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FPL's response to OPC's Seventh Request for Production of Documents Nos. 104, 108.

(including attachments for No. 104)

QUESTION:
Please provide copies of all articles, publications, regulatory decisions, references, and/or documents cited in the testimony and/or footnotes of Mr. Coyne’s Direct Testimony. If the reference is a book, please provide a copy of the relevant section of the book.

RESPONSE:
Please see responsive documents.

QUESTION:
With reference to pages 82-84 of Mr. Coyne's Direct Testimony, please provide copies of invoices and the associated checks which demonstrate that the Company paid the flotation costs.

RESPONSE:
Utility companies raise funds in capital markets through periodic offerings of debt and equity. Certain fees are embedded in the overall cost of those transactions. As explained on page 82 of Mr. Coyne's Direct Testimony, flotation costs associated with the issuance of common equity include underwriting fees, legal fees, prospectus preparation costs, and other related costs. Flotation costs are reflected in a reduction in the proceeds received by the company issuing the equity and are not expenses paid on an invoice and reflected on the income statement.

The proposed flotation cost adjustment for FPL is based on the flotation costs paid by the proxy group companies in their two most recent equity issuances expressed as a percentage of the total amount of the equity issuance. This percentage is then used to adjust the dividend yield component of the DCF model results for the proxy group companies, as shown in Schedule JMC-10. NextEra Energy, Inc. raises equity for the benefit of each of its operating subsidiaries, including FPL. This is consistent with Mr. Coyne's use of a proxy group of companies to estimate the flotation costs for FPL. The Florida Public Service Commission previously has determined that it is appropriate to include flotation costs in determining the utility's overall ROE.