas Jernigan <thomas.Jernigan.3@us.af.mil>; W. Rappolt <wrappolt@andrewskurth.com>; Wade Litchfield <wade.litchfield@fpl.com>; K Mapp <kmapp@psc.state.fl.us>; djanjic@psc.state.fl.us; aharper@psc.state.fl.us  
**Cc:** Woods, Monica <WOODS.MONICA@leg.state.fl.us>; Roberts, Brenda <ROBERTS.BRENDA@leg.state.fl.us>  
**Subject:** Docket No. 160021-EI - OPC's Direct Testimony of Ralph Smith and Daniel Lawton

The attached Testimony was filed today with the Commission Clerk on behalf of the Office of Public Counsel. Should you have any questions or concerns, please do not hesitate to contact our office at the number provided below.

Phyllis W. Davis  
Sr. Administrative Assistant  
to Patricia A. Christensen  
Office of Public Counsel  
Phone #: (850) 488-9330  
Fax# (850) 487-6419

## Rehwinkel, Charles

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**From:** Rehwinkel, Charles  
**Sent:** Thursday, July 07, 2016 7:36 PM  
**To:** 'clerk@psc.state.fl.us'  
**Subject:** FW: Docket No. 160021-EI - OPC's Direct Testimony of Ralph Smith and Daniel Lawton  
**Attachments:** Exhibit RCS-1.pdf; Exhibit RCS-2 TY 2017.pdf; Exhibit RCS-3 TY 2018.pdf; Exhibit RCS-4 Okeechobee LSA 2019.pdf

Please see email below.

**From:** Rehwinkel, Charles  
**Sent:** Thursday, July 07, 2016 7:34 PM  
**To:** Davis, Phyllis <DAVIS.PHYLLIS@leg.state.fl.us>; Christensen, Patty <CHRISTENSEN.PATTY@leg.state.fl.us>; Derrick Williamson <dwilliamson@spilmanlaw.com>; Eric Silagy <eric.silagy@fpl.com>; Jack McRay <jmcray@aarp.org>; John B. Coffman <john@johncoffman.net>; John Butler <john.butler@fpl.com>; John LaVia <jlavia@gbwlegal.com>; Jon Moyle <jmoyle@moylelaw.com>; Julie McKenna <juliemckenna@acadianconsulting.com>; K. Wiseman <kwiseman@andrewskurth.com>; Kelly, JR <KELLY.JR@leg.state.fl.us>; Kenneth Hoffman <Ken.hoffman@fpl.com>; M. Sundback <msundback@andrewskurth.com>; Merchant, Tricia <MERCHANT.TRICIA@leg.state.fl.us>; Noriega.Tarik <NORIEGA.TARIK@leg.state.fl.us>; Robert Scheffel Wright (schef@gbwlegal.com) <schef@gbwlegal.com>; Sayler, Erik <SAYLER.ERIK@leg.state.fl.us>; Stephanie U. Roberts <sroberts@spilmanlaw.com>; Suzanne Brownless <sbrownle@psc.state.fl.us>; Thomas Jernigan <thomas.Jernigan.3@us.af.mil>; W. Rappolt <wrappolt@andrewskurth.com>; Wade Litchfield <wade.litchfield@fpl.com>; K Mapp <kmapp@psc.state.fl.us>; djanjic@psc.state.fl.us; aharper@psc.state.fl.us  
**Cc:** Woods, Monica <WOODS.MONICA@leg.state.fl.us>; Roberts, Brenda <ROBERTS.BRENDA@leg.state.fl.us>  
**Subject:** RE: Docket No. 160021-EI - OPC's Direct Testimony of Ralph Smith and Daniel Lawton

All:

Due to a clerical oversight the attached Exhibits RCS-1 through RCS-4 , associated with the Direct Testimony of OPC Witness Ralph C. Smith were inadvertently omitted from the official filing of Mr. Smith's testimony with the clerk's office at around 3 PM today. The files were saved to the OPC computer system at 11:58 AM and were complete and ready to file well in advance of the actual submission of the testimony. After being alerted to the error I returned to the office and am emailing the exhibits to all parties to minimize and delay in their receipt. We will officially file the exhibits first thing in the morning (July 8<sup>th</sup>) with an appropriate pleading.

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Sincerely,

Charles J. Rehwinkel  
Deputy Public Counsel

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<[msundback@andrewskurth.com](mailto:msundback@andrewskurth.com)>; Merchant, Tricia <[MERCHANT.TRICIA@leg.state.fl.us](mailto:MERCHANT.TRICIA@leg.state.fl.us)>; Noriega.Tarik <[NORIEGA.TARIK@leg.state.fl.us](mailto:NORIEGA.TARIK@leg.state.fl.us)>; Rehwinkel, Charles <[REHWINKEL.CHARLES@leg.state.fl.us](mailto:REHWINKEL.CHARLES@leg.state.fl.us)>; Robert Scheffel Wright ([schef@gbwlegal.com](mailto:schef@gbwlegal.com)) <[schef@gbwlegal.com](mailto:schef@gbwlegal.com)>; Saylor, Erik <[SAYLER.ERIK@leg.state.fl.us](mailto:SAYLER.ERIK@leg.state.fl.us)>; Stephanie U. Roberts <[sroberts@spilmanlaw.com](mailto:sroberts@spilmanlaw.com)>; Suzanne Brownless <[sbrownle@psc.state.fl.us](mailto:sbrownle@psc.state.fl.us)>; Thomas Jernigan <[thomas.Jernigan.3@us.af.mil](mailto:thomas.Jernigan.3@us.af.mil)>; W. Rappolt <[wrappolt@andrewskurth.com](mailto:wrappolt@andrewskurth.com)>; Wade Litchfield <[wade.litchfield@fpl.com](mailto:wade.litchfield@fpl.com)>; K Mapp <[kmapp@psc.state.fl.us](mailto:kmapp@psc.state.fl.us)>; [djanjic@psc.state.fl.us](mailto:djanjic@psc.state.fl.us); [aharper@psc.state.fl.us](mailto:aharper@psc.state.fl.us)  
Cc: Woods, Monica <[WOODS.MONICA@leg.state.fl.us](mailto:WOODS.MONICA@leg.state.fl.us)>; Roberts, Brenda <[ROBERTS.BRENDA@leg.state.fl.us](mailto:ROBERTS.BRENDA@leg.state.fl.us)>  
Subject: Docket No. 160021-EI - OPC's Direct Testimony of Ralph Smith and Daniel Lawton

The attached Testimony was filed today with the Commission Clerk on behalf of the Office of Public Counsel. Should you have any questions or concerns, please do not hesitate to contact our office at the number provided below.

Phyllis W. Davis  
Sr. Administrative Assistant  
to Patricia A. Christensen  
Office of Public Counsel  
Phone #: (850) 488-9330  
Fax# (850) 487-6419

## Davis, Phyllis

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**From:** noReply@psc.state.fl.us  
**Sent:** Friday, July 08, 2016 10:31 AM  
**To:** Davis, Phyllis  
**Subject:** FPSC Electronic Filing Submission: ID=48195

Please do not reply to this email. Your document has been received. You may print this page for your records.

Docket: 160021

Description: Docket No. 160021-EI, et al (consolidated) OPC's Late Filed Exhibits RCS-1 thru RCS-4, appended to the Direct Testimony of Ralph C. Smith filed July 7, 2016.

Primary File Name: 160021-EI Letter to Clerk - Ralph C. Smith Late Filed Exhibits.PDF

Additional Dockets? No

Received Date: 7/8/2016 10:31:01 AM

Tracking Number: 48195

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ANDY GARDINER  
*President of the Senate*



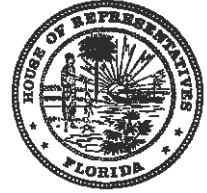
J.R. Kelly  
*Public Counsel*

STATE OF FLORIDA  
OFFICE OF PUBLIC COUNSEL

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STEVE CRISAFULLI  
*Speaker of the House of  
Representatives*



July 8, 2016

2Ms. Carlotta Stauffer, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**Re: Docket No. 160021, et al (consolidated) – Ralph C. Smith Late Filed Exhibits**

Dear Ms. Stauffer:

Enclosed for filing are Exhibits RCS-1 thru RCS-4, appended to the Direct Testimony of Ralph C. Smith. These exhibits were inadvertently omitted from the July 7<sup>th</sup> filing.

Copies were provided by email to all parties before 8pm on July 7<sup>th</sup>. The Office of Public Counsel will be submitting a separate Motion to Accept these exhibits out-of-time.

Please advise if we need to take any further actions or if you have any questions. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Rohwinkel".

Charles J. Rohwinkel  
Deputy Public Counsel

## QUALIFICATIONS OF RALPH C. SMITH

### Accomplishments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Previous Positions

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

Installed computerized accounting system for a realty management firm.

### Education

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

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

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

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

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

Michigan Bar Association.

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

Partial list of utility cases participated in:

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

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
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\* Testimony filed, examination not completed

\*\* Issues stipulated

\*\*\* Company withdrew case

<sup>^</sup> Testimony filed, case withdrawn after proposed decision issued

<sup>^^</sup> Issues stipulated before testimony was filed



**Florida Power & Light Company**  
**Docket No. 160021-EI**  
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**Revenue Requirement Schedules - January 2017 Rate Change**  
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F	Summary of FPL's June 16, 2016 Second Notice of Filing Adjustments	3	No	19-21
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Schedule A-1

Docket No: 160021-EI  
 January 2017 Rate Change  
 Exhibit No. RCS-2

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Revenue Requirement  
 (Thousands of Dollars)

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col. (B) Reference
1	Jurisdictional Adjusted Rate Base	\$ 32,536,116	\$ 32,725,587	Exh. RCS-2, Sch. B-1
2	Required Rate of Return	<u>6.61%</u>	<u>5.05%</u>	Exh. RCS-2, Sch. D
3	Jurisdictional Income Required	\$ 2,149,618	\$ 1,652,216	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	<u>\$ 1,618,192</u>	<u>\$ 2,147,370</u>	Exh. RCS-2, Sch. C-1
5	Income Deficiency (Sufficiency)	\$ 531,427	\$ (495,154)	Line 3 - Line 4
6	Earned Rate of Return	4.97%	6.56%	Line 4 / Line 1
7	Net Operating Income Multiplier	<u>1.63024</u>	<u>1.63025</u>	See below
8	Revenue Deficiency (Sufficiency)	<u><u>\$ 866,354</u></u>	<u><u>\$ (807,225)</u></u>	Line 5 x Line 7

Source/Notes:

Col. (A): MFR Schedule A-1

Line 7: MFR Sch. A-1 and C-44

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Adjusted Rate Base  
 (Thousands of Dollars)

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company (A)	FPL May 3, 2016 Notice of Filing Adjustments (B)	FPL June 15, 2016 Second Notice of Filing Adjustments (C)	Amounts Before OPC Adjustments (D)	OPC Adjustments (E)	Adjusted Juris. Total Amount per OPC (F)
1	Plant in Service	\$ 43,122,297			\$ 43,122,297	\$ (31,546)	\$ 43,090,751
2	Accumulated Depreciation & Amortization	\$ (13,074,538)	\$ 690	\$ 10,669	\$ (13,063,179)	\$ 233,827	\$ (12,829,352)
3	Net Plant in Service	\$ 30,047,759	\$ 690	\$ 10,669	\$ 30,059,118	\$ 202,281	\$ 30,261,399
4	Construction Work in Progress	\$ 747,987			\$ 747,987		\$ 747,987
5	Plant Held For Future Use	\$ 233,315			\$ 233,315	\$ (14,228)	\$ 219,087
6	Nuclear Fuel	\$ 630,075			\$ 630,075		\$ 630,075
7	Total Net Plant	\$ 31,659,136	\$ 690	\$ 10,669	\$ 31,670,495	\$ 188,053	\$ 31,858,549
8	Working Capital Allowance	\$ 876,981	\$ (6,411)	\$ 776	\$ 871,346	\$ (4,309)	\$ 867,037
9	Other Rate Base Items	\$ -					\$ -
10	Total Rate Base	\$ 32,536,116	\$ (5,721)	\$ 11,445	\$ 32,541,842	\$ 183,744	\$ 32,725,587

Source/Notes:

- Col. (A): Company MFR Schedule B-1
- Col. (B): Company May 3, 2016 Notice of Filing Adjustments. Also see Exhibit RCS-2, Schedule E, page 1
- Col. (C): Company June 16, 2016 Second Notice of Filing Adjustments. Also see Exhibit RCS-2, Schedule F
- Col. (D): Sum of columns A, B and C
- Col. (E): See Exhibit RCS-2, Schedule B-1, page 2
- Col. (F): Sum of columns D and E

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017Adjusted Rate Base-Summary of Adjustments  
(Thousands of Dollars)

Line No.	Adjustment Title	Reference (a)	OPC Adjustments	Jurisdictional Separation Factor	Jurisdictional Amount
	<u>Plant in Service Adjustments:</u>				
1	Storm Hardening	Exhibit HWS-9	\$ (31,546)	1.000000	\$ (31,546)
2	<i>Total Plant in Service</i>		<u>\$ (31,546)</u>		<u>\$ (31,546)</u>
3					
4					
5	<u>Accumulated Depreciation Adjustments:</u>				
6	OPC's Adjustment to New Depreciation Rates for 2017	Exh. RCS-2, Sch. C-7			\$ -
7	Depreciation Expense	[1/2 Depr'n Exp. Adj.]	\$ (146,314)	0.891838	\$ (130,489)
8	Depreciation Reserve Excess	[1/2 of first year amort]	\$ (115,391)	0.891838	\$ (102,910)
9	Storm Hardening	Exhibit HWS-9	\$ (428)	1.000000	\$ (428)
10	<i>Total Accumulated Depreciation</i>		<u>\$ (262,133)</u>		<u>\$ (233,827)</u>
11					
12					
13	<u>Plant Held for Future Use:</u>				
14	Reduction to Transmission PHFFU	Exh. RCS-2, Sch. B-2	\$ (4,637)	0.902240	\$ (4,184)
15	Reduction to Distributon PHFFU	Exh. RCS-2, Sch. B-2	\$ (10,044)	1.000000	\$ (10,044)
16	<i>Total Plant Held for Future Use</i>		<u>\$ (14,681)</u>		<u>\$ (14,228)</u>
17					
18	<u>Working Capital Adjustments</u>				
19	Adjustment to Working Capital	Exhibit HWS-11		Various	
20	Remove Unamortized Rate Case Expense	Smith Testimony	\$ (4,309)	1.000000	\$ (4,309)
21	<i>Total Working Capital</i>		<u>\$ (4,309)</u>		<u>\$ (4,309)</u>

Notes:

Jurisdictional Separation Factors from FPL's MFR Schedule B-6.

(a) References beginning with Exh. HWS refer to exhibits presented with the testimony of Helmuth W. Schultz, III.

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Reduction to Plant Held For Future Use (PHFFU)  
 Plant Held for Future Use Adjustment 2017 Test Year

Line No.	Description	Test Year 2017 13 Month Average (A)	Test Year Jurisdictional Factor (B)	Test Year Jurisdictional Amount (C)
1	Transmission	\$ (4,637,315)	0.902240	\$ (4,183,971)
2	Distribution	\$ (10,043,802)	1.000000	\$ (10,043,802)
3	Total Adjustment	<u>\$ (14,681,117)</u>		<u>\$ (14,227,773)</u>

Notes and Source:

See Schedule B-2, Exhibit RCS-2, page 2 for detail  
 Col. B: FPL MFR Schedule B-15

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017 and Subsequent Year Ended December 31, 2018  
 Plant Held for Future Use with Estimated In-Service Dates Beyond 2026

Line No.	Property Name	Cost	Test Year 2017 13 mo avg.	Sub Year 2018 13 mo avg.	Description	Purchase Date	Expected In Service Date	Date Recorded in account 105	
<b>TRANSMISSION FUTURE USE</b>									
1	GALLOWAY-SOUTH MIAMI LOOP TO S WEST SUB	\$ 1,834,050	\$ 1,834,050	\$ 1,834,050	GALLOWAY-SOUTH MIAMI LOOP TO SOUTHWEST SUBSTATION, SECTION 14 & 23 TOWNSHIP	Oct-05	Jun-27	2005/10	
2	HARBOR PUNTA GORDA #2 - ACQ EASEMENTS	\$ 738,483	\$ 738,483	\$ 738,483	ACQUIRED APPROX. 2 MILES OF TRANSMISSION RIGHT OF WAY FOR THE HARBOR-PUNTA GORDA #2 LINE, SECTION 6, TOWNSHIP 41, RANGE 23 AND SECTION 36, TOWNSHIP 40, RANGE 22	Sep-08	Dec-27	2008/9	
3	RIMA SUB & RIMA-VOLUSIA 230KV R/W LINE	\$ 619,861	\$ 619,861	\$ 619,861	RIMA SUB & RIMA-VOLUSIA 230 KV LINE ACQ RE-OPEN	Oct-88	Dec-28	1988/10	
4	TURKEY POINT-LEVEE (LEVEE-SOUTH DADE)	\$ 1,444,922	\$ 1,444,922	\$ 1,444,922	TURKEY POINT-ANDYTOWN-ACQUIRE RIGHT-OF-WAY FOR EHV	Jul-77	Dec-27	1977/7	
5	Total Transmission Future Use	<u>\$ 4,637,315</u>	<u>\$ 4,637,315</u>	<u>\$ 4,637,315</u>					
6									
7									
8	<b>DISTRIBUTION FUTURE USE</b>								
9	ARIEL SUBSTATION - ACQ SITE	\$ 774,060	\$ 774,060	\$ 774,060	VOLUSIA COUNTY - SECTION 24, TOWNSHIP 18 S, RANGE 34 E. ACQUIRE APPROXIMATELY 3.65 +/- ACRES OF LAND IN VOLUSIA COUNTY FOR ARIEL SUBSTATION	Apr-08	Dec-28	2008/5	
10	CHESTER SUBSTATION	\$ 374,695	\$ 374,695	\$ 374,695	NASSAU COUNTY 25-N2-28	Jul-94	Dec-28	2004/2	
11	DEERWOOD SUBSTATION - ACQUIRE SITE	\$ 787,349	\$ 787,349	\$ 787,349	SECTIONS 28, 29, TOWNSHIP 7, RANGE 29, ST. JOHNS COUNTY. ACQUIRE APPROXIMATELY 22.6 ACRES	Jan-06	Dec-28	2006/1	
12	ELY SUBSTATION EXPANSION	\$ 507,656	\$ 507,656	\$ 507,656	SECTION 35, TOWNSHIP 48S, RANGE 42E, BROWARD COUNTY. ACQUIRE APPROXIMATELY 2.18 ACRES OF PROPERTY	Jul-67	Dec-28	2002/2	
13	HARGROVE SUBSTATION - ACQUIRE SITE	\$ 866,415	\$ 866,415	\$ 866,415	ACQUIRE APPROXIMATELY 5.78 ACRES OF LAND FOR THE HARGROVE SUBSTATION IN FLAGLER COUNTY, SECTION 16, TOWNSHIP 11S, RANGE 30E, FLAGLER COUNTY	Mar-05	Dec-28	2005/6	
14	MINTON SUBSTATION - ACQ SITE (FKA HENRY)	\$ 1,000,545	\$ 1,000,545	\$ 1,000,545	MINTON SUBSTATION - ACQ SITE (FKA HENRY): SECTION 12, TOWNSHIP 28 S, RANGE 36E	Jul-03	Dec-28	2004/2	
15	PACETTI	\$ 204,487	\$ 204,487	\$ 204,487	4.76 ACRES IN SECTION 38, T6S, R28E, ST. JOHNS COUNTY, NEAR THE INTERSECTION OF NINE MILE ROAD AND I-95 IN NORTHWESTERN ST. AUGUSTINE.	Mar-94	Dec-28	1994/3	
16	SARTORI	\$ 117,958	\$ 117,958	\$ 117,958	6.63 ACRES IN SECTION 7, T30S, R37E, BREVARD COUNTY.	Sep-94	Dec-28	1994/10	
17	SPEEDWAY SUBSTATION (FORMERLY PELICAN)	\$ 520,185	\$ 520,185	\$ 520,185	SECTION 2, TOWNSHIP 16, RANGE 32, VOLUSIA COUNTY. ACQUIRE APPROXIMATELY 5 ACRES OF LAND IN VOLUSIA COUNTY FOR THE PELICAN SUBSTATION. PER MBIER WISE ON 11-08-04 SUBSTATION NAME CHANGE FROM PELICAN TO SPEEDWAY.	Oct-01	Dec-28	2002/2	
18	TIMUCAN SUBSTATION - ACQUIRE SITE	\$ 1,714,138	\$ 1,714,138	\$ 1,714,138	TIMUCAN SUBSTATION - ACQUIRE SITE. SECTION 10, TOWNSHIP 35	Jul-05	Dec-28	2005/8	
19	TOWNSHIP	\$ 14,520	\$ 14,520	\$ 14,520	APPROXIMATELY FOUR ACRES IN THE SE 1/4 OF SECTION 36, T28S, R37E, BREVARD COUNTY.	Apr-73	Dec-28	1973/10	
20	PENNSUCCO EXPANSION OF TRANS SUB	\$ 1,580,143	\$ 1,580,143	\$ 1,580,143	ACQUIRE APPROXIMATELY 2.27 ACRES OF LAND IN DADE COUNTY FOR PENNSUCCO SUBSTATION EXPANSION. SECTION 31: TOWNSHIP 52S, RANGE 40E.	Jan-10	Jun-27	2010/12	
21	VERMONT SUBSTATION-ACQUIRE SITE	\$ 702,668	\$ 702,668	\$ 702,668	S9, T8S, R29E, ST JOHNS COUNTY. ACQUIRE APPROXIMATELY 4.2 ACRES OF LAND FOR THE VERMONT SUBSTATION IN ST. JOHNS COUNTY.	Jun-05	Dec-28	2005/7	
22	CHALLENGER (Formerly Harrison St Sub)	\$ 251,661	\$ 251,661	\$ 251,661	2.2 ACRES IN SECTION 9, T22S, R35E, BREVARD COUNTY. 36000 - LAND & LAND RIGHTS 36100 - STRUCTURES & IMPROVEMENTS 36200 - STATION EQUIPMENT	Feb-70	Dec-28	1994/11	
23	SOUTHWEST SUB-ACQUIRE ADTNL PROPERTY	\$ 627,322	\$ 627,322	\$ 627,322	S14, T54S, R40E, MIAMI DADE COUNTY. ACQUIRE APPROXIMATELY 0.49 ACRES OF ADDITIONAL PROPERTY. 36000 - LAND & LAND RIGHTS 36100 - STRUCTURES & IMPROVEMENTS 36200 - STATION EQUIPMENT	Aug-04	Dec-28	2004/9	
24	Total Distribution Future Use	<u>\$ 10,043,802</u>	<u>\$ 10,043,802</u>	<u>\$ 10,043,802</u>					
25									
26	<b>TOTAL PROPERTY HELD FOR FUTURE USE BEYOND 2026</b>	<u>\$ 14,681,117</u>	<u>\$ 14,681,117</u>	<u>\$ 14,681,117</u>					

Source:  
 OPC's Second Interrogatory No. 105, Attachment No. 1

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017Adjusted Net Operating Income  
(Thousands of Dollars)

Line No.	Description	Adjusted Jurisdictional Total per Company (A)	FPL May 3, 2016 Notice of Filing Adjustments (B)	FPL June 15, 2016 Second Notice of Filing Adjustments (C)	Amounts Before OPC Adjustments (D)	OPC Adjustments (E)	Adjusted Juris. Total Amount per OPC (F)
<b>Operating Revenues:</b>							
1	Revenue From Sales	\$ 5,728,329	\$ 4,904	\$ 715	\$ 5,733,948	\$ 201,596	\$ 5,935,544
2	Other Operating Revenues	\$ 193,876	\$ (979)		\$ 192,897		\$ 192,897
3	Total Operating Revenues	\$ 5,922,205	\$ 3,925	\$ 715	\$ 5,926,845	\$ 201,596	\$ 6,128,441
<b>Operating Expenses:</b>							
4	Other Operation & Maintenance	\$ 1,330,140	\$ (3,632)	\$ (19)	\$ 1,326,489	\$ (58,534)	\$ 1,267,955
5	Fuel & Interchange	\$ 24,466			\$ 24,466		\$ 24,466
6	Purchased Power	\$ -			\$ -		\$ -
7	Deferred Costs	\$ -			\$ -		\$ -
8	Depreciation & Amortization	\$ 1,665,925	\$ (1,380)	\$ (21,824)	\$ 1,642,721	\$ (502,157)	\$ 1,140,564
9	Taxes Other Than Income Taxes	\$ 578,191			\$ 578,191	\$ (2,887)	\$ 575,304
10	Income Taxes	\$ 711,051	\$ 3,479	\$ 8,639	\$ 723,169	\$ 255,373	\$ 978,542
11	(Gain)/Loss on Disposal of Plant	\$ (5,759)			\$ (5,759)		\$ (5,759)
12	Total Operating Expenses	\$ 4,304,013	\$ (1,534)	\$ (13,204)	\$ 4,289,276	\$ (308,205)	\$ 3,981,071
13	Net Operating Income	\$ 1,618,192	\$ 5,459	\$ 13,919	\$ 1,637,569	\$ 509,801	\$ 2,147,370

**Source/Notes**

Col.(A): Per Company amounts are from FPL MFR Schedule C-1

Col. (B): Company May 3, 2016 Notice of Filing Adjustments. Also see Exhibit RCS-2, Schedule E, page 2

Col. (C): Company June 16, 2016 Second Notice of Filing Adjustments. Also see Exhibit RCS-2, Schedule F

Col. (D): Sum of columns A, B and C

Col. (E): See Exhibit RCS-2, Schedule C-1, page 2

Col. (F): Sum of columns D and E

Schedule C-1, page 2 of 2

Docket No: 160021-EI  
January 2017 Rate Change  
Exhibit No. RCS-2

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017

Net Operating Income-Summary of Adjustments  
(Thousands of Dollars)

Line No.	Adjustment Title	Reference (a)	Total Adjustment	Jurisdictional Separation Factor	Jurisdictional Amount
<u>Revenue at Current Rates</u>					
1	Revenue at Current Rates - Sales Forecast Adjustment	Dismukes Testimony	\$ 206,500	1.000000	\$ 206,500
2	less amount in FPL Corrections	Exh. RCS-2, Sch. C-6	\$ (4,904)	1.000000	\$ (4,904)
3	subtotal		<u>\$ 201,596</u>		<u>\$ 201,596</u>
4					
<u>Other Operating and Maintenance Expense</u>					
6	Rate Case Expense	Exh. RCS-2, Sch. C-2	\$ (326)	1.000000	\$ (326)
7	2017 Employee Count Adjustment	Exh. HWS-2	\$ (17,743)	0.967454	\$ (17,166)
8	2017 Employee Incentive Compensation Adjustment	Exh. HWS-3	\$ (28,216)	0.967467	\$ (27,298)
9	Benefit Expense Adjustment	Exh. HWS-4	\$ (2,681)	0.968169	\$ (2,595)
10	Distribution Vegetative Mgt. - Tree Trimming	Exh. HWS-6	\$ (4,647)	1.000000	\$ (4,647)
11	Pole Inspection Expense	Exh. HWS-7	\$ (1,664)	0.999358	\$ (1,663)
12	Directors & Officers Liability Insurance	Exh. HWS-8	\$ (1,391)	0.984797	\$ (1,369)
13					
14	Uncollectible Expense - on Revenue Adjustment	Exh. RCS-2, Sch. C-6	\$ 133	1.000000	\$ 133
15	Generation Overhaul Expense Normalization	Exh. RCS-2, Sch. C-3	\$ (3,803)	0.947328	\$ (3,603)
16	subtotal		<u>\$ (60,338)</u>		<u>\$ (58,534)</u>
17					
<u>Depreciation &amp; Amortization Expense</u>					
19	Depreciation Expense - New Depreciation Rates	Pous Testimony			\$ 0
20	Production	Exh RCS-2, Sch C-7	\$ (211,362)	0.950595	\$ (200,920)
21	Transmission	Exh RCS-2, Sch C-7	\$ (16,064)	0.896741	\$ (14,406)
22	Distribution	Exh RCS-2, Sch C-7	\$ (62,689)	1.000000	\$ (62,689)
23	General	Exh RCS-2, Sch C-7	\$ (2,513)	0.967454	\$ (2,432)
24	Depreciation Expense - New Depreciation Rates Excess Reserve	Pous Testimony			\$ 0
25	Transmission	Exh RCS-2, Sch C-7	\$ (93,970)	0.896741	\$ (84,266)
26	Distribution	Exh RCS-2, Sch C-7	\$ (129,924)	1.000000	\$ (129,924)
27	General	Exh RCS-2, Sch C-7	\$ (6,889)	0.967454	\$ (6,664)
28					
29	Storm Hardening	Exh. HWS-9	\$ (856)	1.000000	\$ (856)
30					
31	subtotal		<u>\$(524,266)</u>		<u>\$ (502,157)</u>
32					
<u>Taxes Other Than Income Expense</u>					
34	Payroll Tax Expense - Base Payroll	Exh. HWS-5	\$ (1,152)	0.986375	\$ (1,136)
35	Payroll Tax Expense - Incentive Compensation	Exh. HWS-5	\$ (1,775)	0.986375	\$ (1,751)
36	subtotal				<u>\$ (2,887)</u>
37					
<u>Income Tax Expense</u>					
39	Impact of other adjustments	Exh. RCS-2, Sch. C-4		Various	\$ 297,058
40	Interest Synchronization Adjustment	Exh. RCS-2, Sch. C-5		Various	\$ (41,685)
41	subtotal				<u>\$ 255,373</u>

Source/Notes:

Jurisdictional Separation Factors from FPL MFR Schedule C-4.

(a) References beginning with Exh. HWS refer to exhibits presented with the testimony of OPC witness Helmuth W. Schultz, III.



Schedule C-2

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Docket No: 160021-EI  
 January 2017 Rate Change  
 Exhibit No. RCS-2

Rate Case Expense

Line No.	Description	Total Rate Case Expense	Amortization Period (Years)	Amortization Expense	Reference
1	Rate Case Expense Authorized in 2010 Rate Case	\$ 3,207,000			(a)
2	O&M CPI-U Compound Multiplier, 2010 - 2013	1.072066			(b)
3	Compound Inflation Multiplier, 2014 - 2017	1.053000			(c)
4	OPC Recommended Rate Case Expense - Current Case	\$ 3,620,336	4	\$ 905,084	
5	FPL Estimated Rate Case Expense in Filing	4,925,000	4	1,231,250	(d)
6	Reduction to Rate Case Expense, per OPC	<u>\$ (1,304,664)</u>		<u>\$ (326,166)</u>	
7	Rounded Adjustment to Test Year Amortization Expense (\$000)			<u>\$ (326)</u>	

Source/Notes:

- (a) Commission Order No. PSC-10-0153-FOF-EI
- (b) MFR Schedule C-40 from FPL's 2013 rate case, Docket No. 120015-EI
- (c) O&M CPI-U Compound Multiplier, 2014 - 2017

Year	Inflation Rate		
	Per FPL	Per OPC	
2014	1.60%	1.60%	(d)
2015	0.10%	0.10%	(d)
2016	2.00%	1.44%	(e)
2017	2.50%	2.06%	(e)

Compound Inflation Factor 2014 - 2017

1.0634

1.05300

- (d) MFR Schedule C-10
- (e) 2016 and 2017 general price inflation factors are from the Direct Testimony of OPC witness David Dismukes
- (f) MFR Schedule C-10 and FPL response to OPC Fourth Set of Interrogatories, Interrogatory No. 128

## Schedule C-3

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017

Docket No: 160021-EI  
January 2017 Rate Change  
Exhibit No. RCS-2

## Generation Overhaul Expense Normalization

Line No	Description	2014 (A)	2015 (B)	2016 (C)	2017 (D)	Four-Year Escalated Average (E)
1	Steam Plant Overhaul Expense	\$ 16,842,966	\$ 9,430,036	\$ 16,191,801	\$ 4,660,307	
2	- Less Retired Units					
3	Subtotal	\$ 16,842,966	\$ 9,430,036	\$ 16,191,801	\$ 4,660,307	
4	O&M Compound Multiplier, 2014 - 2017	1.036332	1.035297	1.020600	1.000000	
5	Steam Plant Overhaul Expense - Existing Plants	\$ 17,454,904	\$ 9,762,885	\$ 16,525,352	\$ 4,660,307	\$ 12,100,862
6	Other Production Plant Overhaul Expense	\$ 28,667,337	\$ 25,439,543	\$ 25,697,300	\$ 42,803,842	
7	- Less					
8	- Plus Port Everglades Modernized Unit 5	\$ 497,854	\$ 497,854			
9	Subtotal	\$ 29,165,191	\$ 25,937,397	\$ 25,697,300	\$ 42,803,842	
10	O&M Compound Multiplier, 2014 - 2017	1.036332	1.035297	1.020600	1.000000	
11	Other Production Plant Overhaul Expense - Existing Plants	\$ 30,224,819	\$ 26,852,900	\$ 26,226,664	\$ 42,803,842	\$ 31,527,056
12	Central Maintenance Overhaul Support	\$ 1,183,932	\$ 1,096,447	\$ 1,074,365	\$ 1,074,365	\$ 1,107,277
13	Total	\$ 48,863,654	\$ 37,712,232	\$ 43,826,381	\$ 48,538,514	
14	OPC Recommended Normalized Generation Overhaul Expense					\$ 44,735,195
15	2017 Generation Overhaul Expense in 2017 Base Rate Change, per FPL (Lines 1, 6 and 12 for 2017)					\$ 48,538,514
16	Reduction to Generation Overhaul Expense					\$ (3,803,319)
17	Jurisdictional Factor					0.947328
18	Reduction to Jurisdictional Generation Overhaul Expense (stated in \$000)					\$ (3,603)

## Notes and Source

Lines 1, 6, & 12: FPL Responses to Staff's 6th Set of Interrogatories, Interrogatory 153

Lines 4 and 10: MFR Sch. C-40, ad modified to reflect OPC witness Dismuke's recommendations for 2016 and 2017 general inflation

Year	Inflation Rate	Factor 2014	Factor 2015	Factor 2016
2014	1.60%			
2015	0.10%			
2016	1.44%			
2017	2.06%	1.036332	1.035297	1.020600

## Calculation of Compound Multipliers

2014	$(1+0.001)*(1+0.0144)*(1+0.0206)$
2015	$(1+0.0144)*(1+0.0206)$
2016	$(1+0.0206)$

Line 8:

2016	\$ 145,537
2017	850,171
Average	\$ 497,854

## Jurisdictional Factor Calculation:

(Figures taken from MFR Schedule C-4, in \$000)

	Total Company	FPSC Jurisdictional	Jurisdictional Factor
Steam Power Generation	\$ 446,375	\$ 422,962	0.947549
Other Power Generation	2,504,438	2,372,426	0.947289
Total	\$ 2,950,813	\$ 2,795,389	0.947328

Schedule C-4

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017

Docket No: 160021-EI  
January 2017 Rate Change  
Exhibit No. RCS-2

Income Tax Expense - Impact of Other Adjustments  
(Thousands of Dollars)

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	OPC Jurisdictional Operating Income Adjustments (1): Revenue at Current Rates	<u>\$ 206,500</u>
	Pre-Tax Operating Expenses:	
2	Other Operating and Maintenance Expense	\$ (58,534)
3	Depreciation & Amortization Expense	\$ (502,157)
4	Taxes Other Than Income Expense	<u>\$ (2,887)</u>
5	Subtotal Pre-Tax Operating Expenses	<u>\$ (563,578)</u>
6	Net Increase in Taxable Income	\$ 770,078
7	Composite Income Tax Rate (2)	<u>38.575%</u>
8	Adjustment to Income Tax Expense	<u>\$ 297,058</u>

Notes and Source

- (1) Exhibit RCS-2, Schedule C-1, Page 2
- (2) Calculated using Florida state income tax rate of 5.50% and Federal income tax rate of 35%  
FPL used these same income tax rates in its filing. See, e.g., MFR Schedule C-44

Schedule C-5

Docket No: 160021-EI  
 January 2017 Rate Change  
 Exhibit No. RCS-2

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Interest Synchronization Adjustment  
 (Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per OPC	\$ 32,725,587	Exh. RCS-2, Sch. B-1
2	Weighted Cost of Debt, per OPC	1.71%	Exh. RCS-2, Sch. D
3	Interest Deduction for Income Taxes	\$ 560,110	Line 1 x Line 2
4	Interest Deduction, per Company	\$ 452,048	(a)
5	Increase (Reduction) in Deductible Interest	\$ 108,062	
6	Composite Income Tax Rate	38.575%	(b)
7	Increase (Reduction) to Income Tax Expense	\$ (41,685)	

Notes and Source

(a) Per Company amount calculated as the per Company rate base times the per FPL weighted Cost of Debt (long term debt, short term debt and customer deposits):

8	Per Company Rate Base	\$ 32,536,116	Exh. RCS-2, Sch. B-1
9	Per Company weighted Cost of Debt	1.39%	Exh. RCS-2, Sch. D
10	Interest Deduction, per Company	\$ 452,048	
11	Per Company weighted Cost of Debt:	<u>Wtd. Cost Rate</u>	<u>Interest Deduction</u>
12	Long Term Debt	1.33%	\$ 432,359
13	Short Term Debt	0.03%	\$ 11,339
14	Customer Deposits	0.03%	\$ 8,350
15	Per Company weighted Cost of Debt	1.39%	\$ 452,048

(b) Calculated using Florida state income tax rate of 5.50% and Federal income tax rate of 35%  
 FPL used these same income tax rates in its filing. See, e.g., MFR Schedule C-44

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017Revenue at Current Rates - Adjustment for Sales Forecast  
(Thousands of Dollars)

Line No.	Description	Amount	Reference
<b>Revenue at Current Rates</b>			
1	OPC Forecast Adjustment	\$ 206,500	(a)
2	Less: Amount in FPL May 3, 2016 Adjustments	\$ 4,904	(b)
3	Net Increase to Revenue at Current Rates	<u>\$ 201,596</u>	
<b>Pre-Tax Operating Expenses:</b>			
<b>Uncollectibles Expense</b>			
4	Bad Debt Rate	<u>0.00066</u>	(c)
5	Increase in Uncollectibles Expense	<u>\$ 133</u>	

Notes and Source

- (a) Testimony of OPC witness David Dismukes
- (b) FPL May 3, 2016 Notice of Identified Adjustments, item 4  
See Exhibit RCS-2, Schedule E, page 2, Revenue from Sales
- (c) Bad Debt Rate from MFR Schedule C-44, line 5  
As corrected per FPL's May 3, 2016 Notice of Identified Corrections, item 5, NOI Multiplier,  
Bad Debt Rate

Florida Power & Light Company  
 Test Year Ended December 31, 2017  
 Annual Depreciation Accruals - New Depreciation Rates

Line No.	Function	FP&L Existing			FP&L Proposed			Per OPC			Excess Depreciation Reserve for Amortization	Excess Depreciation Reserve Annual Amortization	Total OPC Adjustments
		Original Cost (Based on 12/31/2017 Electric Plant)	Annual Depr. Rate	Annual Depr. Accruals	Annual Depr. Rate	Annual Depr. Accruals	Increase/Decrease	Annual Depr. Rate	Annual Depr. Accruals	Difference			
		(A)	(B)	(C)	(D)	(E)	(F)	(1)	(2)	(3)	(4)	(5)	(6)
<b>I. Calculated Depreciation Expense on 12/31/2017 Plant</b>													
1	Steam	\$3,243,194,417	2.5	\$80,638,814	3.79	\$122,769,150	\$42,130,336	3.78	\$122,494,085	(\$275,065)		0	(\$275,065)
2	Nuclear	\$7,822,373,927	2.0	\$160,192,998	4.16	\$325,071,491	\$164,878,493	4.01	\$313,315,024	(\$11,756,467)		0	(\$11,756,467)
3	Combined Cycle	\$10,884,506,011	3.8	\$412,097,322	4.33	\$471,368,850	\$59,271,528	2.50	\$272,105,968	(\$199,262,882)		0	(\$199,262,882)
4	Peaker Plants	\$527,598,853	3.3	\$17,181,142	3.31	\$17,472,743	\$291,601	3.08	\$16,274,967	(\$1,197,776)		0	(\$1,197,776)
5	Solar	\$1,051,134,801	3.3	\$34,687,449	3.18	\$33,409,047	(\$1,278,402)	3.18	\$33,377,313	(\$31,734)		0	(\$31,734)
6	<b>Total Production</b>	<b>23,528,808,008</b>	<b>3.0</b>	<b>704,797,725</b>	<b>4.12</b>	<b>970,091,281</b>	<b>265,293,556</b>	<b>3.22</b>	<b>787,567,358</b>	<b>(212,523,923)</b>		-	<b>(212,523,923)</b>
7													
8	Transmission	\$5,577,625,822	2.8	\$153,559,713	2.50	\$139,417,357	(\$14,142,356)	2.21	\$123,360,653	(\$16,056,704)	\$375,878,092	(\$93,969,523)	(\$110,026,227)
9	Distribution	\$16,015,951,572	3.4	\$537,116,945	3.19	\$510,924,906	(\$26,192,039)	2.75	\$439,673,732	(\$71,251,174)	\$519,694,355	(\$129,923,589)	(\$201,174,763)
10	General	\$858,008,962	4.4	\$37,489,110	3.94	\$33,801,079	(\$3,688,031)	3.60	\$30,845,517	(\$2,955,362)	\$27,554,227	(\$6,888,557)	(\$9,843,919)
11	<b>Total Trans., Dist. and General Plant</b>	<b>22,451,586,356</b>	<b>3.2</b>	<b>728,165,768</b>	<b>3.05</b>	<b>684,143,342</b>	<b>(44,022,426)</b>	<b>2.65</b>	<b>593,880,102</b>	<b>(90,263,240)</b>	<b>923,126,674</b>	<b>(230,781,669)</b>	<b>(321,044,909)</b>
12													
13													
14	<b>Grand Total</b>	<b>45,980,394,364</b>	<b>3.1</b>	<b>1,432,963,493</b>	<b>3.60</b>	<b>1,654,234,623</b>	<b>221,271,130</b>	<b>2.94</b>	<b>1,351,447,459</b>	<b>(302,787,164)</b>	<b>923,126,674</b>	<b>(230,781,669)</b>	<b>(533,568,832)</b>
<b>II. Depreciation Expense Adjustment for Rate-making</b>													
Function	FPL New Depreciation Rates Expense Adjustment	Depreciation Expense - Clauses	Depreciation Expense - Base Rates	Jurisdictional Factors	FPL New Depreciation Rates Juris. Expense Adjustment	OPC New Depreciation Rates Expense Adjustment	Ratio of FPL Base Rates Expense Adj to Total Exp. Adj.	OPC Depreciation Expense Adjustment - Base Rates	Excess Depreciation Reserve Annual Amortization	OPC Total Depreciation Expense Adjustment After Clauses	Jurisdictional Factors	OPC New Depreciation Rates Juris. Expense Adjustment	
	(G)	(H)	(I)	(J)	(K)	(7) - (3)	(8) = I/G	(9) = (8) x (7)	(10) = (5)	(11) = (9) + (10)	(12) = (J)	(13) = (11) x (12)	
15	Steam	\$42,675,783	\$15,102,236	\$27,573,546	0.9505952	\$26,211,280	(\$275,065)	64.6117%	(\$177,724)	(\$177,724)	0.9505952	(\$168,944)	
16	Nuclear	\$162,509,138	\$3,416,928	\$159,092,210	0.9505952	\$151,232,288	(\$11,756,467)	97.8974%	(\$11,509,276)	(\$11,509,276)	0.9505952	(\$10,940,662)	
17	Other	\$51,998,277	\$211,996	\$51,786,281	0.9505952	\$49,227,789	(\$200,492,391)	99.5923%	(\$199,674,984)	(\$199,674,984)	0.9505952	(\$189,810,078)	
18	<b>Total Production</b>	<b>257,183,197</b>	<b>18,731,160</b>	<b>238,452,037</b>		<b>226,671,358</b>	<b>(212,523,923)</b>		<b>(211,361,984)</b>	<b>(211,361,984)</b>	0.9505952	<b>(200,919,684)</b>	
19													
20	Transmission	(\$7,892,672)	\$3,750	(\$7,896,422)	0.8967409	(\$7,081,044)	(\$16,056,704)	100.0475%	(\$16,064,331)	(\$93,969,523)	0.8967409	(\$98,671,853)	
21	Distribution	(\$24,863,168)	(\$2,987,853)	(\$21,875,315)	1.0000000	(\$21,875,315)	(\$71,251,174)	87.9828%	(\$62,688,778)	(\$129,923,589)	1.0000000	(\$192,612,367)	
22	General	(\$3,124,406)	(\$467,257)	(\$2,657,150)	0.9674535	(\$2,570,669)	(\$2,955,362)	85.0449%	(\$2,513,385)	(\$6,888,557)	0.9674535	(\$9,095,942)	
23	<b>Total Trans., Dist. and General Plant</b>	<b>(35,880,246)</b>	<b>(3,451,360)</b>	<b>(32,428,886)</b>		<b>(31,527,028)</b>	<b>(90,263,240)</b>		<b>(81,266,494)</b>	<b>(230,781,669)</b>		<b>(300,380,162)</b>	
24													
25													
26	<b>Grand Total</b>	<b>221,302,951</b>	<b>15,279,800</b>	<b>206,023,151</b>		<b>195,144,330</b>	<b>(302,787,163)</b>		<b>(292,628,478)</b>	<b>(230,781,669)</b>		<b>(501,299,845)</b>	
27													
28	<b>Compare FPL Total Jurisdictional Adjustment (based on MFR Schedule C-2)</b>					<b>195,144,330 (n)</b>							

Notes and Source

Columns A-F, Line Nos. 1-16: FPL Exhibit NWA-1, Page 7 of 762

Excess Depreciation Reserve is being amortized over 4 years per recommendation of OPC witness Pous.

(a): MFR Schedule C-2 for Projected Test Year Ended 12/31/17, Page 3 of 3, Line 15

Cols. G, H and I: FPL response to OPC Fifth Set of Interrogatories, No. 167, Attachment 2

Cols. J, K, and L: FPL response to OPC's Fifth Set of Interrogatories, No. 168, Attachment 2

OPC Depreciation Rate Recommendations from OPC witness Jack Pous are summarized in columns (1) through (6) above.

Schedule D

Docket No: 160021-EI  
 January 2017 Rate Change  
 Exhibit No. RCS-2

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Cost of Capital  
 (Thousands of Dollars)

Line No.	Description	Jurisdictional Capital Structure Per Company (A)	OPC Adjustments to Cap. Struct. (B)	Adjusted Amounts (C)	OPC Rate Base Adjustments (D)	Per Citizens Adjusted Amounts (E)	Ratio (F)	Cost Rate (G)	Per OPC Weighted Cost Rate (H)
<b>Per Company</b>									
1	Long Term Debt	\$ 9,358,417		\$ 9,358,417		\$ 9,358,417	28.76%	4.62%	1.33%
2	Short Term Debt	\$ 612,939		\$ 612,939		\$ 612,939	1.88%	1.85%	0.03%
3	Preferred Stock	\$ -		\$ -		\$ -	0.00%	0.00%	0.00%
4	Common Equity	\$ 14,682,574		\$ 14,682,574		\$ 14,682,574	45.13%	11.50%	5.19%
5	Customer Deposits	\$ 407,328		\$ 407,328		\$ 407,328	1.25%	2.05%	0.03%
6	Deferred Taxes	\$ 7,368,582		\$ 7,368,582		\$ 7,368,582	22.65%	0.00%	0.00%
7	Investment Tax Credits	\$ 106,275		\$ 106,275		\$ 106,275	0.33%	8.82%	0.03%
8	<b>Total</b>	<b>\$ 32,536,115</b>	<b>\$ -</b>	<b>\$ 32,536,115</b>		<b>\$ 32,536,115</b>	<b>100.00%</b>		<b>6.61%</b>
<b>Per OPC</b>									
9	Long Term Debt	\$ 9,358,417	\$ 2,210,810	\$ 11,569,227	\$ 67,371	\$ 11,636,598	35.56%	4.62%	1.64%
10	Short Term Debt	\$ 612,939	\$ 144,799	\$ 757,738	\$ 4,413	\$ 762,151	2.33%	1.85%	0.04%
11	Preferred Stock	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
12	Common Equity	\$ 14,682,574	\$ (2,355,609)	\$ 12,326,965	\$ 71,784	\$ 12,398,749	37.89%	8.75%	3.32%
13	Customer Deposits	\$ 407,328	\$ -	\$ 407,328	\$ 2,372	\$ 409,700	1.25%	2.05%	0.03%
14	Deferred Taxes	\$ 7,368,582	\$ -	\$ 7,368,582	\$ 42,910	\$ 7,411,492	22.65%	0.00%	0.00%
15	Investment Tax Credits	\$ 106,275	\$ -	\$ 106,275	\$ 619	\$ 106,894	0.33%	6.75%	0.02%
16	<b>Total</b>	<b>\$ 32,536,115</b>	<b>\$ (0)</b>	<b>\$ 32,536,115</b>	<b>\$ 189,469</b>	<b>\$ 32,725,584</b>	<b>100.00%</b>		<b>5.05%</b>

Ratio of Debt & Equity Components	Per FPL Amounts (a)	Effective FPL Ratio (b)	Capitalization Ratio Per OPC^ (c)	Revised Allocations (d)	Adjs. To Reflect OPC Cap. Struct. (e) = (d - a)
17 Long Term Debt	\$ 9,358,417	37.96%	46.93%	\$ 11,569,227	\$ 2,210,810
18 Short Term Debt	\$ 612,939	2.49%	3.07%	\$ 757,738	\$ 144,799
19 Common Equity	\$ 14,682,574	59.55%	50.00%	\$ 12,326,965	\$ (2,355,609)
	<b>\$ 24,653,930</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$ 24,653,930</b>	<b>\$ -</b>

^ Ratio of Debt Components	Per FPL Amounts (f)	Long/Short Term Ratio (g)	Per OPC Debt Ratio (h)	OPC Adjusted Debt Ratio (i) = (g x h)
20 Long Term Debt	\$ 9,358,417	93.85%		46.93%
21 Short Term Debt	\$ 612,939	6.15%		3.07%
22	\$ 9,971,356	100.00%	50.00%	50.00%

Notes and Source

The per Company amounts are from MFR Sch. D-1a.

Column (c): Capitalization Ratio per OPC sponsored by OPC Witness Kevin O'Donnell

Column (D): OPC rate base adjustments are from Schedule B-I, page 1, col. E. This includes the FPL update/filing correction rate base adjustments in columns B and C.

	FPL Updates	OPC Adjs	Rate Base Adjs
Rate Base Adjustments	\$ 5,725	\$ 183,744	\$ 189,469

Column (G), Lines 9&10, debt cost rates are sponsored by OPC Witness Kevin O'Donnell

Column (G): Lines 1 - 3 and 5 based on per-FPL Cost rates. Return on Equity on line 4 sponsored by OPC witness Randall Woolridge. Lines 7 and 15 are fall-out calculations.

FPL Weighted Cost of Debt for Interest Synchronization	<u>1.39%</u>	Col. H, lines 1, 2 and 5
OPC Weighted Cost of Debt for Interest Synchronization	<u>1.71%</u>	Col. H, lines 9, 10 and 13

Schedule E, page 1 of 3

Docket No: 160021-EI  
January 2017 Rate Change  
Exhibit No. RCS-2

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017

Company Rate Base Adjustments from May 3, 2016 Notice of Identified Adjustments  
(Thousands of Dollars)

Line No.	Rate Base Components	FPL May 3, 2016 Notice of Filing Adjustments (A)
1	Plant in Service	
2	Accumulated Depreciation & Amortization	\$ 690
3	Net Plant in Service	\$ 690
4	Construction Work in Progress	
5	Plant Held For Future Use	
6	Nuclear Fuel	
7	Total Net Plant	\$ 690
8	Working Capital Allowance	\$ (6,411)
9	Other Rate Base Items	
10	Total Rate Base	\$ (5,721)

Source/Notes:

Schedule E, page 3 of 3

	Description	Page 3 Column Reference	Dollars	Thousands of \$
	<b>Accumulated Depreciation &amp; Amortization</b>			
11	Depreciation Co Adj	(9)	\$ 1,328	\$ 1
12	Dismantlement Co Adj	(10)	\$ 688,781	\$ 689
13	Accumulated Depreciation & Amortization		\$ 690,109	\$ 690
	<b>Working Capital Allowance</b>			
14	Pension Debit	(2)	\$ (3,527,564)	\$ (3,528)
15	Uncollectible Accounts Expense	(6)	\$ 30,107	\$ 30
16	DSM Adj	(8)	\$ (2,913,278)	\$ (2,913)
17	Working Capital Allowance		\$ (6,410,735)	\$ (6,411)
18	Total Rate Base		\$ (5,720,626)	\$ (5,721)



Schedule E, page 2 of 3

Docket No: 160021-EI  
January 2017 Rate Change  
Exhibit No. RCS-2

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017

**Company Net Operating Income Adjustments from May 3, 2016 Notice of Identified Adjustments**  
(Thousands of Dollars)

Line No.	Description	Reference	FPL May 3, 2016 Notice of Filing Adjustments (A)
<b>Operating Revenues:</b>			
1	Revenue From Sales	Line 14	\$ 4,904
2	Other Operating Revenues	Line 18	(979)
3	<b>Total Operating Revenues</b>	Line 19	<u>\$ 3,925</u>
<b>Operating Expenses:</b>			
4	Other Operation & Maintenance	Line 22	(3,632)
5	Fuel & Interchange		
6	Purchased Power		
7	Deferred Costs		
8	Depreciation & Amortization	Line 25	(1,380)
9	Taxes Other Than Income Taxes		
10	Income Taxes	Line 31	3,479
11	(Gain)/Loss on Disposal of Plant		
12	<b>Total Operating Expenses</b>		<u>\$ (1,534)</u>
13	<b>Net Operating Income</b>		<u>\$ 5,459</u>

Source/Notes:

Schedule E, page 3 of 3

Description	Page 3 Column Reference	NOI Dollars (a) (B)	Thousands of NOI \$ (C)
<b>Revenues (Decrease) Increase</b>			
14	Retail Base Revenues (7)	\$ 4,903,899 (a)	\$ 4,904
<b>Other Operating Revenues</b>			
15	Aviation gains (1)	\$ (1,229,710) (a)	(1,230)
16	Late Payment charges (4)	\$ 244,983 (a)	245
17	Returned Checks (5)	\$ 6,123 (a)	6
18	Other Operating Revenues	<u>\$ (978,604)</u>	<u>\$ (979)</u>
19	<b>Total Operating Revenues</b>	<u>\$ 3,925,295</u>	<u>\$ 3,925</u>
<b>Other Operation &amp; Maintenance</b>			
20	WCEC Water Reclamation (3)	\$ (4,031,221)	(4,031)
21	Uncollectible Accounts Expense (6)	\$ 398,765	399
22	<b>Other Operation &amp; Maintenance</b>	<u>\$ (3,632,456)</u>	<u>\$ (3,632)</u>
<b>Depreciation &amp; Amortization</b>			
23	Depreciation Co Adj (9)	\$ (2,710)	(3)
24	Dismantlement Co Adj (10)	\$ (1,377,561)	(1,378)
25	<b>Depreciation &amp; Amortization</b>	<u>\$ (1,380,271)</u>	<u>\$ (1,380)</u>
<b>Income Taxes</b>			
26	Revenue	Line 19	\$ 3,925
27	Pre-Tax Expenses	Lines 22 + 25	\$ (5,013)
28	Synchronized Interest (c)	Line 37	\$ (81)
29	Taxable Income		\$ 9,019
30	Combined State and Federal Income Tax Rate Used		0.38575
31	<b>Income Tax Expense</b>	Line 29 x Line 30	<u>\$ 3,479</u>
(a)	Page 3, lines 22-28 state the income statement amounts as net operating income impacts		
32	Combined State and Federal Income Tax Rate Used	0.38575	
33	NOI factor: 1 minus Income Tax Rate	0.61425	
34	1 divided by NOI factor	1.62800	
(c)	Synchronized Interest		
35	Rate Base	Page 1	\$ (5,721)
36	FPL Interest	Page 3	\$ 1.4173%
37	Synchronized Interest		<u>\$ (81)</u>

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Company Rate Base and Net Operating Income Adjustments from May 3, 2016 Notice of Identified Adjustments

Line No.	Description	2017										Total	
		(1) Aviation gains	(2) Pension Debit	(3) WCEC Water Reclamation	(4) Late Payment charges	(5) Returned Checks	(6) Uncollectible Accounts Expense	(7) Retail Base Revenues	(8) DSM Adj	(9) Depreciation Co Adj	(10) Dismantlement Co Adj		
<b>RATE BASE</b>													
1	PLANT IN SERVICE												-
2	DEPRECIATION & AMORT RESERVE				\$ -					\$ 1,328	\$ 724,578		\$ 725,906
3	NET PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,328	\$ 724,578		\$ 725,906
4													
5	FUTURE USE PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	CWIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	NUCLEAR FUEL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	NET UTILITY PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,328	\$ 724,578		\$ 725,906
9													
10	WORKING CAPITAL		\$ (3,646,236)	\$ -	\$ -	\$ -	\$ 30,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,616,129)
11	RATE BASE - INCREASE/(DECREASE)	\$ -	\$ (3,646,236)	\$ -	\$ -	\$ -	\$ 30,107	\$ -	\$ -	\$ 1,328	\$ 724,578		\$ (2,890,223)
12													
13	JURISDICTIONAL FACTOR <sup>(2)</sup>	-	0.96745	-	1.00000	1.00000	1.00000	1.00000	-	1.00000	0.95060		
14	JURISDICTIONAL RATE BASE	\$ -	\$ (3,527,564)	\$ -	\$ -	\$ -	\$ 30,107	\$ -	\$ (2,913,278)	\$ 1,328	\$ 688,781		\$ (5,720,626)
15													
16	PRE-TAX RATE OF RETURN (D-1a) <sup>(1)</sup>	9.8659%	9.8659%	9.8659%	9.8659%	9.8659%	9.8659%	9.8659%	9.8659%	9.8659%	9.8659%		
17													
18	RETURN ON RATE BASE	\$ -	\$ (348,028)	\$ -	\$ -	\$ -	\$ 2,970	\$ -	\$ (287,422)	\$ 131	\$ 67,955		\$ (564,394)
19													
20	COST OF DEBT (D-1a) <sup>(1)</sup>	1.4173%	1.4173%	1.4173%	1.4173%	1.4173%	1.4173%	1.4173%	1.4173%	1.4173%	1.4173%		1.4173%
21	INTEREST SYNC ADJUSTMENT	-	19,286	-	-	-	(165)	-	15,927	(7)	(3,766)		31,275
<b>NET OPERATING INCOME</b>													
22	OPERATION AND MAINTENANCE EXPENSE	\$ -	\$ -	\$ (4,243,153)	\$ -	\$ -	\$ 398,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,844,388)
23	DEPRECIATION & AMORTIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,710)	\$ (1,449,157)		\$ (3,159,167)
24	REVENUES	\$ 1,229,710	\$ -	\$ -	\$ (244,983)	\$ (6,123)	\$ -	\$ (4,903,899)	\$ -	\$ -	\$ -		\$ (3,925,295)
25	TOTAL - INCREASE/(DECREASE)	\$ 1,229,710	\$ -	\$ (4,243,153)	\$ (244,983)	\$ (6,123)	\$ 398,765	\$ (4,903,899)	\$ -	\$ (2,710)	\$ (1,449,157)		\$ (7,769,683)
26													
27	JURISDICTIONAL FACTOR <sup>(2)</sup>	1.00000	-	0.95005	1.00000	1.00000	1.00000	1.00000	-	1.00000	0.95060		
28	JURISDICTIONAL NET OPERATING INCOME	\$ 1,229,710	\$ -	\$ (4,031,221)	\$ (244,983)	\$ (6,123)	\$ 398,765	\$ (4,903,899)	\$ (450,736)	\$ (2,710)	\$ (1,377,561)		\$ (9,388,758)
26	SUBTOTAL (SUM OF LINES 18, 21, & 25)	\$ 1,229,710	\$ (328,742)	\$ (4,031,221)	\$ (244,983)	\$ (6,123)	\$ 401,571	\$ (4,903,899)	\$ (722,232)	\$ (2,586)	\$ (1,313,372)		\$ (9,921,877)
27	RAF and Bad Debt Multiplier <sup>(3)</sup>	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137		1.00137
28	TOTAL REVENUE REQUIREMENT	\$ 1,231,395	\$ (329,193)	\$ (4,036,744)	\$ (245,319)	\$ (6,131)	\$ 402,121	\$ (4,910,617)	\$ (723,221)	\$ (2,590)	\$ (1,315,171)		\$ (9,935,470)

**Notes:**

- <sup>(1)</sup>Pre-Tax COC (debt/equity) was obtained from MFRs D-1a for the TY & SY
- <sup>(2)</sup> Jurisdictional factors reflected in this calculation are the same as the jurisdictional factors reflected in MFRs B-2 & C-3 for the TY & SY
- <sup>(3)</sup> Refer to MFR C-44 for TY & SY
- <sup>(4)</sup> Fukushima adjustment only applies to 2018.

Schedule F, page 1 of 3

Docket No: 160021-EI  
 January 2017 Rate Change  
 Exhibit No. RCS-2

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Company Rate Base Adjustments from June 16, 2016 Second Notice of Identified Adjustments  
 (Thousands of Dollars)

Line No.	Rate Base Components	FPL June 16, 2016 Second Notice of Filing Adjustments (A)
1	Plant in Service	
2	Accumulated Depreciation & Amortization	\$ 10,669
3	Net Plant in Service	10,669
4	Construction Work in Progress	
5	Plant Held For Future Use	
6	Nuclear Fuel	
7	Total Net Plant	10,669
8	Working Capital Allowance	776
9	Other Rate Base Items	
10	Total Rate Base	\$ 11,445

Source/Notes:

Schedule F, page 3 of 3

	Page 3 Column Reference	Dollars	Thousands of \$
<b>Accumulated Depreciation &amp; Amortization</b>			
11	(3)	\$ 10,669,329	\$ 10,669
12			\$ -
13		\$ 10,669,329	\$ 10,669
<b>Working Capital Allowance</b>			
14	(2)	\$ 775,850	\$ 776
15			
16			
17		\$ 775,850	\$ 776
18		\$ 11,445,179	\$ 11,445

Schedule F, page 2 of 3

Docket No: 160021-EI  
January 2017 Rate Change  
Exhibit No. RCS-2

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017

Company Net Operating Income Adjustments from June 16, 2016 Second Notice of Identified Adjustments  
(Thousands of Dollars)

Line No.	Description	Reference	FPL June 16, 2016 Notice of Filing Adjustments (A)
<b>Operating Revenues:</b>			
1	Revenue From Sales	Line 14	715
2	Other Operating Revenues	Line 18	
3	<b>Total Operating Revenues</b>	Line 19	<b>715</b>
<b>Operating Expenses:</b>			
4	Other Operation & Maintenance	Line 22	(19)
5	Fuel & Interchange		
6	Purchased Power		
7	Deferred Costs		
8	Depreciation & Amortization	Line 25	(21,824)
9	Taxes Other Than Income Taxes		
10	Income Taxes	Line 31	8,639
11	(Gain)/Loss on Disposal of Plant		
12	<b>Total Operating Expenses</b>		<b>(13,204)</b>
13	<b>Net Operating Income</b>		<b>13,919</b>

Source/Notes:

Schedule F, page 3 of 3

Description	Page 3 Column Reference	NOI Dollars (a)	Thousands of NOI
		(B)	\$ (C)
<b>Revenues (Decrease) Increase</b>			
14 EDR	(1)	715,000 (a)	715
<b>Other Operating Revenues</b>			
15			
16			
17			
18 Other Operating Revenues		\$ -	\$ -
19 <b>Total Operating Revenues</b>		\$ 715,000	\$ 715
<b>Other Operation &amp; Maintenance</b>			
20 EDR	(1)	\$ (19,028)	(19)
21			
22 <b>Other Operation &amp; Maintenance</b>		\$ (19,028)	\$ (19)
<b>Depreciation &amp; Amortization</b>			
23 Depreciation Co Adj	(3)	\$ (21,824,174)	(21,824)
24			
25 <b>Depreciation &amp; Amortization</b>		\$ (21,824,174)	\$ (21,824)
<b>Income Taxes</b>			
26 Revenue		Line 19	\$ 715
27 Pre-Tax Expenses		Lines 22 + 25	\$ (21,843)
28 Synchronized Interest (c)		Line 37	\$ 162
29 Taxable Income			\$ 22,396
30 Combined State and Federal Income Tax Rate Used			0.38575
31 <b>Income Tax Expense</b>		Line 29 x Line 30	\$ 8,639
<b>(a)</b>			
32 Combined State and Federal Income Tax Rate Used			0.38575
33 NOI factor: 1 minus Income Tax Rate			0.61425
34 1 divided by NOI factor			1.62800
<b>(c)</b>			
35 Synchronized Interest			
36 Rate Base	Page 1	\$ 11,445	
37 FPL Interest	Page 3	1.4173%	
		\$ 162	

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2017

Company Rate Base and Net Operating Income Adjustments from June 16, 2016 Second Notice of Identified Adjustments

		2017			
Line No.	DESCRIPTION	(1) EDR	(2) SJRPP - Def Credit - Dismantlement	(3) Depreciation Co Adj (4)	Total
<b>RATE BASE</b>					
1	PLANT IN SERVICE			-	-
2	DEPRECIATION & AMORT RESERVE		-	11,153,114	11,153,114
3	NET PLANT IN SERVICE	-	-	11,153,114	11,153,114
4					
5	FUTURE USE PLANT	-	-	-	-
6	CWIP	-	-	-	-
7	NUCLEAR FUEL	-	-	-	-
8	NET UTILITY PLANT	-	-	11,153,114	11,153,114
9					
10	WORKING CAPITAL		816,173	-	816,173
11	RATE BASE - INCREASE/(DECREASE)		816,173	11,153,114	11,969,287
12					
13	JURISDICTIONAL FACTOR (2)	-	0.95060	0.95662	
14	JURISDICTIONAL RATE BASE	-	775,850	10,669,329	11,445,179
15					
16	PRE-TAX RATE OF RETURN (D-1a) (1)	9.8659%	9.8659%	9.8659%	9.8659%
17					
18	RETURN ON RATE BASE	-	76,545	1,052,631	1,129,176
19					
20	COST OF DEBT (D-1a) (1)	1.4173%	1.4173%	1.4173%	1.4173%
21	INTEREST SYNC ADJUSTMENT	-	(4,242)	(58,330)	(62,572)
<b>NET OPERATING INCOME</b>					
22	OPERATION AND MAINTENANCE EXPENSE	(19,028)	-	-	(19,028)
23	DEPRECIATION & AMORTIZATION	-	-	(22,794,378)	
24	REVENUES	715,000	-	-	715,000
25	TOTAL - INCREASE/(DECREASE)	695,972	-	(22,794,378)	695,972
26					
27	JURISDICTIONAL FACTOR (2)	1.00000	-	0.95744	
28	JURISDICTIONAL NET OPERATING INCOME	695,972	-	(21,824,174)	(21,128,202)
<b>SUBTOTAL (SUM OF LINES 18, 21, &amp; 25)</b>					
29		695,972	72,303	(20,829,874)	(20,061,598)
30	RAF and Bad Debt Multiplier (3)	1.00137	1.00137	1.00137	1.00137
31	<b>TOTAL REVENUE REQUIREMENT</b>	<b>696,926</b>	<b>72,402</b>	<b>(20,858,411)</b>	<b>(20,089,083)</b>

**Notes:**

(1) Pre-Tax COC (debt/equity) was obtained from MFRs D-1a for the TY & SY

(2) Jurisdictional factors reflected in this calculation are the same as the jurisdictional factors reflected in MFRs B-2 & C-3 for the TY & SY

(3) Refer to MFR C-44 for TY & SY

(4) Jurisdictional factor reflected for this adjustment is a composite rate. Jurisdictional factors by function are reflected in the supporting tabs in this workbook.

Source: [Attachment No. 1 - Second Notice of Identified Adjustments Workpapers.xlsx]rev req

**Florida Power & Light Company**  
**Docket No. 160021-EI**  
**Exhibit RCS-3**  
**Accompanying the Direct Testimony of Ralph Smith**  
**Revenue Requirement Schedules - 2018 Subsequent Year Adjustment**  
**CONTENTS**

<b>Schedule Number</b>	<b>Description</b>	<b>No. of Pages</b>	<b>Confidential</b>	<b>Page No.</b>
A-1	Calculation of Revenue Deficiency (Sufficiency)	1	No	2
B-1	Adjusted Rate Base	2	No	3-4
B-2	Plant Held for Future Use	1	No	5
C-1	Adjusted Net Operating Income	2	No	6-7
C-2	Rate Case Expense	1	No	8
C-3	Generation Overhaul Expense Normalization	1	No	9
C-4	Income Tax Expense - Impact of Other Adjustments	1	No	10
C-5	Interest Synchronization Adjustment	1	No	11
C-6	Revenue at Current Rates - Adjustment for Sales Forecast	1	No	12
C-7	Depreciation Expense - New Depreciation Rates	1	No	13
D	Capital Structure and Cost Rates	1	No	14
E	Summary of FPL's May 3, 2016 Notice of Filing Adjustments	3	No	15-17
F	Summary of FPL's June 16, 2016 Second Notice of Filing Adjustments	3	No	18-20
	Total Pages (including Contents page)	20		

Schedule A-1

Docket No: 160021-EI  
 2018 Subsequent Year Adjustment  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Year Ended December 31, 2018

Adjusted Rate Base-Summary of Adjustments - January 2018 Step Increase (Decrease)  
 (Thousands of Dollars)

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col. (B) Reference
1	Jurisdictional Adjusted Rate Base	\$ 33,870,897	\$ 34,269,536	Exh. RCS-3, Sch. B-1
2	Required Rate of Return	6.71%	5.17%	Exh. RCS-3, Sch. D
3	Jurisdictional Income Required	2,271,063	1,772,069	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	1,575,711	2,142,473	Exh. RCS-3, Sch. C-1
5	Income Deficiency (Sufficiency)	695,352	(370,404)	Line 3 - Line 4
6	Earned Rate of Return	4.65%	6.25%	Line 4 / Line 1
7	Net Operating Income Multiplier	1.63024	1.63025	See below
8	Revenue Deficiency (Sufficiency)	\$ 1,133,593	\$ (603,852)	Line 5 x Line 7
9	2017 Revenue Increase (Decrease) Requested	\$ 871,301	\$ (811,834)	
10	Rate Increase Requested (After 2017 Increase)	\$ 262,292	\$ -	None if line 8 is less than zero

Source/Notes:

Col. (A): MFR Schedule A-1

Line 7: MFR Sch. A-1 and C-44

Col. (B), Line 7: FPL's May 3, 2016 Notice of Identified Adjustments, Item No. 5, NOI Multiplier

Florida Power & Light Company  
Projected Year Ended December 31, 2018Adjusted Rate Base-Summary of Adjustments - January 2018 Step Increase  
(Thousands of Dollars)

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company (A)	FPL May 3, 2016 Notice of Filing Adjustments (B)	FPL June 15, 2016 Second Notice of Filing Adjustments (C)	Amounts Before OPC Adjustments (D)	OPC Adjustments (E)	Adjusted Juris. Total Amount per OPC (F)
1	Plant in Service	\$ 45,511,408			\$ 45,511,408	\$ (45,335)	\$ 45,466,073
2	Accumulated Depreciation & Amortization	\$ (14,227,659)	\$ 1,994	\$ 33,803	\$ (14,191,862)	\$ 439,500	\$ (13,752,362)
3	Net Plant in Service	\$ 31,283,750	\$ 1,994	\$ 33,803	\$ 31,319,546	\$ 394,165	\$ 31,713,711
4	Construction Work in Progress	\$ 807,675			\$ 807,675		\$ 807,675
5	Plant Held For Future Use	\$ 242,917			\$ 242,917	\$ (14,235)	\$ 228,682
6	Nuclear Fuel	\$ 606,781			\$ 606,781		\$ 606,781
7	Total Net Plant	\$ 32,941,123	\$ 1,994	\$ 33,803	\$ 32,976,919	\$ 379,930	\$ 33,356,850
8	Working Capital Allowance	\$ 929,774	\$ (14,924)	\$ 914	\$ 915,764	\$ (3,078)	\$ 912,686
9	Other Rate Base Items						\$ -
10	Total Rate Base	\$ 33,870,897	\$ (12,930)	\$ 34,717	\$ 33,892,683	\$ 376,852	\$ 34,269,536

Source/Notes:

Col. (A): Company MFR Schedule B-1

Col. (B): Company May 3, 2016 Notice of Filing Adjustments. Also see Exhibit RCS-3, Schedule E, page 1

Col. (C): Company June 16, 2016 Second Notice of Filing Adjustments. Also see Exhibit RCS-3, Schedule F

Col. (D): Sum of columns A, B and C

Col. (E): See Exhibit RCS-2, Schedule B-1, page 2

Col. (F): Sum of columns D and E



Florida Power & Light Company  
 Projected Year Ended December 31, 2018

Adjusted Rate Base-Summary of Adjustments  
 (Thousands of Dollars)

Line No.	Adjustment Title	Reference	OPC Adjustments	Jurisdictional Separation Factor	Jurisdictional Amount
	<b><u>Plant in Service Adjustments:</u></b>				
1	Storm Hardening	Exhibit HWS-9	\$ (45,335)	1.000000	\$ (45,335)
2		<i>Total Plant in Service</i>	<u>\$ (45,335)</u>		<u>\$ (45,335)</u>
3					
4					
5	<b><u>Accumulated Depreciation Adjustments:</u></b>				
6	OPC's Adjustment to New Depreciation Rates for 2017	Exh. RCS-2, Sch. C-7			\$ -
7	Depreciation Expense	One-half Depr'n Exp.	\$ (143,093)	0.897028	\$ (128,358)
8	Depreciation Reserve Excess - 2017 impact (full year)	Annual Amort. full year	\$ (230,782)	0.897028	\$ (207,018)
9	Depreciation Reserve Excess - 2018 impact (1/2 year)	[1/2 of annual amort]	\$ (115,391)	0.897028	\$ (103,509)
10	Storm Hardening	Exhibit HWS-9	\$ (615)	1.000000	\$ (615)
11		<i>Total Accumulated Depreciation</i>	<u>\$ (489,881)</u>		<u>\$ (439,500)</u>
12					
13					
14					
15					
16					
17	<b><u>Plant Held for Future Use:</u></b>				
18	Reduction to Transmission PHFFU	Exh. RCS-2, Sch. B-2	\$ (4,637)	0.903661	\$ (4,191)
19	Reduction to Distributon PHFFU	Exh. RCS-2, Sch. B-2	\$ (10,044)	1.000000	\$ (10,044)
20		<i>Total Plant Held for Future Use</i>	<u>\$ (14,681)</u>		<u>\$ (14,235)</u>
21					
22	<b><u>Working Capital Adjustments</u></b>				
23	Adjustment to Working Capital	Exhibit HWS-11		Various	
24	Remove Unamortized Rate Case Expense	Smith Testimony	\$ (3,078)	1.000000	\$ (3,078)
25		FPL Sch B-1, p.3, L23			
26		<i>Total Working Capital</i>	<u>\$ (3,078)</u>		<u>\$ (3,078)</u>

**Notes:**

Jurisdictional Separation Factors from FPL's MFR Schedule B-6.

(a) References beginning with Exh. HWS refer to exhibits presented with the testimony of Helmuth W. Schultz, III.

Schedule B-2

Docket No: 160021-EI  
 2018 Subsequent Year Adjustment  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Year Ended December 31, 2018  
 January 2018 Step Increase

Reduction to Plant Held For Future Use (PHFFU)  
 Plant Held for Future Use Adjustment 2018 Test Year

Line No.	Description	Test Year 2017 13 Month Average (A)	Test Year Jurisdictional Factor (B)	Test Year Jurisdictional Amount (C)
1	Transmission	\$ (4,637,315)	0.903661	\$ (4,190,561)
2	Distribution	\$ (10,043,802)	1.000000	\$ (10,043,802)
3	Total Adjustment	<u>\$ (14,681,117)</u>		<u>\$ (14,234,363)</u>

Notes and Source:

See Schedule B-2, Exhibit RCS-2, page 2 for detail  
 Col. B: FPL MFR Schedule B-15

Florida Power & Light Company  
Projected Year Ended December 31, 2018Adjusted Rate Base-Summary of Adjustments - January 2018 Step Increase  
(Thousands of Dollars)

Line No.	Description	Adjusted Jurisdictional Total per Company (A)	FPL May 3, 2016 Notice of Filing Adjustments (B)	FPL June 15, 2016 Second Notice of Filing Adjustments (C)	Amounts Before OPC Adjustments (D)	OPC Adjustments (E)	Adjusted Juris. Total Amount per OPC (F)
<b>Operating Revenues:</b>							
1	Sales From Electricity	\$ 5,766,631	\$ 5,492	\$ 850	\$ 5,772,973	\$ 254,008	\$ 6,026,981
2	Other Operating Revenues	\$ 200,898	\$ (6,761)		\$ 194,137		\$ 194,137
3	Total Operating Revenues	\$ 5,967,529	\$ (1,269)	\$ 850	\$ 5,967,110	\$ 254,008	\$ 6,221,118
<b>Operating Expenses:</b>							
4	Operation & Maintenance:	\$ 1,379,393	\$ (4,046)	\$ (26)	\$ 1,375,321	\$ (64,881)	\$ 1,310,440
5	Fuel	\$ 24,262			\$ 24,262		\$ 24,262
6	Purchased Power	\$ -			\$ -		\$ -
7	Deferred Costs				\$ -		\$ -
8	Depreciation & Amortization	\$ 1,738,419	\$ (1,382)	\$ (23,660)	\$ 1,713,377	\$ (496,463)	\$ 1,216,914
9	Taxes Other Than Income Taxes	\$ 615,473			\$ 615,473	\$ (2,809)	\$ 612,664
10	Income Taxes	\$ 645,029	\$ 1,680	\$ 9,262	\$ 655,971	\$ 269,153	\$ 925,124
11	(Gain)/Loss on Disposal of Plant	\$ (10,759)			\$ (10,759)		\$ (10,759)
12	Total Operating Expenses	\$ 4,391,818	\$ (3,748)	\$ (14,424)	\$ 4,373,645	\$ (295,000)	\$ 4,078,645
13	Net Operating Income	\$ 1,575,711	\$ 2,479	\$ 15,274	\$ 1,593,465	\$ 549,008	\$ 2,142,473

Source/Notes

Col.(A): Per Company amounts are from FPL MFR Schedule C-1

Col. (B): Company May 3, 2016 Notice of Filing Adjustments. Also see Exhibit RCS-2, Schedule E, page 2

Col. (C): Company June 16, 2016 Second Notice of Filing Adjustments. Also see Exhibit RCS-2, Schedule F

Col. (D): Sum of columns A, B and C

Col. (E): See Exhibit RCS-2, Schedule C-1, page 2

Col. (F): Sum of columns D and E

Schedule C-1, page 2 of 2

Docket No: 160021-EI  
2018 Subsequent Year Adjustment  
Exhibit No. RCS-3

Florida Power & Light Company  
Projected Year Ended December 31, 2018

Adjusted Rate Base-Summary of Adjustments - January 2018 Step Increase  
(Thousands of Dollars)

Line No.	Adjustment Title	Reference	OPC Adjustment	Jurisdictional Separation Factor	Jurisdictional Amount
<u>Revenue at Current Rates</u>					
1	Revenue at Current Rates - Sales Forecast Adjustment	Dismukes Testimony	\$ 259,500	1.000000	\$ 259,500
2	less amount in FPL Corrections	Exh. RCS-3, Sch. C-6	\$ (5,492)	1.000000	\$ (5,492)
3	subtotal		<u>\$ 254,008</u>		<u>\$ 254,008</u>
4					
<u>Other Operating and Maintenance Expense</u>					
6	Rate Case Expense	Exh. RCS-3, Sch. C-2	\$ (326)	1.000000	\$ (326)
7	Employee Count Adjustment	Exh. HWS-10, p.1	\$ (16,530)	0.964177	\$ (15,938)
8	Employee Incentive Compensation Adjustment	Exh. HWS-10, p.2	\$ (28,216)	0.967467	\$ (27,298)
9	Benefit Expense Adjustment	Exh. HWS-10, p.4	\$ (2,513)	0.968861	\$ (2,435)
10	Distribution Vegetative Mgt. - Tree Trimming	Exh. HWS-10, p.5	\$ (7,428)	1.000000	\$ (7,428)
11	Pole Inspection Expense	Exh. HWS-10, p.6	\$ (1,693)	0.999422	\$ (1,692)
12	Directors & Officers Liability Insurance	Exh. HWS-8	\$ (1,391)	0.984797	\$ (1,370)
13			\$ -	-	\$ -
14	Uncollectible Expense - on Revenue Adjustment	Exh. RCS-3, Sch. C-6	\$ 168	1.000000	\$ 168
15	Generation Overhaul Expense Normalization	Exh. RCS-2, Sch. C-3	\$ (9,037)	0.947444	\$ (8,562)
16	subtotal		<u>\$ (66,966)</u>		<u>\$ (64,881)</u>
17					
<u>Depreciation &amp; Amortization Expense</u>					
Depreciation Expense - New Depreciation Rates					
19	Production	Pous Testimony			
20	Transmission	Exh RCS-2, Sch C-7	\$ (211,342)	0.951284	\$ (201,046)
21	Distribution	Exh RCS-2, Sch C-7	\$ (16,063)	0.898735	\$ (14,436)
22	General	Exh RCS-2, Sch C-7	\$ (56,282)	1.000000	\$ (56,282)
23	subtotal	Exh RCS-2, Sch C-7	\$ (2,500)	0.968204	\$ (2,420)
Depreciation Expense - New Depreciation Rates					
24	Excess Reserve	Pous Testimony			
25	Transmission	Exh RCS-2, Sch C-7	\$ (93,970)	0.898735	\$ (84,454)
26	Distribution	Exh RCS-2, Sch C-7	\$ (129,924)	1.000000	\$ (129,924)
27	General	Exh RCS-2, Sch C-7	\$ (6,889)	0.968204	\$ (6,670)
28					
29	Storm Hardening	Exh. HWS-9	\$ (1,231)	1.000000	\$ (1,231)
30	subtotal		<u>\$ (518,199)</u>		<u>\$ (496,463)</u>
31					
<u>Taxes Other Than Income Expense</u>					
33	Payroll Tax Expense - Base Payroll	Exh. HWS-10, p.3	\$ (1,073)	0.986375	\$ (1,058)
34	Payroll Tax Expense - Incentive Compensation	Exh. HWS-10, p.3	\$ (1,775)	0.986375	\$ (1,751)
35	subtotal		<u>\$ (2,848)</u>		<u>\$ (2,809)</u>
36					
<u>Income Tax Expense</u>					
38	Impact of other adjustments	Exh. RCS-3, Sch. C-4		Various	\$ 317,724
39	Interest Synchronization Adjustment	Exh. RCS-3, Sch. C-3		Various	\$ (48,571)
40	subtotal				<u>\$ 269,153</u>

Schedule C-2

Docket No: 160021-EI  
2018 Subsequent Year Adjustment  
Exhibit No. RCS-3

Florida Power & Light Company  
Projected Year Ended December 31, 2018  
January 2018 Step Increase

Rate Case Expense

(Thousands of Dollars)

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amortization</u> <u>Expense</u>
1	Rounded Adjustment to Test Year Amortization Expense (\$000)	<u>\$ (326)</u>

Notes and Source

Exhibit No. RCS-2, Schedule C-2

Schedule C-3

Docket No: 160021-EI  
 January 2018 Rate Change  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2018

Generation Overhaul Expense Normalization

Line No	Description	2014 (A)	2015 (B)	2016 (C)	2017 (D)	2018 (E)	2014-2017 Four-Year Escalated Average (F)	2014-2018 Five-Year Escalated Average (F)
1	Steam Plant Overhaul Expense	\$ 16,842,966	\$ 9,430,036	\$ 16,191,801	\$ 4,660,307	\$ 21,288,659		
2	- Less Retired Units							
3	Subtotal	16,842,966	9,430,036	16,191,801	4,660,307	21,288,659		
4	O&M Compound Multiplier, 2014 - 2018	1.057680	1.056624	1.041624	1.020600	1.000000		
5	Steam Plant Overhaul Expense - Existing Plants	\$ 17,814,475	\$ 9,964,000	\$ 16,865,774	\$ 4,756,309	\$ 21,288,659	\$ 12,350,140	\$ 11,781,536
6	Other Production Plant Overhaul Expense	\$ 28,667,337	\$ 25,439,543	\$ 25,697,300	\$ 42,803,842	\$ 32,249,855		
7	- Less							
8	- Plus Port Everglades Modernized Unit 5	\$ 597,210	\$ 597,210					
9	Subtotal	\$ 29,264,547	\$ 26,036,753	\$ 25,697,300	\$ 42,803,842	\$ 32,249,855		
10	O&M Compound Multiplier, 2014 - 2018	1.057680	1.056624	1.041624	1.020600	1.000000		
11	Other Production Plant Overhaul Expense - Existing Plants	\$ 30,952,537	\$ 27,511,052	\$ 26,766,934	\$ 43,685,601	\$ 32,249,855	\$ 32,229,031	\$ 32,233,196
12	Central Maintenance Overhaul Support	\$ 1,183,932	\$ 1,096,447	\$ 1,074,365	\$ 1,074,365	\$ 1,184,487	\$ 1,107,277	\$ 1,122,719
13	Total	\$ 49,950,944	\$ 38,571,499	\$ 44,707,073	\$ 49,516,275	\$ 54,723,001		
14	OPC Recommended Normalized Generation Overhaul Expense						\$ 45,686,448	\$ 45,137,451
15	2018 Generation Overhaul Expense in 2018 Base Rate Change, per FPL (Lines 1, 6 and 12 for 2018)						\$ 54,723,001	\$ 54,723,001
16	Reduction to Generation Overhaul Expense						\$ (9,036,553)	\$ (9,585,550)
17	Jurisdictional Factor						0.947444	0.947444
18	Reduction to Jurisdictional Generation Overhaul Expense (stated in \$000)						\$ (8,562)	\$ (9,082)

Notes and Source

Lines 1, 6, & 12: FPL Responses to Staff's 6th Set of Interrogatories, Interrogatory 153

Lines 4 and 10: MFR Sch. C-40, ad modified to reflect OPC witness Dismukes' recommendations for 2016, 2017, and 2018 general inflation

Inflation Rates:	Inflation		Factor	For Year
	Year	Rate		
	2014	1.60%	1.057680	2014
	2015	0.10%	1.056624	2015
	2016	1.44%	1.041624	2016
	2017	2.06%	1.020600	2017
	2018	2.06%	1.000000	2018

Calculation of Compound Multipliers	Inflation	
	Year	Rate
	2014	(1+0.001)*(1+0.0144)*(1+0.0206)*(1+0.0206)
	2015	(1+0.0144)*(1+0.0206)*(1+0.0206)
	2016	(1+0.0206)*(1+0.0206)
	2017	(1+0.0206)

Line 8:	2016	\$ 145,537
	2017	\$ 850,171
	2018	\$ 795,922
	Average	\$ 597,210

Jurisdictional Factor Calculation:

(Figures taken from MFR Schedule C-4, in \$000)

	Total Company	FPSC	Jurisdictional Factor
Steam Power Generation	\$ 472,934	\$ 448,201	0.947703
Other Power Generation	\$ 2,645,031	\$ 2,505,895	0.947397
Total	\$ 3,117,965	\$ 2,954,096	0.947444

Schedule C-4

Docket No: 160021-EI  
 2018 Subsequent Year Adjustment  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Year Ended December 31, 2018

Income Tax Expense - Impact of Other Adjustments  
 (Thousands of Dollars)

Line No.	Description	Amount
	OPC Jurisdictional Operating Income Adjustments (1):	
1	Revenue at Current Rates	<u>\$ 259,500</u>
	Pre-Tax Operating Expenses:	
2	Other Operating and Maintenance Expense	\$ (64,881)
3	Depreciation & Amortization Expense	\$ (496,463)
4	Taxes Other Than Income Expense	<u>\$ (2,809)</u>
5	Subtotal Pre-Tax Operating Expenses	<u>\$ (564,153)</u>
6	Net Increase in Taxable Income	\$ 823,653
7	Composite Income Tax Rate (2)	<u>38.575%</u>
8	Adjustment to Income Tax Expense	<u><u>\$ 317,724</u></u>

Notes and Source

- (1) Exhibit RCS-3, Schedule C-1, Page 2
- (2) Calculated using Florida state income tax rate of 5.50% and Federal income tax rate of 35%  
 FPL used these same income tax rates in its filing. See, e.g., MFR Schedule C-44

Schedule C-5

Docket No: 160021-EI  
 2018 Subsequent Year Adjustment  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Year Ended December 31, 2018  
 Canaveral Modernization Project  
 Adjusted Rate Base-Summary of Adjustments - January 2018 Step Increase  
 Interest Synchronization Adjustment  
 (Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per Citizens	\$ 34,269,536	Exh. RCS-3, Sch. B-1
2	Weighted Cost of Debt, per OPC	1.84%	Exh. RCS-3, Sch. D
3	Interest Deduction for Income Taxes	\$ 630,589	
4	Jurisdictional Interest Deduction	\$ 504,675	(a)
5	Increase in Deductible Interest	\$ 125,914	
6	Combined Income Tax Rate	38.575%	
7	Increase (Reduction) to Income Tax Expense	\$ (48,571)	

Notes and Source

(a)	Interest in Operating Income Taxes Sch C-22	\$ 569,484	MFR Schedule C-23
	Jurisdictional Factor	0.979395	MFR Schedule C-3, line 16
	Jurisdictional Interest Deduction	\$ 557,750	

(a) Per Company amount calculated as the per Company rate base of times the per FPL weighted Cost of Debt (long term debt, short term debt and customer deposits):

8	Per Company Rate Base	\$ 33,870,897	Exh. RCS-3, Sch. B-1
9	Per Company weighted Cost of Debt	1.49%	Exh. RCS-3, Sch. D
10	Interest Deduction, per Company	\$ 504,675	
11	Per Company weighted Cost of Debt:	Wtd.Cost Rate	Interest Deduction
12	Preferred Stock	1.44%	\$ 488,174
13	Common Equity	0.03%	\$ 8,619
14	Investment Tax Credits	0.02%	\$ 7,882
15	Per Company weighted Cost of Debt	1.49%	\$ 504,675



Schedule C-6

Docket No: 160021-EI  
 January 2017 Rate Change  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Year Ended December 31, 2018

Revenue at Current Rates - Adjustment for Sales Forecast  
 (Thousands of Dollars)

Line No.	Description	Amount	Reference
<b>Revenue at Current Rates</b>			
1	OPC Forecast Adjustment	\$ 259,500	(a)
2	Less: Amount in FPL May 3, 2016 Adjustments	\$ 5,492	(b)
3	Net Increase to Revenue at Current Rates	<u>\$ 254,008</u>	
<b>Pre-Tax Operating Expenses:</b>			
<b>Uncollectibles Expense</b>			
4	Bad Debt Rate	<u>0.00066</u>	(c)
5	Increase in Uncollectibles Expense	<u>\$ 168</u>	

Notes and Source

- (a) Testimony of OPC witness David Dismukes
- (b) FPL May 3, 2016 Notice of Identified Adjustments, item 4  
 See Exhibit RCS-3, Schedule E, page 2, Revenue from Sales
- (c) Bad Debt Rate from MFR Schedule C-44, line 5  
 As corrected per FPL's May 3, 2016 Notice of Identified Corrections, item 5, NOI Multiplier,  
 Bad Debt Rate

Florida Power & Light Company  
 Test Year Ended December 31, 2018  
 Annual Depreciation Accruals - Nev Depreciation Rates

Line No.	Function	FP&L Existing			FP&L Proposed			Per OPC			Excess Depreciation Reserve for Amortization	Excess Depreciation Reserve Annual Amortization	Total OPC Adjustments
		Original Cost (Based on 12/31/2017 Electric Plant)	Annual Depr. Rate	Annual Depr. Accruals	Annual Depr. Rate	Annual Depr. Accruals	Increase/ Decrease	Annual Depr. Rate	Annual Depr. Accruals	Difference			
		(A)	(B)	(C)	(D)	(E)	(F)	(1)	(2)	(3)	(4)	(5)	(6)
<b>I. Calculated Depreciation Expense on 12/31/2017 Plant</b>													
1	Steam	\$3,243,194,417	2.5	\$80,638,814	3.79	\$122,769,150	\$42,130,336	3.78	\$122,494,085	(\$275,065)		0	(\$275,065)
2	Nuclear	\$7,822,373,927	2.0	\$160,192,998	4.16	\$325,071,491	\$164,878,493	4.01	\$313,315,024	(\$11,756,467)		0	(\$11,756,467)
3	Combined Cycle	\$10,884,506,011	3.8	\$412,097,322	4.33	\$471,368,850	\$59,271,528	2.50	\$272,105,968	(\$199,262,882)		0	(\$199,262,882)
4	Peaker Plants	\$527,598,853	3.3	\$17,181,142	3.31	\$17,472,743	\$291,601	3.08	\$16,274,967	(\$1,197,776)		0	(\$1,197,776)
5	Solar	\$1,051,134,801	3.3	\$34,687,449	3.18	\$33,409,047	(\$1,278,402)	3.18	\$33,377,313	(\$31,734)		0	(\$31,734)
6	<b>Total Production</b>	<b>23,528,808,008</b>	<b>3.0</b>	<b>704,797,725</b>	<b>4.12</b>	<b>970,091,281</b>	<b>265,293,556</b>	<b>3.22</b>	<b>757,567,358</b>	<b>(212,523,923)</b>	<b>-</b>	<b>-</b>	<b>(212,523,923)</b>
7													
8	Transmission	\$5,577,625,822	2.8	\$153,559,713	2.50	\$139,417,357	(\$14,142,356)	2.21	\$123,360,653	(\$16,056,704)	\$375,878,092	(\$93,969,523)	(\$110,026,227)
9	Distribution	\$16,015,951,372	3.4	\$537,116,945	3.19	\$510,924,906	(\$26,192,039)	2.75	\$439,673,732	(\$71,251,174)	\$519,694,355	(\$129,923,589)	(\$201,174,763)
10	General	\$858,008,962	4.4	\$37,489,110	3.94	\$33,801,079	(\$3,688,031)	3.60	\$30,845,717	(\$2,955,362)	\$27,554,227	(\$6,888,557)	(\$9,843,919)
11	<b>Total Trans., Dist. and General Plant</b>	<b>22,451,586,356</b>	<b>3.2</b>	<b>728,165,768</b>	<b>3.05</b>	<b>684,143,342</b>	<b>(44,022,426)</b>	<b>2.65</b>	<b>593,880,102</b>	<b>(90,263,240)</b>	<b>923,126,674</b>	<b>(230,781,669)</b>	<b>(321,044,909)</b>
12													
13													
14	<b>Grand Total</b>	<b>45,980,394,364</b>	<b>3.1</b>	<b>1,432,963,493</b>	<b>3.60</b>	<b>1,654,234,623</b>	<b>221,271,130</b>	<b>2.94</b>	<b>1,351,447,459</b>	<b>(302,787,164)</b>	<b>923,126,674</b>	<b>(230,781,669)</b>	<b>(533,568,832)</b>
<b>II. Depreciation Expense Adjustment for Rate-making - 2018 Projected Test Year</b>													
Function	FPL New Depreciation Rates Expense Adjustment	Depreciation Expense - Clauses	Depreciation Expense - Base Rates	Jurisdictional Factors	FPL New Depreciation Rates Juris. Expense Adjustment	OPC New Depreciation Rates Expense Adjustment	Ratio of FPL Base Rates Depreciation Expense Adj to Total Exp. Adj.	OPC Depreciation Expense Adjustment - Base Rates	Excess Depreciation Reserve Annual Amortization	OPC Total Depreciation Expense Adjustment After Clauses	Jurisdictional Factors	OPC New Depreciation Rates Juris. Expense Adjustment	
	(G)	(H)	(I)	(J)	(K)	(7) = (3)	(8)=I/G	(9)=(8)x(7)	(10)=(5)	(11)=(9)+(10)	(12)=(J)	(13)=(11)x(12)	
15	Steam	\$43,253,022	\$15,193,385	\$28,059,637	0.9512837	\$26,692,676	(\$275,065)	64.8732%	(\$178,443)	(\$178,443)	0.9512837	(\$169,750)	
16	Nuclear	\$163,550,927	\$3,957,612	\$159,593,315	0.9512837	\$151,818,526	(\$11,756,467)	97.5802%	(\$11,471,984)	(\$11,471,984)	0.9512837	(\$10,913,112)	
17	Other	\$52,132,143	\$208,202	\$51,923,941	0.9512837	\$49,394,401	(\$200,492,391)	99.6006%	(\$199,691,625)	(\$199,691,625)	0.9512837	(\$189,963,395)	
18	<b>Total Production</b>	<b>258,936,092</b>	<b>19,359,199</b>	<b>239,576,893</b>		<b>227,905,602</b>	<b>(212,523,923)</b>		<b>(211,342,052)</b>	<b>(211,342,052)</b>	<b>0.9512837</b>	<b>(201,046,257)</b>	
19													
20	Transmission	(\$9,870,108)	\$3,599	(\$9,873,707)	0.8987352	(\$8,873,848)	(\$16,056,704)	100.0365%	(\$16,062,565)	(\$93,969,523)	(\$110,032,088)	0.8987352	(\$98,889,713)
21	Distribution	(\$23,123,520)	(\$4,858,090)	(\$18,265,430)	1.0000000	(\$18,265,430)	(\$71,251,174)	78.9907%	(\$56,281,801)	(\$129,923,589)	(\$186,205,390)	1.0000000	(\$186,205,390)
22	General	(\$3,041,361)	(\$468,931)	(\$2,572,430)	0.9682042	(\$2,490,637)	(\$2,955,362)	84.5815%	(\$2,499,690)	(\$6,888,557)	(\$9,388,247)	0.9682042	(\$9,089,740)
23	<b>Total Trans., Dist. and General Plant</b>	<b>(36,034,988)</b>	<b>(5,323,422)</b>	<b>(30,711,566)</b>		<b>(29,629,915)</b>	<b>(90,263,240)</b>		<b>(74,844,056)</b>	<b>(230,781,669)</b>	<b>(305,625,725)</b>		<b>(294,184,843)</b>
24													
25													
26	<b>Grand Total</b>	<b>222,901,104</b>	<b>14,035,777</b>	<b>208,865,327</b>		<b>198,275,687</b>	<b>(302,787,164)</b>		<b>(286,186,108)</b>	<b>(230,781,669)</b>	<b>(516,967,777)</b>		<b>(495,231,100)</b>
27													
28	<b>Compare FPL Total Jurisdictional Adjustment (based on MFR Schedule C-2)</b>					<b>198,275,687 (a)</b>							

Notes and Source

Columns A-F, Line Nos. 1-16: FPL Exhibit NWA-1, Page 7 of 762

Excess Depreciation Reserve is being amortized over 4 years per recommendation of OPC witness Pous.

(a): MFR Schedule C-2 for Projected Test Year Ended 12/31/18, Page 3 of 3, Line 15

Col.G: FPL response to OPC Fifth Set of Interrogatories, No. 172, Attachment 1

Col.H, lines 15-26: Col. G - Col. I.

Col. H, line 26: FPL response to OPC Fifth Set of Interrogatories, No. 172, Attachment 1. Clauses amounts for 2018 spread in same proportion to FPL Clause adjustments for 2017.

Cols. I, J, and K: FPL response to OPC's Fifth Set of Interrogatories, No. 169, Attachment 2

OPC Depreciation Rate Recommendations from OPC witness Jack Pous are summarized in columns (1) through (6) above.

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2018

Cost of Capital  
 (Thousands of Dollars)

Line No.	Description	Jurisdictional Capital Structure Per Company (A)	OPC Adjustments to Cap. Struct. (B)	Adjusted Amounts (C)	OPC Rate Base Adjustments (D)	Per Citizens Adjusted Amounts (E)	Ratio (F)	Cost Rate (G)	Per OPC Weighted Cost Rate (H)
<b>Per Company</b>									
1	Long Term Debt	\$ 10,024,107		\$ 10,024,107		\$ 10,024,107	29.60%	4.87%	1.44%
2	Short Term Debt	\$ 321,611		\$ 321,611		\$ 321,611	0.95%	2.68%	0.03%
3	Preferred Stock	\$ -		\$ -		\$ -	0.00%	0.00%	0.00%
4	Common Equity	\$ 15,284,522		\$ 15,284,522		\$ 15,284,522	45.13%	11.50%	5.19%
5	Customer Deposits	\$ 386,360		\$ 386,360		\$ 386,360	1.14%	2.04%	0.02%
6	Deferred Taxes	\$ 7,753,738		\$ 7,753,738		\$ 7,753,738	22.89%	0.00%	0.00%
7	Investment Tax Credits	\$ 100,559		\$ 100,559		\$ 100,559	0.30%	8.87%	0.03%
8	Total	\$ 33,870,897	\$ -	\$ 33,870,897		\$ 33,870,897	100.00%		6.71%
<b>Per OPC</b>									
9	Long Term Debt	\$ 10,024,107	\$ 2,392,637	\$ 12,416,744	\$ 146,137	\$ 12,562,882	36.66%	4.87%	1.79%
10	Short Term Debt	\$ 321,611	\$ 76,765	\$ 398,376	\$ 4,689	\$ 403,064	1.18%	2.68%	0.03%
11	Preferred Stock	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
12	Common Equity	\$ 15,284,522	\$ (2,469,402)	\$ 12,815,120	\$ 150,826	\$ 12,965,946	37.84%	8.75%	3.31%
13	Customer Deposits	\$ 386,360	\$ -	\$ 386,360	\$ 4,547	\$ 390,907	1.14%	2.04%	0.02%
14	Deferred Taxes	\$ 7,753,738	\$ -	\$ 7,753,738	\$ 91,257	\$ 7,844,995	22.89%	0.00%	0.00%
15	Investment Tax Credits	\$ 100,559	\$ -	\$ 100,559	\$ 1,184	\$ 101,743	0.30%	6.84%	0.02%
16	Total	\$ 33,870,897	\$ (0)	\$ 33,870,897	\$ 398,639	\$ 34,269,536	100.00%		5.17%

Ratio of Debt & Equity Components	Per FPL Amounts (a)	Effective FPL Ratio (b)	Capitalization Ratio Per OPC^ (c)	Revised Allocations (d)	Adjs. To Reflect OPC Cap. Struct. (e) = (d - a)
17 Long Term Debt	\$ 10,024,107	39.11%	48.45%	\$ 12,416,744	\$ 2,392,637
18 Short Term Debt	\$ 321,611	1.25%	1.55%	\$ 398,376	\$ 76,765
19 Common Equity	\$ 15,284,522	59.63%	50.00%	\$ 12,815,120	\$ (2,469,402)
	\$ 25,630,240	100.00%	100.00%	\$ 25,630,240	\$ -

^ Ratio of Debt Components	Per FPL Amounts (f)	Long/Short Term Ratio (g)	Per OPC Debt Ratio (h)	OPC Adjusted Debt Ratio (i) = (g x h)
20 Long Term Debt	\$ 10,024,107	96.89%		48.45%
21 Short Term Debt	\$ 321,611	3.11%		1.55%
22	\$ 10,345,718	100.00%	50.00%	50.00%

Notes and Source

The per Company amounts are from MFR Sch. D-1a.

Column (c): Capitalization Ratio per OPC sponsored by OPC Witness Kevin O'Donnell

Column (D): OPC rate base adjustments are from Schedule B-1, page 1, col. E. This includes the FPL update/filing correction rate base adjustments in columns B and C.

Rate Base Adjustments (\$000)	FPL Updates	OPC Adjs	Rate Base Adjs
	\$ 21,787	\$ 376,852	\$ 398,639

Column (G): Lines 1 - 3 and 5 based on per-FPL Cost rates. Return on Equity on line 4 sponsored by OPC witness Randall Woolridge. Lines 7 and 15 are fall-out calculations.

FPL Weighted Cost of Debt for Interest Synchronization	1.49%	Col. H, lines 1, 2 and 5
OPC Weighted Cost of Debt for Interest Synchronization	1.84%	Col. H, lines 9, 10 and 13

Schedule E, page 1 of 3

Docket No: 160021-EI  
January 2017 Rate Change  
Exhibit No. RCS-3

Florida Power & Light Company  
Projected Year Ended December 31, 2018

Company Rate Base Adjustments from May 3, 2016 Notice of Identified Adjustments  
(Thousands of Dollars)

Line No.	Rate Base Components	FPL May 3, 2016 Notice of Filing Adjustments (A)
1	Plant in Service	
2	Accumulated Depreciation & Amortization	\$ 1,994
3	Net Plant in Service	\$ 1,994
4	Construction Work in Progress	
5	Plant Held For Future Use	
6	Nuclear Fuel	
7	Total Net Plant	\$ 1,994
8	Working Capital Allowance	\$ (14,924)
9	Other Rate Base Items	
10	Total Rate Base	\$ (12,930)

Source/Notes:

Schedule E, page 3 of 3

	Page 3 Column Reference	Dollars	Thousands of \$
<b>Accumulated Depreciation &amp; Amortization</b>			
11	(11)	\$ (77,803)	\$ (78)
12	(12)	\$ 4,216	\$ 4
13	(13)	\$ 2,067,839	\$ 2,068
14		\$ 1,994,251	\$ 1,994
<b>Working Capital Allowance</b>			
14	(2)	\$ (2,430,949)	\$ (2,431)
15	(3)	\$ (8,599,615)	\$ (8,600)
16	(7)	\$ (81,172)	\$ (81)
17	(10)	\$ (3,812,368)	\$ (3,812)
		\$ (14,924,104)	\$ (14,924)
18		\$ (12,929,853)	\$ (12,930)

Schedule E, page 2 of 3

Docket No: 160021-EI  
2018 Subsequent Year Adjustment  
Exhibit No. RCS-3

Florida Power & Light Company  
Projected Year Ended December 31, 2018

Company Net Operating Income Adjustments from May 3, 2016 Notice of Identified Adjustments  
(Thousands of Dollars)

Line No.	Description	Reference	FPL May 3, 2016 Notice of Filing Adjustments (A)
<b>Operating Revenues:</b>			
1	Revenue From Sales	Line 14	\$ 5,492
2	Other Operating Revenues	Line 18	\$ (6,761)
3	<b>Total Operating Revenues</b>	Line 19	<b>\$ (1,269)</b>
<b>Operating Expenses:</b>			
4	Other Operation & Maintenance	Line 22	\$ (4,046)
5	Fuel & Interchange		
6	Purchased Power		
7	Deferred Costs		
8	Depreciation & Amortization	Line 25	\$ (1,382)
9	Taxes Other Than Income Taxes		
10	Income Taxes	Line 31	\$ 1,680
11	(Gain)/Loss on Disposal of Plant		
12	<b>Total Operating Expenses</b>		<b>\$ (3,748)</b>
13	<b>Net Operating Income</b>		<b>\$ 2,479</b>

Source/Notes:

Schedule E, page 3 of 3

Description	Page 3 Column Reference	NOI Dollars (a) (B)	Thousands of NOI \$ (C)
<b>Revenues (Decrease) Increase</b>			
14 Outdoor Lighting	(8)	\$ (3,833,010) (a)	\$ (3,833)
15 Retail Base Revenues	(9)	\$ 9,324,785 (a)	\$ 9,325
16 <b>Revenues (Decrease) Increase</b>		<b>\$ 5,491,775</b>	<b>\$ 5,492</b>
<b>Other Operating Revenues</b>			
17 Aviation gains	(1)	\$ (1,229,710) (a)	\$ (1,230)
18 Mitigation Bank Gain	(2)	\$ (5,028,704) (a)	\$ (5,029)
19 Late Payment charges	(5)	\$ (490,062) (a)	\$ (490)
20 Returned Checks	(6)	\$ (12,194) (a)	\$ (12)
21 Other Operating Revenues		\$ (6,760,670)	\$ (6,761)
22 <b>Total Operating Revenues</b>		<b>\$ (1,268,896)</b>	<b>\$ (1,269)</b>
<b>Other Operation &amp; Maintenance</b>			
23 WCEC Water Reclamation	(4)	\$ (4,032,828)	\$ (4,033)
24 Uncollectible Accounts Expense	(7)	\$ (13,391)	\$ (13)
25 <b>Other Operation &amp; Maintenance</b>		<b>\$ (4,046,219)</b>	<b>\$ (4,046)</b>
<b>Depreciation &amp; Amortization</b>			
26 Depreciation Co Adj	(12)	\$ (3,072)	\$ (3)
27 Dismantlement Co Adj	(13)	\$ (1,378,559)	\$ (1,379)
28 <b>Depreciation &amp; Amortization</b>		<b>\$ (1,381,631)</b>	<b>\$ (1,382)</b>
<b>Income Taxes</b>			
29 Revenue	Line 22		\$ (1,269)
30 Pre-Tax Expenses	Lines 25 and 28		\$ (5,428)
31 Synchronized Interest (c)	Line 40		\$ (196)
32 Taxable Income			\$ 4,355
33 Combined State and Federal Income Tax Rate Used			0.38575
34 <b>Income Tax Expense</b>	Line 32 x Line 33		<b>\$ 1,680</b>
<b>(a)</b>			
35 Page 3, lines 22-28 state the income statement amounts as after tax net operating income impacts			
36 Combined State and Federal Income Tax Rate Used		0.38575	
37 NOI factor: 1 minus Income Tax Rate		0.61425	
37 1 divided by NOI factor		1.62800 (b)	
<b>(c)</b>			
38 Synchronized Interest			
38 Rate Base	Page 1	\$ (12,930)	
39 FPL Interest	Page 3	\$ 1,5156%	
40 Synchronized Interest		\$ (196)	

Florida Power & Light Company  
Projected Test Year Ended December 31, 2017

Company Rate Base and Net Operating Income Adjustments from May 3, 2016 Notice of Identified Adjustments

Line No.	Description	2018													Total
		(1) Aviation gains	(2) Mitigation Bank Gain	(3) Pension Debit	(4) WCEC Water Reclamation	(5) Late Payment charges	(6) Returned Checks	(7) Uncollectible Accounts Expense	(8) Outdoor Lighting	(9) Retail Base Revenues	(10) DSM Adj	(11) Fukushima <sup>(6)</sup>	(12) Depreciation Co Adj	(13) Dismantlement Co Adj	
<b>RATE BASE</b>															
1	PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2	DEPRECIATION & AMORT RESERVE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (81,788)	\$ 4,216	\$ 2,173,735	
3	NET PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (81,788)	\$ 4,216	\$ 2,173,735	
4															
5	FUTURE USE PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6	CWIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7	NUCLEAR FUEL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
8	NET UTILITY PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (81,788)	\$ 4,216	\$ 2,173,735	
9															
10	WORKING CAPITAL		\$ (2,514,352)	\$ (8,882,026)	\$ -	\$ -	\$ -	\$ (81,172)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11	RATE BASE - INCREASE/(DECREASE)	\$ -	\$ (2,514,352)	\$ (8,882,026)	\$ -	\$ -	\$ -	\$ (81,172)	\$ -	\$ -	\$ -	\$ (81,788)	\$ 4,216	\$ 2,173,735	
12															
13	JURISDICTIONAL FACTOR <sup>(2)</sup>	-	0.96683	0.96820	-	1.00000	1.00000	1.00000	1.00000	1.00000	-	0.95128	1.00000	0.95128	
14	JURISDICTIONAL RATE BASE	\$ -	\$ (2,430,949)	\$ (8,599,615)	\$ -	\$ -	\$ -	\$ (81,172)	\$ -	\$ -	\$ (3,812,368)	\$ (77,803)	\$ 4,216	\$ 2,067,839	
15															
16	PRE-TAX RATE OF RETURN (D-1a) <sup>(1)</sup>	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	9.9641%	
17															
18	RETURN ON RATE BASE	\$ -	\$ (242,221)	\$ (856,870)	\$ -	\$ -	\$ -	\$ (8,088)	\$ -	\$ -	\$ (379,866)	\$ (7,752)	\$ 420	\$ 206,041	
19															
20	COST OF DEBT (D-1a) <sup>(1)</sup>	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	1.5156%	
21	INTEREST SYNC ADJUSTMENT	\$ -	\$ 14,212	\$ 50,277	\$ -	\$ -	\$ -	\$ 475	\$ -	\$ -	\$ 22,289	\$ 455	\$ (25)	\$ (12,089)	
<b>NET OPERATING INCOME</b>															
22	OPERATION AND MAINTENANCE EXPENSE	\$ -	\$ -	\$ -	\$ (4,246,490)	\$ -	\$ -	\$ (13,391)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
23	DEPRECIATION & AMORTIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,072)	\$ (1,449,157)	\$ (1,452,228)	
24	REVENUES	\$ 1,229,710	\$ 5,028,704	\$ -	\$ -	\$ 490,062	\$ 12,194	\$ -	\$ 3,833,010	\$ (9,324,785)	\$ -	\$ -	\$ -	\$ 1,268,896	
25	TOTAL - INCREASE/(DECREASE)	\$ 1,229,710	\$ 5,028,704	\$ -	\$ (4,246,490)	\$ 490,062	\$ 12,194	\$ (13,391)	\$ 3,833,010	\$ (9,324,785)	\$ -	\$ (3,072)	\$ (1,449,157)	\$ (4,443,213)	
26															
27	JURISDICTIONAL FACTOR <sup>(2)</sup>	1.00000	1.00000	-	0.94969	1.00000	1.00000	1.00000	1.00000	1.00000	-	1.00000	0.95128		
28	JURISDICTIONAL NET OPERATING INCOME	\$ 1,229,710	\$ 5,028,704	\$ -	\$ (4,032,828)	\$ 490,062	\$ 12,194	\$ (13,391)	\$ 3,833,010	\$ (9,324,785)	\$ (584,800)	\$ (3,072)	\$ (1,378,559)	\$ (4,743,753)	
26	SUBTOTAL (SUM OF LINES 18, 21, & 25)	\$ 1,229,710	\$ 4,800,696	\$ (806,594)	\$ (4,032,828)	\$ 490,062	\$ 12,194	\$ (21,004)	\$ 3,833,010	\$ (9,324,785)	\$ (942,377)	\$ (7,298)	\$ (2,676)	\$ (1,184,608)	
27	RAF and Bad Debt Multiplier <sup>(3)</sup>	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	1.00137	
28	TOTAL REVENUE REQUIREMENT	\$ 1,231,395	\$ 4,807,273	\$ (807,699)	\$ (4,038,353)	\$ 490,733	\$ 12,211	\$ (21,053)	\$ 3,838,262	\$ (9,337,560)	\$ (943,668)	\$ (7,307)	\$ (2,680)	\$ (1,186,231)	

Notes:

- <sup>(1)</sup> Pre-Tax COC (debt/equity) was obtained from MFRs D-1a for the TY & SY
- <sup>(2)</sup> Jurisdictional factors reflected in this calculation are the same as the jurisdictional factors reflected in MFRs B-2 & C-3 for the TY & SY
- <sup>(3)</sup> Refer to MFR C-44 for TY & SY
- <sup>(4)</sup> Fukushima adjustment only applies to 2018.

Schedule F, page 1 of 3

Docket No: 160021-EI  
 2018 Subsequent Year Adjustment  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2018

Company Rate Base Adjustments from June 16, 2016 Second Notice of Identified Adjustments  
 (Thousands of Dollars)

Line No.	Rate Base Components	FPL June 16, 2016 Second Notice of Filing Adjustments (A)
1	Plant in Service	
2	Accumulated Depreciation & Amortization	\$ 33,803
3	Net Plant in Service	\$ 33,803
4	Construction Work in Progress	
5	Plant Held For Future Use	
6	Nuclear Fuel	
7	Total Net Plant	\$ 33,803
8	Working Capital Allowance	\$ 914
9	Other Rate Base Items	
10	Total Rate Base	\$ 34,717

Source/Notes:

Schedule F, page 3 of 3

	Page 3 Column Reference	Dollars	Thousands of \$
<b>Accumulated Depreciation &amp; Amortization</b>			
11	(3)	\$ 33,803,023	\$ 33,803
12			\$ -
13		\$ 33,803,023	\$ 33,803
<b>Working Capital Allowance</b>			
14	(2)	\$ 914,228	\$ 914
15			
16			
17		\$ 914,228	\$ 914
18		\$ 34,717,251	\$ 34,717

Schedule F, page 2 of 3

Docket No: 160021-EI  
 2018 Subsequent Year Adjustment  
 Exhibit No. RCS-3

Florida Power & Light Company  
 Projected Test Year Ended December 31, 2018

Company Net Operating Income Adjustments from June 16, 2016 Second Notice of Identified Adjustments  
 (Thousands of Dollars)

Line No.	Description	Reference	FPL June 16, 2016 Notice of Filing Adjustments (A)
<b>Operating Revenues:</b>			
1	Revenue From Sales	Line 14	\$ 850
2	Other Operating Revenues	Line 18	
3	<b>Total Operating Revenues</b>	Line 19	<u>\$ 850</u>
<b>Operating Expenses:</b>			
4	Other Operation & Maintenance	Line 22	\$ (26)
5	Fuel & Interchange		
6	Purchased Power		
7	Deferred Costs		
8	Depreciation & Amortization	Line 25	\$ (23,660)
9	Taxes Other Than Income Taxes		
10	Income Taxes	Line 31	\$ 9,262
11	(Gain)/Loss on Disposal of Plant		
12	<b>Total Operating Expenses</b>		<u>\$ (14,424)</u>
13	<b>Net Operating Income</b>		<u>\$ 15,274</u>

Source/Notes:

Schedule F, page 3 of 3

	Description	Page 3 Column Reference	NOI Dollars (a) (B)	Thousands of NOI \$ (C)
14	<b>Revenues (Decrease) Increase</b> EDR	(1)	\$ 850,000 (a)	\$ 850
<b>Other Operating Revenues</b>				
15				
16				
17				
18	Other Operating Revenues		\$ -	\$ -
19	<b>Total Operating Revenues</b>		<u>\$ 850,000</u>	<u>\$ 850</u>
<b>Other Operation &amp; Maintenance</b>				
20	EDR	(1)	\$ (25,674)	\$ (26)
21				
22	<b>Other Operation &amp; Maintenance</b>		<u>\$ (25,674)</u>	<u>\$ (26)</u>
<b>Depreciation &amp; Amortization</b>				
23	Depreciation Co Adj	(3)	\$ (23,660,469)	\$ (23,660)
24				
25	<b>Depreciation &amp; Amortization</b>		<u>\$ (23,660,469)</u>	<u>\$ (23,660)</u>
<b>Income Taxes</b>				
26	Revenue		Line 19	\$ 850
27	Pre-Tax Expenses		Lines 22 + 25	\$ (23,686)
28	Synchronized Interest (c)		Line 37	\$ 526
29	Taxable Income			\$ 24,010
30	Combined State and Federal Income Tax Rate Used			0.38575
31	<b>Income Tax Expense</b>		Line 29 x Line 30	<u>\$ 9,262</u>
(a)	Page 3, lines 22-28 state the income statement amounts as net operating income impacts			
32	Combined State and Federal Income Tax Rate Used		0.38575	
33	NOI factor: 1 minus Income Tax Rate		0.61425	
34	1 divided by NOI factor		1.62800 (b)	
(c)	Synchronized Interest			
35	Rate Base	Page 1	\$ 34,717	
36	FPL Interest	Page 3	1.5156%	
37	<b>Synchronized Interest</b>		<u>\$ 526</u>	



Florida Power & Light Company  
 Projected Test Year Ended December 31, 2018

Company Rate Base and Net Operating Income Adjustments from June 16, 2016 Second Notice of Identified Adjustments

		2018			
Line No.	DESCRIPTION	(1) EDR	(2) SJRPP - Def Credit - Dismantlement	(3) Depreciation Co Adj (6)	Total
	<b><u>RATE BASE</u></b>				
1	PLANT IN SERVICE	\$ -	\$ -	\$ -	\$ -
2	DEPRECIATION & AMORT RESERVE	\$ -	\$ -	\$ 35,229,696	\$ 35,229,696
3	NET PLANT IN SERVICE	\$ -	\$ -	\$ 35,229,696	\$ 35,229,696
4					
5	FUTURE USE PLANT	\$ -	\$ -	\$ -	\$ -
6	CWIP	\$ -	\$ -	\$ -	\$ -
7	NUCLEAR FUEL	\$ -	\$ -	\$ -	\$ -
8	NET UTILITY PLANT	\$ -	\$ -	\$ 35,229,696	\$ 35,229,696
9					
10	WORKING CAPITAL		\$ 961,047	\$ -	\$ 961,047
11	RATE BASE - INCREASE/(DECREASE)	\$ -	\$ 961,047	\$ 35,229,696	\$ 36,190,742
12					
13	JURISDICTIONAL FACTOR (2)	-	0.95128	0.95950	
14	JURISDICTIONAL RATE BASE	\$ -	\$ 914,228	\$ 33,803,023	\$ 34,717,251
15					
16	PRE-TAX RATE OF RETURN (D-1a) (1)	9.9641%	9.9641%	9.9641%	9.9641%
17					
18	RETURN ON RATE BASE	\$ -	\$ 91,094	\$ 3,368,151	\$ 3,459,245
19					
20	COST OF DEBT (D-1a) (1)	1.5156%	1.5156%	1.5156%	1.5156%
21	INTEREST SYNC ADJUSTMENT	\$ -	\$ (5,345)	\$ (197,625)	\$ (202,970)
	<b><u>NET OPERATING INCOME</u></b>				
22	OPERATION AND MAINTENANCE EXPENSE	\$ (25,674)	\$ -	\$ -	\$ (25,674)
23	DEPRECIATION & AMORTIZATION	\$ -	\$ -	\$ (24,563,848)	\$ (24,563,848)
24	REVENUES	\$ 850,000	\$ -	\$ -	\$ 850,000
25	TOTAL - INCREASE/(DECREASE)	\$ 824,326	\$ -	\$ (24,563,848)	\$ (23,739,522)
26					
27	JURISDICTIONAL FACTOR (2)	1.00000	-	0.96322	
28	JURISDICTIONAL NET OPERATING INCOME	\$ 824,326	\$ -	\$ (23,660,469)	\$ (22,836,143)
29	SUBTOTAL (SUM OF LINES 18, 21, & 25)	\$ 824,326	\$ 85,749	\$ (20,489,943)	\$ (19,579,868)
30	RAF and Bad Debt Multiplier (3)	1.00137	1.00137	1.00137	1.00137
31	TOTAL REVENUE REQUIREMENT	\$ 825,455	\$ 85,867	\$ (20,518,014)	\$ (19,606,692)

**Notes:**

- (1) Pre-Tax COC (debt/equity) was obtained from MFRs D-1a for the TY & SY
- (2) Jurisdictional factors reflected in this calculation are the same as the jurisdictional factors reflected in MFRs B-2 & C-3 for the TY & SY
- (3) Refer to MFR C-44 for TY & SY
- (4) Jurisdictional factor reflected for this adjustment is a composite rate. Jurisdictional factors by function are reflected in the supporting tabs in this workbook.

Source: [Attachment No. 1 - Second Notice of Identified Adjustments Workpapers.xlsx]rev req

**Florida Power & Light Company**  
**Docket No. 160021-EI**  
**Exhibit RCS-4**  
**Accompanying the Direct Testimony of Ralph Smith**  
**Revenue Requirement Schedules - Okeechobee Clean Energy Center**  
**Limited Scope Adjustment**  
**CONTENTS**

<b>Schedule Number</b>	<b>Description</b>	<b>No. of Pages</b>	<b>Confidential</b>	<b>Page No.</b>
A-1	Calculation of Revenue Deficiency (Sufficiency)	1	No	2
B-1	Adjusted Rate Base	1	No	3
C-1	Adjusted Net Operating Income	1	No	4
C-2	Interest Synchronization Adjustment	1	No	5
D	Capital Structure and Cost Rates	1	No	6
	Total Pages (including Contents page)	6		

Schedule A-1

Docket No: 160021-EI  
 Okeechobee Limited Scope 2019  
 Exhibit No. RCS-4

Florida Power & Light Company  
 Projected Year Ended May 31, 2020

Adjusted Revenue Deficiency - Okeechobee Limited Scope Increase  
 (Thousands of Dollars)

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col. (B) Reference
1	Jurisdictional Adjusted Rate Base	\$ 1,063,315	\$ 1,063,314	Exh. RCS-4, Sch. B-1
2	Required Rate of Return	8.87%	5.17%	Exh. RCS-2, Sch. D
3	Jurisdictional Income Required	\$ 94,348	\$ 54,984	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	\$ (33,868)	\$ (34,228)	Exh. RCS-4, Sch. C-1
5	Income Deficiency (Sufficiency)	\$ 128,217	\$ 89,212	Line 3 - Line 4
6	Net Operating Income Multiplier	1.63024	1.63024	MFR Sch. A-1
7	Revenue Deficiency (Sufficiency)	\$ 209,024	\$ 145,436	Line 5 x Line 7
8	Adjustment (Reduction) to FPL proposed increase		\$ (63,588)	

Source/Notes:

Col. (A): MFR Schedule A-1 - Okeechobee Limited Scope Increase  
 FPL projects an in-service date of 6/1/2019 for the Okeechobee Clean Energy Center

Schedule B-1

Docket No: 160021-EI  
 Okeechobee Limited Scope 2019  
 Exhibit No. RCS-4

Florida Power & Light Company  
 Projected Year Ended May 31, 2020

Adjusted Rate Bases - Okeechobee Limited Scope Increase  
 (Thousands of Dollars)

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company (A)	OPC Adjustments (B)	Adjusted Juris. Total Amount per Citizens (C)
1	Plant in Service	\$ 1,165,226	\$ -	\$ 1,165,226
2	Accumulated Depreciation & Amortization	\$ (20,553)	\$ -	\$ (20,553)
3	Net Plant in Service	\$ 1,144,673	\$ -	\$ 1,144,673
4	Construction Work in Progress	\$ -		\$ -
5	Plant Held For Future Use	\$ -		\$ -
6	Nuclear Fuel	\$ -		\$ -
7	Total Net Plant	\$ 1,144,673		\$ 1,144,673
8	Working Capital Allowance	\$ -		\$ -
9	Other Rate Base Items	\$ (81,359)	\$ -	\$ (81,359)
10	Total Rate Base	\$ 1,063,315	\$ -	\$ 1,063,314

Source/Notes:

Col. (A): Company MFR Schedule B-1 - Okeechobee Limited Scope Increase

Col. (B): Exhibit No. RCS-4, Schedule B-1, page 2

Florida Power & Light Company  
Projected Year Ended May 31, 2020Adjusted Net Operating Income - Okeechobee Limited Scope Increase  
(Thousands of Dollars)

Line No.	Description	Adjusted Jurisdictional Total per Company (A)	OPC Adjustments (B)	Adjusted Jurisdictional Total per OPC (C)
<u>Operating Revenues:</u>				
1	Sales From Electricity	\$ -		\$ -
2	Other Operating Revenues	\$ -		\$ -
3	Total Operating Revenues	\$ -	\$ -	\$ -
<u>Operating Expenses:</u>				
4	Operation & Maintenance:	\$ -		\$ -
5	Fuel	\$ -		\$ -
6	Purchased Power	\$ -		\$ -
7	Other	\$ 7,905		\$ 7,905
8	Depreciation & Amortization	\$ 41,105		\$ 41,105
9	Decommissioning Expense	\$ -		\$ -
10	Taxes Other Than Income Taxes	\$ 17,110		\$ 17,110
11	Income Taxes - Current	\$ (161,446)	\$ 360	\$ (161,086)
12	Deferred Income Taxes - Net	\$ 129,194		\$ 129,194
13	Investment Tax Credit - Net	\$ -		\$ -
14	(Gain)/Loss on Disposal of Plant	\$ -		\$ -
15	Total Operating Expenses	\$ 33,868	\$ 360	\$ 34,228
16	Net Operating Income	\$ (33,868)	\$ (360)	\$ (34,228)

Source/Notes:

Col. (A): FPL's MFR Schedule C-1 - Okeechobee Limited Scope Increase

Col. (B): Exhibit RCS-4, Schedule C-2, interest synchronization adjustment to income tax expense

Schedule C-2

Docket No: 160021-EI  
 Okeechobee Limited Scope 2019  
 Exhibit No. RCS-4

Florida Power & Light Company  
 Projected Year Ended May 31, 2020  
 Okeechobee Limited Scope Increase

Interest Synchronization Adjustment  
 (Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per Citizens	\$ 1,063,314	Exh. RCS-4, Sch. B-1
2	Weighted Cost of Debt, per OPC	<u>1.84%</u>	Exh. RCS-4, Sch. D
3	Interest Deduction for Income Taxes	\$ 19,566	
4	Jurisdictional Interest Deduction, per FPL	<u>\$ 20,500</u>	MFR Schedule C-23
5	Increase in Deductible Interest	\$ (934)	
6	Combined Income Tax Rate	<u>38.575%</u>	
7	Increase (Reduction) to Income Tax Expense	<u><u>\$ 360</u></u>	

Florida Power & Light Company  
 Projected Year Ended May 31, 2020  
 Okkeechobee Limited Scope Increase  
 Cost of Capital  
 (Thousands of Dollars)

Line No.	Description	Jurisdictional Capital Structure Per Company (A)	OPC Adjustments to Cap. Struct. (B)	Adjusted Amounts (C)	OPC Rate Base Adjustments (D)	Per Citizens Adjusted Amounts (E)	Ratio (F)	Cost Rate (G)	Weighted Cost Rate (H)
<b>Per Company</b>									
1	Long Term Debt	\$ 443,868		\$ 443,868		\$ 443,868	39.61%	4.87%	1.93%
2	Short Term Debt			\$ -		\$ -	0.00%	2.68%	0.00%
3	Preferred Stock			\$ -		\$ -	0.00%	0.00%	0.00%
4	Common Equity	\$ 676,799		\$ 676,799		\$ 676,799	60.39%	11.50%	6.95%
5	Customer Deposits			\$ -		\$ -	0.00%	2.04%	0.00%
6	Deferred Taxes			\$ -		\$ -	0.00%	0.00%	0.00%
7	Investment Tax Credits			\$ -		\$ -	0.00%	8.87%	0.00%
8	<b>Total</b>	<b>\$ 1,120,666</b>	<b>\$ -</b>	<b>\$ 1,120,666</b>		<b>\$ 1,120,666</b>	<b>100.00%</b>		<b>8.87%</b>

**Per OPC - Uses Recommended 2018 Capital Structure - See Exhibit RCS-3, Schedule D**

9	Long Term Debt	\$ 10,024,107	\$ 2,392,637	\$ 12,416,744	\$ 146,137	\$ 12,562,882	36.66%	4.87%	1.79%
10	Short Term Debt	\$ 321,611	\$ 76,765	\$ 398,376	\$ 4,689	\$ 403,064	1.18%	2.68%	0.03%
11	Preferred Stock	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
12	Common Equity	\$ 15,284,522	\$ (2,469,402)	\$ 12,815,120	\$ 150,826	\$ 12,965,946	37.84%	8.75%	3.31%
13	Customer Deposits	\$ 386,360	\$ -	\$ 386,360	\$ 4,547	\$ 390,907	1.14%	2.04%	0.02%
14	Deferred Taxes	\$ 7,753,738	\$ -	\$ 7,753,738	\$ 91,257	\$ 7,844,995	22.89%	0.00%	0.00%
15	Investment Tax Credits	\$ 100,559	\$ -	\$ 100,559	\$ 1,184	\$ 101,743	0.30%	6.84%	0.02%
16	<b>Total</b>	<b>\$ 33,870,897</b>	<b>\$ (0)</b>	<b>\$ 33,870,897</b>	<b>\$ 398,639</b>	<b>\$ 34,269,536</b>	<b>100.00%</b>		<b>5.17%</b>

Ratio of Debt & Equity Components	Per FPL 2018 Amounts (a)	Effective FPL Ratio (b)	Capitalization Ratio Per OPC^ (c)	Revised Allocations (d)	Adjs. To Reflect OPC Cap. Struct. (e) = (d - a)
17	Long Term Debt	\$ 10,024,107	39.11%	48.45%	\$ 12,416,744
18	Short Term Debt	\$ 321,611	1.25%	1.55%	\$ 398,376
19	Common Equity	\$ 15,284,522	59.63%	50.00%	\$ 12,815,120
	<b>Total</b>	<b>\$ 25,630,240</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$ 25,630,240</b>

^ Ratio of Debt Components	Per FPL Amounts (f)	Long/Short Term Ratio (g)	Per OPC Debt Ratio (h)	OPC Adjusted Debt Ratio (i) = (g x h)
20	Long Term Debt	\$ 10,024,107	96.89%	48.45%
21	Short Term Debt	\$ 321,611	3.11%	1.55%
22	<b>Total</b>	<b>\$ 10,345,718</b>	<b>100.00%</b>	<b>50.00%</b>

**Notes and Source**

The per Company amounts are from MFR Sch. D-1a.

Column (c): Capitalization Ratio per OPC sponsored by OPC Witness Kevin O'Donnell

Column (G): Lines 1 - 3 and 5 based on per-FPL Cost rates. Return on Equity on line 12 is sponsored by OPC witness Randall Woolridge. Lines 7 and 15 are fall-out calculations.

**CERTIFICATE OF SERVICE**

**Docket No. 160021-EI, et al (consolidated)**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Motion to Accept the Filing of Schedules RCS-1 through RCS-4 Out of Time has been furnished by electronic mail to the following parties on this 8<sup>th</sup> day of July, 2016:

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