FPL

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July 16, 2009

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VIA HAND DELIVERY
Ms. Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

Re: Docket No. 080677-EI and Docket No. 090130-EI

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company is a Notice of Intent to Request Confidential Classification for confidential information contained within the testimony and certain exhibits filed by the Office of Public Counsel. A copy of the confidential material is included and marked "Confidential".

Please contact me if you or your Staff have any questions regarding this filing.

Sincerely,

Natalie F. Smith for
Jessica Cano

Enclosures

cc: Parties of record w/out attachment

This docketed notice of intent was filed with Confidential Document No. 07227-09. The document has been placed in confidential storage pending timely receipt of a request for confidentiality.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	))	Docket No: 080677-EI
In re: 2009 depreciation and dismantlement study by Florida Power & Light Company	))	Docket No. 090130-EI Filed: July 16, 2009

FLORIDA POWER & LIGHT COMPANY'S
<u>NOTICE OF INTENT TO REQUEST CONFIDENTIAL CLASSIFICATION</u>

Pursuant to Florida Administrative Code Rule 25-22.006(3)(a), Florida Power & Light Company ("FPL") files this Notice of Intent to Request Confidential Classification ("Notice"). This Notice relates to sections of testimony and certain exhibits filed by the Office of Public Counsel ("OPC") in the above referenced dockets. FPL's confidential information is included within the testimony and certain exhibits of OPC witness Kim Dismukes. This information has been treated by FPL as confidential and has not been publicly disclosed. The requested information is enclosed in a separate, sealed envelope labeled "**CONFIDENTIAL INFORMATION**." FPL, pursuant to Rule 25-22.006(3)(a) and (d), requests confidential handling of the materials provided herewith.

Respectfully submitted this 16th day of July, 2009.

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By: Natalie F. Smith for
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by United States Mail this 16th day of July, 2009, to the following:

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By: ______________________ for
Jessica A. Cano

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for increase in rates by Florida Power & Light Company.	)))	Docket No. 080677-EI
In Re: 2009 depreciation and dismantlement study by Florida Power & Light Company.	)))	Docket No. 090130-EI FILED: July 16, 2009

(REDACTED VERSION)

DIRECT TESTIMONY

OF

KIMBERLY H. DISMUKES

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

REDACTED

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TESTIMONY

OF
KIMBERLY H. DISMUKES

On Behalf of the
Office of the Public Counsel

Before the
Florida Public Service Commission

Docket No. 080677-EI

Q. WHAT IS YOUR NAME AND ADDRESS?

A. Kimberly H. Dismukes, 6455 Overton Street, Baton Rouge, Louisiana 70808.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am a partner in the firm of Acadian Consulting Group, which specializes in the field of public utility regulation. I have been retained by the Office of the Public Counsel (OPC) on behalf of the Citizens of the State of Florida to analyze the transactions between Florida Power & Light Company's (FPL or the Company) and its affiliates and the impact of these transactions on FPL's application for a rate increase.

Q. DO YOU HAVE A SUMMARY OF YOUR QUALIFICATIONS IN REGULATION?

A. Yes. Exhibit KHD-1 was prepared for this purpose.

Q. DO YOU HAVE EXHIBITS IN SUPPORT OF YOUR TESTIMONY?

A. Yes. Attached to my testimony are Exhibits KHD-2 through KHD-16 which support my testimony and recommendations.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. In the first section of my testimony I discuss the importance of examining transactions between FPL and its affiliates. Second, I discuss FPL Group's organizational structure. In the third section I discuss the different ways FPL charges its affiliates, the concerns I have with the different methodologies, and my recommendations. The fourth section contains a discussion of transactions with certain FPL affiliates, including FiberNet, FPLES and FPL Historical Museum, Inc. In this section I also address the gain on sale of assets to affiliates and power monitoring revenue. Fifth, I discuss FPL-New England Division (FPL-NED). Finally, I present a summary of my recommended adjustments.

I. Affiliate Transactions

Q. WHY IS IT IMPORTANT TO CLOSELY EXAMINE AFFILIATE TRANSACTIONS?

A. In a situation involving the provision of services between affiliated companies, the associated transactions and costs are not arms-length dealings. Cost allocation techniques and methods of charging affiliates should be frequently reviewed and analyzed to ensure that the company's regulated operations are not subsidizing the nonregulated operations. Because of the affiliation between FPL and the affiliates that contribute to expenses included on the books of FPL, the arms-length bargaining of a normal competitive environment is not present in their transactions. Although each of the affiliated companies is supposedly separate, relationships between FPL and these affiliates are still close; they all belong to one corporate family.

In the absence of regulation, there is no assurance that affiliate transactions and allocations will not translate into unnecessarily high charges for FPL's customers. Even when the methodologies for cost allocation and pricing have been explicitly stated, close scrutiny of affiliate relationships is still warranted. Regardless of whether or not FPL explicitly establishes a methodology for the allocation and distribution of affiliate costs, there is an incentive to misallocate or shift costs to regulated companies so that the nonregulated companies can reap the benefits.

Q. DOES THE COMMISSION HAVE ANY GUIDELINES WHICH CONTROL THE PRICING ARRANGEMENTS BETWEEN UTILITIES AND THEIR AFFILIATES?

A. Yes. The Commission's Rules set forth the criteria to be followed by electric utilities when transacting with affiliates. Rule 25-6.1351, Florida Administrative Code (F.A.C.) details the Commission's policy. It excludes affiliate transactions related to the purchase of fuel and related transportation services that are subject to the Commission's review in cost recovery proceedings. The section of the Commission's Rule that details the pricing between affiliates is as follows:

(3) Non-Tariffed Affiliate Transactions

> (a) The purpose of subsection (3) is to establish requirements for non-tariffed affiliate transactions impacting regulated activities. This subsection does not apply to the allocation of costs for services between a utility and its parent company or between a utility and its regulated utility affiliates or to services received by a utility from an affiliate that exists solely to provide services to members of the utility's corporate family. All affiliate transactions, however, are subject to regulatory review and approval.

The rules state that purchases from the utility by the affiliate must be at the higher of fully allocated cost or market price.

(b) A utility must charge an affiliate the higher of fully allocated costs or market price for all non-tariffed services and products purchased by the affiliate from the utility. Except, a utility may charge an affiliate less than fully allocated costs or market price if the charge is above incremental cost. If a utility charges less than fully allocated costs or market price, the utility must maintain documentation to support and justify how doing so benefits regulated operations. If a utility charges less than market price, the utility must notify the Division of Economic Regulation in writing within 30 days of the utility initiating, or changing any of the terms or conditions, for the provision of a product or service. In the case of products or services currently being provided, a utility must notify the Division within 30 days of the rule's effective date.

The rule further state that purchases from the affiliate must be at the lower of fully allocated cost or market.

(c) When a utility purchases services and products from an affiliate and applies the cost to regulated operations, the utility shall apportion to regulated operations the lesser of fully allocated costs or market price. Except, a utility may apportion to regulated operations more than fully allocated costs if the charge is less than or equal to the market price. If a utility apportions to regulated operations more than fully allocated costs, the utility must maintain documentation to support and justify how doing so benefits regulated operations and would be based on prevailing price valuation.

Finally, the rules states that assets transferred from the affiliate to the utility must be transferred at the lower of cost or market and assets transferred from the utility to the affiliate must be transferred at the higher of cost or market.

(d) When an asset used in regulated operations is transferred from a utility to a nonregulated affiliate, the utility must charge the affiliate the greater of market price or net book value. Except, a utility may charge the affiliate either the market price or net book value if the utility maintains documentation to support and justify that such a transaction benefits regulated operations. When an asset to be used in regulated operations is transferred from a nonregulated affiliate to a utility, the utility must record the asset at the lower of market price or net book value. Except, a utility may record the asset at either market price or net book value if the utility maintains documentation to support and justify that such a transaction benefits regulated operations. An independent appraiser

> must verify the market value of a transferred asset with a net book value greater than $1,000,000. If a utility charges less than market price, the utility must notify the Division of Economic Regulation in writing within 30 days of the transfer. (Rule 25-6.1351 F.A.C.)

Q. HAS THE COMMISSION ADDRESSED AFFILIATE TRANSACTIONS IN RECENT ORDERS?

A. Yes. The Commission has also expressed its opinion on affiliate transactions and the precedent that should be followed when examining affiliate transactions.

> By their very nature, related party transactions require closer scrutiny. Although a transaction between related parties is not per se unreasonable, it is the utility's burden to prove that its costs are reasonable. Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982). This burden is even greater when the transaction is between related parties. In GTE Florida, Inc. v. Deason, 642 So. 2d 545 (Fla. 1994) (GTE), the Court established that the standard to use in evaluating affiliate transactions is whether those transactions exceed the going market rate or are otherwise inherently unfair. (FPSC, Order No. PSC-01-1374-PAA-WS; June 27, 2001.)

II. FPL Group, Inc. Organizational Structure

Q. WOULD YOU PLEASE DESCRIBE THE FPL GROUP, INC. ORGANIZATION?

A. Yes. FPL Group, Inc. (FPL Group), the parent company of FPL, has more than 500 subsidiaries and affiliates. (Ousdahl Testimony, p. 37.) My Exhibit KHD-2 contains an organizational chart of FPL Group and its affiliates. Its primary subsidiaries include:

1) FPL, the regulated electric company that provides electric service to customers in Florida.

2) FPL Group Capital, Inc., (FPL Group Capital) which owns the capital stock of and provides the funding for FPL Group's non-utility companies.

3) NextEra Energy Resources, LLC (NextEra, formerly FPL Energy or FPLE) is a holding company of subsidiaries involved in geothermal, cogeneration, waste-to-energy, and wind powered electric generating projects. NextEra is the largest generator of wind and solar power in North America. NextEra has operations in 27 U.S. states and Canadian provinces.

4) FPL FiberNet, LLC (FiberNet) leases wholesale fiber-optic network capacity dark fiber capacity. Its customers include FPL, Internet service providers, as well as telephone, wireless carriers, internet, and other telecommunications companies.

5) FPL Energy Services, Inc. (FPL Energy Services or FPLES) markets the sale of natural gas and offers products and services to residential and commercial customers.

6) FPL Group Resources, LLC identifies, evaluates and transacts natural gas business activities. This includes the pursuit of a Liquefied Natural Gas import project into Florida, creation of a gas merchant business, and pipeline and storage investments.

7) Palms Insurance Company, Limited (Palms) is an insurance company primarily engaged in providing liability insurance coverage for FPL Group and its subsidiaries. (FPL Group 2008 Form 10-K, p. 14 and Response to OPC Interrogatory 2.) (http://www.nexteraenergyresources.com/content/where/portfolio/pdf/portfolio_by_fuel.pdf.; http://www.nexteraenergyresources.com/content/who/facts.shtml.

As shown on Exhibit KHD-2, FPL Group's nonregulated affiliates are numerous.

Q. HOW LARGE ARE FPL GROUP'S NONREGULATED OPERATIONS AND HOW HAVE THEY CHANGED OVER TIME?

A. FPL Group's nonregulated businesses are significant, and they are growing. Although FPL Group has many affiliated nonregulated companies, its most active and largest affiliate is NextEra, which owned hundreds of affiliated companies in 2008. (FPL Annual Diversification Report 2008.) As shown on Exhibit KHD-3, NextEra represented **Begin Confidential** [redacted] **End Confidential** of FPL Group's consolidated revenue in 2005, decreasing to Begin Confidential [redacted] End Confidential in 2006, increasing to Begin Confidential [redacted] End Confidential in 2007 and to Begin Confidential [redacted] End Confidential in 2008. Similar representations are depicted for investment. As shown on this exhibit, NextEra's gross investment represents Begin Confidential [redacted] End Confidential of FPL Group's consolidated gross investment in the years 2005, 2006, 2007, and 2008, respectively.

III. Affiliate Charges

Q. WOULD YOU PLEASE EXPLAIN HOW FPL CHARGES ITS AFFILIATES FOR SERVICES AND PRODUCTS IT PROVIDES TO THEM?

A. Yes. FPL uses three methods to charge costs to FPL Group's nonregulated affiliates. These are:

> Direct - Costs of resources used exclusively for the provision of services that are readily identifiable to an activity. An example of Inter-Company direct costs would be the salary of an [FPL] engineer working on a nonregulated Affiliate's power plant. Direct is also used to indicate work done within FPL (regulated) directly benefiting a Business Unit other than the provider. An example of Intra-FPL direct costs (regulated) would be [FPL] Human Resources charging the operating Business Units for specific recruiting activities.
>
> Assigned - Costs of resources used jointly in the provision of both regulated and non-regulated activities that are apportioned using direct measures of cost causation. The square footage cost of office space used by nonregulated activities would be an example of assignable costs.
>
> Unattributable (Management Fee) - Cost of resources shared by both regulated and non-regulated activities for which no causal relationship exists. These costs are accumulated and allocated to both regulated and nonregulated activities through the use of the

AMF for Inter-Company transactions. The costs associated with FPL Group's board of directors is an example of unattributable costs allocated using the Affiliate Management Fee. (Exhibit KO-9, Page 2.)

III.A. Direct Charge Methodology

Q. WOULD YOU PLEASE DESCRIBE THE DIRECT CHARGE METHOD THAT FPL USES?

A. Yes. The direct charge method charges activities to affiliates through specific work orders. Activities which are direct charged include: due diligence investigations conducted by FPL employees for the benefit of an affiliate, assistance with construction projects, transition teams, fleet team support below management level, support for capital projects, and services to plants that are not operated by NextEra. (Response to OPC Document Request 75.)

The Power Generation Service fee is also administered through a direct charge process. This fee captures direct support by FPL Power Generation employees to NextEra. (Response to OPC Interrogatory 12.)

Q. HOW ARE COSTS CAPTURED UNDER THE DIRECT CHARGE PROCESS?

A. FPL uses work orders (ER 99) to capture direct charges from the affiliate to FPL. The majority of these work orders are used to record direct charges and record the expense for the support provided by FPL to the affiliate directly to the intercompany "receivable from affiliate" account. Work orders are also used to process charges to the affiliates for the various service fees and the Affiliate Management Fee.

Creation of a work order begins with a request that can be submitted via a form, an email, or a telephone request. The request is submitted to an employee who has been approved to create or modify work orders. Surprisingly, there is not a requirement that a record be kept of the request for the establishment of a work order or the use of an FPL employee.

Time spent on support between FPL and affiliates is reported by each employee in the SAP payroll program on-line either daily, weekly or biweekly. It is posted from payroll to each work order. Employees may record actual time incurred on behalf of affiliates (variable time reporting) or use an estimate such as a fixed distribution percentage. The use of variable time reporting as FPL refers to this practice is also known as exception time reporting. That is, the employee's time is recorded at his or her company except where they report otherwise.

According to FPL, each direct line supervisor is responsible for reviewing payroll charges reported in each biweekly pay period for his/her direct reports. This supervisor also reviews the fixed distributions of time on a semiannual basis. When the monthly affiliate bill is prepared, reported hours are loaded for overheads and taxes. The bill is recorded as a receivable and delivered to the affiliate for its review and approval for payment.

Q. WHAT WAS THE LEVEL OF DIRECT CHARGES FROM FPL TO ITS AFFILIATES FOR 2007 AND 2008 AND WHAT DID FPL PROJECT FOR 2009, 2010, AND 2011?

A. As shown on Exhibit KHD-4, direct charges from FPL to its affiliates increased from **Begin Confidential** [redacted] **End Confidential** million in 2007 to **Begin Confidential** [redacted] **End**

Confidential million in 2008 or an increase of 59%. Several factors contributed to the increase in direct charges, including NextEra's acquisition of the Point Beach Nuclear Plant in September of 2007, two large development and construction contracts which are supervised and managed by FPLES, increased support and projects billed to NextEra, and increased support to FPL Group Capital. (Response to AG Interrogatory 31.)

Also shown on Exhibit KHD-4 is the level of direct charges FPL projects it will assess its affiliates in 2009, 2010, and 2011, which is $42.1 million, $43.7 million, and $45.0 million, respectively. The Company projects that in 2009 there will be over 41% less in direct charges to affiliates than in 2008. The test year projections follow a similar pattern. Relative to the direct charges in 2008, the 2010 and 2011 direct charges are projected to be 39% and 37% less than in 2008. FPL has not explained why these charges should be reduced so dramatically from the historic period 2008. As the direct charges are FPL costs that are assigned to its affiliates, any reduction in payroll charges in the projected test year remain on the books of FPL and are charged to regulated ratepayers.

Q. ARE THERE ANY PROBLEMS WITH THE DIRECT CHARGE METHODOLOGY?

A. Yes. First, I seriously question the failure of FPL for not keeping a record of the request for the establishment of a work order used to direct charge labor costs. This failure provides no audit trail or documentation that the functions performed or the time spent by the employee has any relationship to the original request.

Second, the use of exception time reporting is less than ideal when there are costs being shared between regulated and nonregulated affiliates. By its nature, if an employee does not report a change in time reporting, the charges will be associated with the originating company even if time was spent elsewhere. A direct reporting method would overcome the shortcomings of exception time reporting.

Third, there does not appear to be adequate follow-up of some direct payroll charges. This was identified in a recent internal audit of the Company's affiliate transactions. In this August 11, 2008 Audit, the auditors found: **Begin Confidential** [redacted] **End Confidential** This is a little like the fox watching the chicken coop. **Begin Confidential** [redacted] **End Confidential** The auditors recommended that **Begin Confidential** [redacted] **End Confidential**

Q. WHAT IS YOUR RECOMMENDATION REGARDING THE DIRECT

CHARGES FPL PROJECTS FOR 2009, 2010, AND 2011?

A. I recommend that the Commission require that the Company keep adequate documentation concerning the requests from its affiliate for services that are billed under the direct charge methodology. FPL has not provided any reason why keeping adequate documentation (like the e-mail or phone call record) should not be retained. In fact, I would recommend that a system be set up to keep track of the requests for assistance.

Similarly, I recommend that the Commission require those employees that use exception time reporting to use direct time reporting. This will help ensure that the time spent on work for affiliates is properly documented and tracked.

III.B. Shared Cost Methodology

Q. WHAT ARE THE SHARED COSTS THAT ARE ALLOCATED TO FPL GROUP'S AFFILIATES?

A. The following are costs that are shared between FPL and its affiliates: Information Management, Human Resources, Facility Security, Cafeteria Operations, Executives, Corporate Finance and Accounting, Data Security, Aircraft Operations, Corporate Communications, Shareholder Services, Environmental Audits and Consulting, Administration of Corporate Travel, Integrated Supply Chain Administration, and Internal Auditing Management. (Exhibit KO-9, pp. 8-9.) There is a clear benefit to these smaller nonregulated affiliates sharing administrative services rather than hiring an administrative staff.

Q. WOULD YOU DESCRIBE HOW SHARED COSTS ARE ALLOCATED?

A. Yes. The Company used two approaches. The first assigns costs which can be directly apportioned using direct measures—like square footage. The second approach assigns costs that are unattributable, using five different fees.

Q. WOULD YOU DESCRIBE THE COSTS THAT ARE ASSIGNED USING DIRECT MEASURES OR COST DRIVERS?

A. Yes. The Information Management, Human Resources, certain Finance, and certain Other Corporate Services costs are allocated to affiliates using specific drivers. The Information Management groups use specific drivers relating to workstations, number of transactions, mainframe time, etc. The Human Resources group uses a headcount driver. The Finance group uses specific drivers related to square footage and capacity. Engineering, Construction and Corporate Services use drivers also related to full-time equivalent employees. (Exhibit KO-9, p. 8.)

Q. WOULD YOU DESCRIBE THE MANAGEMENT FEES USED TO ALLOCATE UNATTRIBUTABLE COSTS?

A. Yes. The first fee is the Power Generation Division (PGD) Fee used to charge NextEra for fleet team management and direct plant specific support. Regarding this fee the Company states: "Fully loaded costs are charged to the Affiliate based on budgeted dollars with a year-end true-up based on actual accumulated dollars via specific work orders." (Ibid., p. 1.)

The next fee is the Energy Marketing & Trading Business Unit Fee (EMT Service Fee) which:

> . . . uses the annual budget to estimate the level of service to be provided and will true-up to actual periodically or for year-end no later than January of the following year. There are two parts to this fee: 1. Back-Office, and 2. PMI Facilities Usage. There are two (2)

> groups within the Back-Office portion of the fee: 1. System Group for computer support, and 2. Risk Management. The Systems Group is allocated by specific drivers (i.e. number of devices), and Risk Management is allocated based on a time-study. The second part of the Fee is the PMI Facility Usage, which is allocated base[d] upon total head count applied to a developed facility rate. (Ibid., p. 9.)

The third fee, Information Management Nuclear Service Fee, is used to allocate the costs for the following shared services to NextEra: Passport support, information management, data services, and infrastructure support. This fee uses the annual budget to estimate the level of service to be provided and is trued up to actual no later than January of the following year. Costs for services to support the Passport system are allocated by the number of systems in place. All other service costs are allocated based on the number of generating units. (Ibid., p. 10.)

The fourth fee, the Nuclear Division Fee, allocates costs to NextEra for the following shared services: nuclear operations support, nuclear fuels support, nuclear management team support, nuclear engineering support, and nuclear assurance support. The fee uses the annual budget to estimate the level of service to be provided and is trued up no later than January of the following year. (Ibid.)

Q. WOULD YOU DISCUSS THE NEXT GROUP OF COSTS THAT MAKE UP AFFILIATE MANAGEMENT FEE?

A. Yes. The unattributable portion of the Affiliate Management Fee (AMF) includes costs of FPL corporate staff that provide services to the affiliates of FPL. These services include budgeting and planning, external financial reporting, corporate communications, mail services, and shareholder services. (Ousdahl Testimony, p. 41.) Costs included in this category are generally allocated using the

Massachusetts Formula.

The total amount of Affiliate Management Fee that is distributed between FPL and its affiliates is projected to be Begin Confidential [redacted] End Confidential The Company projects that Begin Confidential [redacted] End Confidential of the total AMF will be allocated to FPL in 2009, 2010, and 2011 respectively. (Response to OPC Document Request 106.)

Q. **PLEASE DESCRIBE HOW FPL GROUP'S COSTS ARE CHARGED TO THE UTILITY AND ITS AFFILIATES.**

A. All of FPL Group's costs are directly charged to FPL and then allocated to affiliates through the Affiliate Management Fee. (Response to OPC Interrogatory 75 and 71.)

Q. **WOULD YOU DESCRIBE THE MASSACHUSETTS FORMULA USED TO ALLOCATE A PORTION OF THE AFFILIATE MANAGEMENT FEE AND THE CHARGES FROM FPL GROUP?**

A. The Massachusetts Formula is the weighted average of three statistics: payroll, revenues, and average gross property plant and equipment. Each of these three components of the Massachusetts Formula is given equal weight. The companies included in the calculation of the Massachusetts Formula are FPL New England Division, NextEra, FPLE Seabrook Station, FPL Energy Duane Arnold, FPL FiberNet, FPL Energy Services, Palms Insurance Company, FPL Energy Point Beach, and FPL Readi-Power. (Response to OPC Interrogatory 26.)

My Exhibit KHD-5 depicts the Massachusetts Formula used by FPL for the projected years 2009, 2010, and 2011. As shown, for costs attributable to all affiliates that are allocated on the basis of the Massachusetts Formula, the majority of the costs—Begin Confidential [redacted] End Confidential—are attributed to FPL.

Q. DO YOU AGREE WITH THE ALLOCATION METHOD USED TO DISTRIBUTE MANAGEMENT FEES TO FPL AND ITS AFFILIATES DURING THE PROJECTED TEST YEARS?

A. No, I do not. There are several problems with the allocation factors used by the Company to distribute the management fee to its affiliates.

First, for several specific drivers used to allocate the attributable-shared costs the data utilized is stale. For several categories of costs being allocated the allocation factor for the projected 2010 and 2011 test years did not change from the factor used in 2008.

Second, with respect to the Massachusetts Formula, the Company did not supply data and sufficient support for the methodology used to project its test year allocation factors.

Third, the allocation factors are largely size-based and therefore, regardless of the benefits received from the services provided, the majority of the management fees are allocated to the largest company—FPL.

Q. WOULD YOU PLEASE ADDRESS YOUR FIRST CONCERN ABOUT THE COMPANY'S SPECIFIC DRIVERS USED IN THE AFFILIATE MANAGEMENT FEE ALLOCATION?

A. Yes. For several of the Management Fees the allocation factors used during the test year are stale. There has been substantial growth in NextEra, a nonregulated affiliate, during the past several years. Yet, in several instances, the Company's proposed allocation factors do not reflect the growth that has taken place during 2008, much less the growth anticipated in 2009, 2010, and 2011. They are based upon old data that is not consistent with the projected 2009, 2010, and 2011 test years. For example, in response to OPC's discovery, the Company stated: "The FPL Group allocation factors used in the test year projections for FAS 87 expenses were based on data from 2008. The FPL Group allocation factors used in the test year projections for FAS 106 expenses were based on data from 2007." (Supplemental Response to OPC Interrogatory 28.)

The information used to allocate **Begin Confidential** [redacted] **End Confidential** is based on 2006 data. (Response to OPC Document Request 106.) The Company used 2007 data to project FPL Group Post Retirement costs.

One allocation factor has not changed since at least 2006: **Begin Confidential** [redacted] **End Confidential** FPL's supporting documentation for this cost allocation factor contains the note: **Begin Confidential** [redacted] **End Confidential**

Q. **WOULD YOU ADDRESS YOUR SECOND CONCERN ABOUT THE**

AFFILIATE MANAGEMENT FEE ALLOCATION FACTORS?

A. Yes. The Company did not provide adequate support for the projected data that it utilized to develop its allocation factors for the Massachusetts Formula. In addition, an examination of the allocation factors from year to year shows that the Company has projected significantly less growth in its nonregulated operations than in the past. It has also failed to provide adequate workpapers and documentation to support some of the allocation factors that it used and the costs included in the AMF.

An examination of the projected growth in the components of the allocation factors for the affiliates suggests that the projections are understated relative to previous years. For example, the revenue component of the Massachusetts Formula for FPLES has decreased by **Begin Confidential** [redacted] **End Confidential** in 2008 and is projected to increase by **Begin Confidential** [redacted] **End Confidential** in 2009, **Begin Confidential** [redacted] **End Confidential** in 2010, and **Begin Confidential** [redacted] **End Confidential** in 2011. The average annual change in revenues from 2008 to 2010 is **Begin Confidential** [redacted] **End Confidential** Without an explanation from the Company as to the reason for its projection, **Begin Confidential** [redacted] **End Confidential** appears to be a more reasonable growth rate, than the growth rate projected by the affiliate.

Similar problems arise when examining the Property, Plant, and Equipment (PP&E) component of the Massachusetts Formula. In several instances, for 2011 the beginning balances are the same as the 2011 ending balances—indicating that the affiliate will add no plant in service for the projected year 2011. The Company projected no change in PP&E from 2010 to 2011 for the following affiliates NextEra, Seabrook (NextEra), Duane Arnold (NextEra), and Point Beach (NextEra).This failure to properly budget 2011, is problematic and further supports the concerns that have been raised about the use of a 2011 test year for the Company's proposed step rate increase.

The average change in ending PP&E for each of these affiliates for the years 2008 to 2010 is **Begin Confidential** [redacted] **End Confidential** for NextEra, **Begin Confidential** [redacted] **End Confidential** for Seabrook, **Begin Confidential** [redacted] **End Confidential** for Duane Arnold, and **Begin Confidential** [redacted] **End Confidential** for Point Beach. Clearly, it is an unrealistic assumption that these entities will not experience additions to plant in service during 2011.

The final component of the Massachusetts Formula where problems appear is the labor component. For example, the proposed growth in labor charges for FiberNet for 2008 and projected for 2009, 2010, and 2011 is **Begin Confidential** [redacted] **End Confidential** respectively. The three-year average from 2008 to 2010 is **Begin Confidential** [redacted] **End Confidential**—considerably higher than the projection for 2011.

Q. **YOU MENTIONED THAT THE COMPANY DID NOT PROVIDE ADEQUATE SUPPORT FOR ITS PROJECTIONS. WOULD YOU PLEASE ADDRESS THIS?**

A. Yes. Several interrogatories were issued concerning these projections. The Attorney General propounded the following discovery:

> <u>AG Interrogatory 38</u>. Affiliates. For purposes of this request, please refer to the Company's response to OPC Interrogatory 29.
>
> a. Please provide a detailed explanation of how the projections

were performed by the Company to project the costs FPL plans to allocate to its affiliates for every fee. To the extent the requested information is available in electronic spreadsheet format, please provide the electronic file with all formulas and links intact.

b. Please provide a detailed explanation of how the projections were performed by the Company to project the allocation factors FPL plans to use to allocate to its affiliates through its fees. To the extent the requested information is available in electronic spreadsheet format, please provide the electronic file with all formulas and links intact.

c. Please provide a detailed explanation of how the projections were performed by the Company to project the costs FPL plans to directly charge to its affiliates. To the extent the requested information is available in electronic spreadsheet format, please provide the electronic file with all formulas and links intact.

Company's Response:

a) The process documentation for projecting the Affiliate Management Fee is being provided in "AMF Process Documentation.doc" (Bates No. FPL 144552-144558). This document is confidential and will be made available by FPL for review and inspection by AG at Rutledge, Ecenia & Purnell, P.A., 119 South Monroe Street, Suite 202, Tallahassee, Florida 32301, during regular business hours, 8 a.m. to 5 p.m., Monday through Friday, upon reasonable notice to FPL's counsel. The detail files for the fee calculations for 2009 and 2010 can be seen in FPL's response to OPC's Second Request for Production of Documents No. 106, and the file for 2011 can be seen in FPL's response to SFHHA's Eleventh Set of Interrogatories No. 296.

b) The allocation factors in the fee consist primarily of drivers related to Information Management and Human Resources allocations as well as the Massachusetts Formula. Files have been provided that explain the calculation of the 2008 IM and HR drivers. These drivers were used for the 2009, 2010, and 2011 AMF forecasts. The projection of the Mass. Formula allocation factors can be seen in the detail AMF calculation files referenced in part a above. (Response to AG Interrogatory 34.)

The document provided by the Company described the projection process in general, but did not contain the workpapers for the detailed projections.

OPC also asked the following discovery request:

OPC Document Request 233. MFR Workpapers. For purposes of this request, please refer to the spreadsheets "MFR C-30 2009 backup.xls," "MFR C-30 2010 backup.xls", and "MFR C-30 2011 backup.xls" provided in the Company's response to OPC Document Request 12.

a. Please provide all supporting documents showing the calculation of how the amounts were derived for the Affiliate Management Fee, Power Generation Division Management Fee, Energy Marketing and Trading Management Fee, Nuclear Division Management Fee, and Direct Services for each affiliate for the year 2008 and 2009, 2010, and 2011 projected test years. To the extent the requested information is available in electronic format, please provide the electronic file. To the extent the requested information is in Excel format, please provide the documents with all formulas and links intact and include all linked and source files.

Company's Response: Affiliate Management Fee

With respect to the Affiliate Management Fee for the year 2008 and the projected test years 2009, and 2010, see FPL's response to OPC's Second Request for the Production of Documents No. 106. For the projected test year 2011, see FPL's response to SFHHA's Tenth Request for Interrogatories No. 296.

The documents supplied in response to these discovery requests contain only the amount of the projections, not how the projections were developed. There were no underlying calculations or other support provided concerning the projections.

The Company also provided a five-page document explaining the assumptions behind the projections, but again there were no supporting calculations.

Q. **WOULD YOU PLEASE DISCUSS YOUR THIRD CONCERN ABOUT THE SIZED-BASED NATURE OF THE MASSACHUSETTS FORMULA AND THE PROBLEMS THIS PRESENTS?**

A. As shown on Exhibit KHD-10, FPL consistently receives over **Begin Confidential** [redacted]

End Confidential of the costs charged through the Massachusetts Formula. While FPL obviously represents a large share of the FPL Group family of affiliates, the benefits received by each affiliate are not necessarily proportional to the size of the company. This size-based allocation factor fails to reflect the benefit that the affiliates of FPL receive from the shared services. In other words, use of the 3-factor formula implicitly assumes that the larger the affiliate, the greater its received benefit from the performance of a particular function within FPL.

For example, the corporate communications department of FPL provides the following services: internal communication, external media, executive presentations, and mail services. The general counsel department provides shareholder services and environmental services. The financial section includes costs associated with executive salaries and expenses, accounts payable, cash management and banking, cost measurement and allocation, accounting research and financial reporting, corporate taxes, trust fund investments, planning and analysis, corporate budgeting, annual report, security administration, and aircraft operations. (Exhibit KO-9, pp. 8-9.)

The size-based allocation factor ignores the possibility that relatively new competitive companies, like NextEra, FiberNet, FPLES, FPL Group Resources, and others, benefit disproportionately from these corporate functions that are provided by FPL. For the projected test years 2009, 2010, and 2011, NextEra's operations were allocated Begin Confidential [redacted] End Confidential FPLES was allocated just Begin Confidential [redacted] End Confidential and FiberNet was allocated just Begin Confidential [redacted] End Confidential of these costs.

As an example, for the projected 2010 test year, NextEra was allocated Begin Confidential [redacted] End Confidential of the cost of corporate communication, general counsel, and finance services. The amount charged to FPLES and FiberNet, amounted to just Begin Confidential [redacted] End Confidential respectively.

Converting these amounts to a cost per employee helps to examine if the allocations are reasonable. Since FPL has many more employees than its affiliates, economies of scale would suggest that the cost per employee at FPL should be much less than the affiliates. On a per employee basis, the amounts charged to NextEra and FPLES and FiberNet (combined) are: Begin Confidential [redacted] End Confidential respectively. The cost per employee for these same functions for FPL amounts to Begin Confidential [redacted] End Confidential — more than the cost per employee charged to the affiliates.

Given that FPL is the largest of the companies and therefore should benefit from its economies of scale, I would have expected its costs per employee to be much lower than those of its much smaller nonregulated affiliates would.

Q. DO YOU HAVE OTHER CONCERNS ABOUT THE MASSACHUSETTS FORMULA FACTORS USED BY FPL?

A. Yes. FPL's nonregulated affiliates derive many benefits from their relationship with the utility and its parent. There are many instances in which executives serve in an executive capacity for both FPL its nonregulated affiliates, yet the vast majority of the costs are borne by FPL. For example, the Director and Chairman of the Board of FPL, Mr. Lewis Hay, is also the Director and Chairman of the Board for FPL Energy Maine and FPL Group Foundation. Mr. Hay serves as the Director, President, and Chief Executive Officer of FPL Group Capital, the affiliate that holds the majority of the nonregulated affiliates of FPL Group; the Director, Chairman of the Board, and Chief Executive Officer of FPL Group,; and Chairman of NextEra Energy Maine and NextEra.

While serving in this capacity, for the year 2010 Begin Confidential [redacted] End Confidential of Mr. Hay's salary, bonuses, and restricted stock awards are charged to NextEra Begin Confidential, [redacted] End Confidential to FiberNet, and Begin Confidential [redacted] to FPLES. These percentages translate to an effective salary of Begin Confidential [redacted] End Confidential for NextEra, Begin Confidential [redacted] End Confidential for FiberNet, and Begin Confidential [redacted] End Confidential for FPLES. This seems like a very small share given the capacity in which he serves these companies.

This situation is not limited to Mr. Hay. As shown on Exhibit KHD-6, there are 24 FPL executive officers and directors that also serve as executive officers and directors of the nonregulated affiliates. Armando Olivera, Director and President and CEO of FPL is also the President of BXR, LLC and Director, President and Treasures of FPL Group Foundation, Inc. Manoochehr Nazar, Senior Vice President and Nuclear Chief Operating Officer is also the Vice President of FPL Energy Duane Arnold (NextEra), FPL Energy Point Beach (NextEra), FPL Seabrook (NextEra) and is the Chief Nuclear Officer of FPL Group, Inc. Mariene Santo, Vice President, Customer Service is the Director and/or the President of three FPLES companies and FPL Enersys, Inc, and Mr.

Yeager, Vice President, Engineering and Construction, is also an officer — a Vice President of 35 nonregulated affiliates of FPL.

Likewise, the services provided by FPL are a significant benefit to these smaller nonregulated companies that would have a difficult time obtaining these same services with only their own staff.

Q. CAN YOU GIVE SOME OTHER EXAMPLES OF THE BENEFITS FPL'S NONREGULATED AFFILIATES DERIVE FROM THEIR ASSOCIATION WITH FPL AND FPL GROUP?

A. Yes. According to an August 2008 internal audit of the Company's affiliate transactions, Begin Confidential [redacted] End Confidential It would be difficult for FPL's nonregulated affiliates to have access to this many lawyers if they were not associated with FPL and FPL Group. Rather than depending upon the support of this in-house counsel they would more than likely be required to seek outside counsel at a cost which exceeds the payroll, benefits and overhead of the in-house attorneys employed by FPL Group.

Similarly, this same audit noted that Begin Confidential [redacted] End Confidential If this affiliate were not affiliated with FPL the expertise to resolve these problems may not have been immediately available and would have needed to be obtained elsewhere.

Q, WHAT HAS BEEN THE GROWTH PATTERN OF THE COMPANY'S AFFILIATES IN RECENT YEARS?

A. Revenues from nonregulated affiliates have increased from $2.3 billion to $4.8 billion from 2005 to 2008—an increase of 105% or 26% per year. This compares to FPL's revenues which have increased from $9.5 billion in 2005 to $11.6 billion in 2008—an increase of 22% or about 6% per year. (FPL Group 2008 Form 10-K, p. 97 and 2007 10-K.)

Recently, NextEra's earnings have represented an even larger share of FPL Group's operations than its share of the revenue or investment. As depicted on Exhibit KHD-7, in 2008 NextEra's earnings per share represented 53% of FPL Group's consolidated earnings per share. Prior to 2008, NextEra's earnings per share only represented between 11% and 45% of FPL Group's earnings per share.

Not only has its earnings per share increased, but its return on equity has also increased significantly. In 2007 NextEra earned an approximate return on equity of 11.12%, which increased to 15.28% in 2008. This compares to a return on equity for FPL of 11.29% in 2007 and 10.27% in 2008.

Q. NEXTERA APPEARS TO BE AN IMPORTANT AFFILIATE. WOULD YOU DESCRIBE THIS COMPANY IN GREATER DETAIL?

A. Yes. NextEra "owns, develops, constructs, manages and operates primarily domestic electric-generating facilities in wholesale energy markets." (FPL Group 2008 Form 10-K, p. 10.) Other services provided by NextEra include "full energy and capacity requirements services primarily to distribution utilities in certain markets," and it owns a retail electric provider in Texas. (Ibid.) According to its website, NextEra was founded as ESI Energy in 1985, established as FPL Energy in 1998, and changed its name to NextEra Energy Resources, LLC on January 7, 2009. It owns wind projects as well as solar and gas projects, and nuclear facilities. It claims to be the largest generator of wind and solar power in North America. NextEra has a presence in 25 states and Canada and has more than 17,000 megawatts of generation assets in operation. (http://www.nexteraenergyresources.com/content/who/facts.shtml.)

NextEra expects its future portfolio capacity growth to come from wind and solar and from asset acquisitions. NextEra plans to add a total of 7,000 MWs to 9,000 MWs of new wind generation from 2008 to 2012. It also plans to pursue opportunities for new solar generating facilities. In April 2009, NextEra announced plans to build a wind turbine service facility in Iowa and launched the EarthEra Renewable Energy Trust, which allows businesses to purchase renewable energy certificates to meet their own sustainability or green energy goals. One hundred percent of the proceeds from the sale of EarthEra renewable energy certificates goes into the EarthEra Renewable Energy Trust which is then used for solar and wind renewable energy construction projects. (FPL Group 2008 Form 10-K, p. 11; News Release, "NextEra Energy Resources to build wind turbine service facility in Iowa," April 1, 2009; News Release, "NextEra Energy Resources launches the EarthEra Renewable Energy Trust to accelerate America's move to a clean energy future," April 1, 2009.)

Q. NEXTERA ALSO APPEARS TO BE IMPORTANT FOR ITS ABILITY TO GENERATE REVENUES AND EARNINGS FOR FPL GROUP AND ITS

PRESENCE IN THE FPL GROUP. HAVE YOU EXAMINED ANY DOCUMENTS WHICH SHOW THE EMPHASIS PLACED ON THIS COMPANY?

A. Yes. FPL Group's 2006 Annual Report cover page illustrates the importance of NextEra to the company's future growth.

The cover page, a copy of which is included in Exhibit KHD-8, shows a picture of solar panels and wind turbines with the words "energy solutions for the **next era.**" (emphasis added.) Using the words "next era" on the cover of FPL Group's Annual Report to its stockholders clearly demonstrates NextEra's importance to the management of FPL Group. The same logo and wind turbines are depicted on FPL Group's home pages.

NextEra's future plans are discussed in the Annual Report and, in fact, in the letter to its shareholders, equal space was given to FPL and NextEra—each being discussed on a separate page.

The Annual Report addressed the future plans of NextEra:

> Looking ahead, NextEra Energy Resources has a strong pipeline of attractive renewable energy projects. Our wind project pipeline is more than 30,000 megawatts while our solar development pipeline is approximately 1,000 megawatts. Even though in late 2008 we reduced planned capital spending for 2009 by $1.3 billion in response to economic and financial market conditions, we still expect to add approximately 1,100 megawatts of new wind projects in 2009. (FPL Group 2006 Annual Report, p. AR-4.)

In addition, in January 2009, the Public Utility Commission of Texas awarded NextEra $565 million for construction of transmission facilities to deliver wind power from the Competitive Renewable Energy Zones in west Texas and the Texas panhandle to population centers in Texas. (Ibid.)

NextEra's importance and the benefits it receives from being associated with FPL was explained in response to OPC's Interrogatory 305, when asking about Ms. Ousdahl's comment about FPL's role as a "service company."

> The focus of this sentence is on the increasing role FPL plays in providing operating support, specifically in connection with the recent growth of FPL's operating affiliate, NextEra, which has provided the opportunity for FPL to serve a more sizable fleet of assets, including nuclear and fossil generation, and therefore to more broadly lever its skills and resources. (Response to OPC Interrogatory 305.)

NextEra clearly derives substantial financial benefits from being associated with FPL Group and FPL. These benefits are not captured in a cost allocation formula that is based upon size.

Q. YOU HAVE IDENTIFIED SEVERAL PROBLEMS WITH THE COMPANY'S ALLOCATION OF ITS AFFILIATE MANAGEMENT FEES. DO YOU HAVE A RECOMMENDATION CONCERNING THE SPECIFIC DRIVERS THAT YOU DISCUSS ABOVE?

A. Yes, I do. First, to overcome the problem associated with the Company's use of stale allocation factors, I recommend that the Commission update the specific drivers reflect the most recent information available. With respect to the Power Generation Division Fee I recommend that the Commission update the installed megawatts using the Company's disclosures in its 2008 annual report and testimony filed in this proceeding. This will make the level of the management fee allocations consistent with the projected test years.

Therefore, I have updated the installed MWs used as the allocation factor to include projects that have been or will be added to the operations of FPL and

NextEra. FPL uses MWs to allocate the salaries and benefits of the Power Generation Division Executives. I have added 1,000 MWs to NextEra for the wind generation projects it intends to add for 2009. I have also added the West County Units 1 and 2 (2,400 MWs) to FPL, which are expected to go online in 2009.

Specifically, using information from the Company's MFRs and FPL Group's 2008 Annual Report, I recommend capacity additions of 1,250 MWs (2009), 1,275 MWs (2010), and 1,349 MWs (2011) to the 2008 level used by the Company for FPL. This produces total MWs for FPL in these years of 19,784 (2009), 21,059 (2010) and 22,408 (2011) compared to FPL's values of 19,753 for each of the years 2009, 2010, and 2011. In other words, the Company assumed that it would not add any capacity during the projected years 2009, 2010, and 2011, much different than its projected test year assumptions.

I made similar updates for NextEra. For 2009, 2010, and 2011, I recommend adding 1,100 MWs, 1,200 MWs, and 1,200 MWs of capacity, respectively. This produced total capacity of 15,941 MWs, 17,141 MWs, and 18,341 MWs for the years 2009, 2010, and 2011, respectively. In contrast, the Company's estimate of total capacity for NextEra was 14,841 MWs for all three years. (Clarke Testimony, p. 11; Response to OPC Interrogatory 23; FPL Group 2008 Annual Report.) Clearly, the Company's estimate of capacity used to allocate the PGD fee is very outdated and should be rejected.

Second, to overcome the problem with the specific drivers of the Affiliate Management Fee, in instances where the Company did not project an increase for the projected test years, I recommend that the Commission increase the allocation drivers based upon recent growth. Specifically, if the Company updated the allocation factor for 2008 and 2009, I recommend that the Commission use the average increase in the allocation drivers for those two years to develop the 2010 and 2011 allocation drivers. If the Company did not update the 2009 allocation factor, then I recommend that the Commission use the increase in the allocation factor using the change in the factor from 2007 to 2008 to project the 2010 and 2011 allocation drivers. My recommended drivers are shown on Exhibit KHD-9. My recommended adjustment to overcome these problems is shown on Exhibit KHD-11. As shown, I recommend that the Commission reduce test year expenses by $2.3 million in 2010 and by $5.1 million in 2011.

Q. HOW CAN THE COMMISSION OVERCOME THE PROBLEMS ASSOCIATED WITH THE PROJECTIONS FOR THE NUMERATOR AND DENOMINATOR OF THE MASSACHUSETTS FORMULA?

A. To correct for the failure to update the numerators and denominators of the allocation factors used in the Massachusetts Formula, I compared the three-year average growth rate from 2008 to 2010 for each component, for each affiliate, to the percent change for 2011. If the percent change from 2010 to 2011 was less than the three-year average, I made a determination whether the Company's projection seemed reasonable given the historical data and the assumptions provided by Company.

If it appeared that an affiliate experienced unusually high historical growth one year, I chose the Company's projection as the more conservative approach.

However, if the Company did not provide an explanation of its assumption or the three-year average was closer to the historical data, I replaced the Company's percentage change with the three-year average percentage change.

For instance, for NextEra, the Company projected **Begin Confidential** [redacted] **End Confidential** [redacted] **End Confidential** The Company's response to discovery does not provide enough detail to explain why the projected 2011 growth in revenue should be less than the prior three year average from 2008-2010. The Company did not provide sufficient documentation of these assumptions and calculations; therefore, the reasonableness of the Company's methodology could not be examined. The amount of growth for 2008 and as projected for 2009 and 2010 is **Begin Confidential** [redacted] **End Confidential** respectively. Rather than use the Company's lower estimate, I recommend that the Commission use the three-year average growth rate to estimate the revenue for NextEra to be used in the Massachusetts Formula.

One instance where the three-year average was higher than the projected change for 2011 is the payroll amount for FPLES. The change in payroll for 2008, 2009, 2010, and 2011 is **Begin Confidential** [redacted] **End Confidential** respectively. The three-year average is calculated as [redacted]. Although the Company did not provide any support for its projection, it is clear that the unusually high 2009 growth projection skews the average. Therefore, as a conservative measure, I accepted the Company's growth projection.

For each component of the Massachusetts Formula for each affiliate, I applied this logic in examining and testing the Company's projections. If the Company's explanation was not satisfactory and there were no unusual years, I used the average three-year growth rate from 2008 to 2010 to project 2011 revenue, labor and plant. The results of my recommendation are depicted on Exhibit KHD-10.

Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING?

A. I am recommending that the Commission reduce 2011 test year expenses by $1.4 million to address the problems I have identified. My recommendation is shown on Exhibit KHD-11.

Q. WHAT ABOUT THE PROBLEM WITH THE MASSACHUSETTS FORMULA NOT ACCOUNTING FOR THE BENEFITS THE NONREGULATED AFFILIATES RECEIVE FROM ASSOCIATION WITH FPL AND FPL GROUP? HOW CAN THE COMMISSION ADDRESS THIS PROBLEM?

A. To address the problems associated with the size-based nature of the allocation factor and the significant benefits the nonregulated affiliates derive from being associated with FPL and FPL Group, I recommend that the Commission distribute shared executive costs of the FPL Group between FPL and the nonregulated affiliates with 50% assigned to each. The services provided by the FPL Group executives are generally more strategic in nature and benefit the regulated and nonregulated groups as a whole. The proportion of revenue or property, plant and equipment does not reflect the substantial benefits the nonregulated affiliates receive from these executives.

The Company has made a similar determination in a change to its allocation factor for its Nuclear Service Fee. Prior to 2008 the Company allocated this on the basis of the MWs owned by FPL versus NextEra. However, it changed this methodology to allocate the charges based upon the number of nuclear units as opposed to MWs. In making this change the Company stated:

> This allocation was determined to be more representative of the level of service provided with a larger nuclear fleet. When operating as a fleet, the support and services provided by employees included in the fee generally benefit all units. A per-unit allocation basis provides an adequate method of capturing the level of service provided to each unit. For example, FPL will be adding approximately 100 MW to each unit at St. Lucie and Turkey Point once the uprate projects are complete. This increase in megawatts will not change the level of service provided to each of the units. As such, a per-unit basis would not result in a disproportionate share of service costs to FPL. (Response to OPC Interrogatory 17.)

This same argument was made in the August 2008 internal Audit of FPL's affiliate charges. Specifically, the Audit noted: **Begin Confidential** [redacted] **End Confidential**

I believe that a 50/50 allocation factor for FPL's Executive costs would help offset the fact that the smaller affiliates of FPL, like NextEra, FiberNet, and FPLES, receive significant benefits from the services provided under the management fee, yet these benefits are not reflected in the allocation methodology.

As shown on Exhibit KHD-11, the changes that I recommend concerning the allocation of the AMF reduce charges to the Company in the projected years by $7.9 million for 2010 and $7.9 million for 2011.

IV. Transactions with Other Affiliates

Q. ARE THERE AFFILIATE COSTS CHARGED TO FPL THAT YOU WOULD LIKE TO ADDRESS?

A. Yes. There are costs charged to FPL by FiberNet that should be adjusted. FiberNet provides wholesale fiber-optic network capacity and dark fiber capacity to FPL. With respect to costs allocated from FiberNet, for the projected test year costs were allocated using fiber miles, fiber capacity, and DS3 capacity. I am recommending one modification to the methodology employed to allocate these costs to FPL. As shown on Exhibit KHD-12, the allocation of costs to FPL is based upon the assets owned by FiberNet. A large portion of the costs allocated to FPL are based upon the return on the assets used by FPL. In developing the amount to charge FPL, the Company used a return on investment of **Begin Confidential** [redacted] **End Confidential** I have modified this return to be consistent with the pre-tax overall cost of capital recommended by Dr. Woolridge. The Commission should reject the Company's request to use a rate of return that is substantially in excess of FPL's allowed rate of return and utilize the rate of return recommended by Mr. Woolridge. As shown on this exhibit, this change results in an estimated reduction to charges for the years 2010 and 2011 of $1,182,224.

Q. FPL ENERGY SERVICES ("FPLES") IS ANOTHER AFFILIATE OF FPL.

WHAT SERVICES DOES IT PROVIDE?

A. FPL Energy Services provides energy related products and services to residential, commercial and governmental customers. (http://www.fples.com/aboutus.shtml.) For residential customers, FPLES provides the following services, as described on FPLES' web page.

Protection from Costly Power Surges

SurgeShield is heavy-duty surge protector installed at your meter which prevents power surges from entering your home thru your meter and causing damage to major appliances and systems.

Appliance Protection

Home repair bills leaving you with the feeling of empty pockets? Appliances can break down when you least expect it leaving you with costly home repair bills. ApplianceGard can save you hundreds of dollars.

Water Lines and Electric Wiring Protection

Water lines inside and outside of your home and electric wiring inside your home can become damaged or simply worn out over time and can be costly to repair or replace. UtilityGard offers 3 great plans for 1 low price.

Power Surge Protection for your Electronics

While there's no way to prevent power surges, Power Surge Protection provides coverage for the repair or replacement of your essential electronics and appliances. Best of all, you choose the level of coverage that meets your needs.

Readi Power

Purchasing a permanent or portable back-up generator is easy with the Readi-Power program. Find out how you can get a customized system that fits your needs and budget.

One Plug

The One Plug device is a meter-based transfer switch installed at your electric meter, making powering appliances through your portable generator quick, easy and convenient.

(http://www.fples.com/residential.shtml.)

For commercial customers, FPLES offers the following services and products:

Natural Gas

Reliable supply, competitive and flexible pricing options, strong financial backing, and expert advice are all part of the FPL Energy Services advantage. Learn more on how you can get a FREE cost savings analysis today.

ESCO-Performance Contracting

Replace your aging energy infrastructure and fund the entire project with future energy savings from FPLES. Learn how.

Energy Efficiency Solutions

Saving money and obtaining financing for turn-key and comprehensive energy efficiency solutions designed for your specific business needs is as simple as one-stop shopping.

Power Monitoring

Occurrences such as lightning and high winds can happen at all hours of the day and night - whether you're open for business or not. Power Monitoring protects your sensitive electrical equipment and inventory. (http://www.fples.com/business.shtml.)

Finally, for government customers, FPLES offers performance contracting for installation of energy efficient products. It also provides assistance with financing and funding of the project with "future energy savings." (http://www.fples.com/largebusiness/products/fpl_services_energy_management.shtml.)

Q. **DO YOU HAVE ANY CONCERNS ABOUT THE AFFILIATE RELATIONSHIP BETWEEN FPL AND FPLES?**

A. Yes. I have several concerns. First, on January 1, 2006, FPL sold to FPLES the natural gas business of FPL. Second, FPLES provides some nonregulated services which may be billed with FPL's electric bill. Third, there may be other relationships between FPLES and FPL which are not priced at the higher of market or cost.

Q. **WOULD YOU PLEASE DISCUSS YOUR FIRST CONCERN? PRIOR TO THE SALE OF FPL'S CUSTOMERS TO FPLES, HOW WAS THE REVENUE EARNED FROM THESE CUSTOMERS TREATED?**

A. Prior to the sale, the margin for the natural gas business was distributed between FPL and FPLES based upon whether the customer was within FPL's service territory or outside its territory. Under this method, the margin earned on the sale of gas to FPL electric customers was recorded on the books of FPL. This margin ranged between **Begin Confidential** [redacted] **End Confidential** per year. According to the Company, it no longer applies these gas margins to the Company's regulated operations because:

> During the 2005 rate case proceedings in Docket No. 050045-EI, the MFR's that FPL filed with the Florida Public Service Commission ("PSC") for the 2006 test year reflected the transfer of FPL's in-territory Florida Natural Gas business (the "In-Territory Gas Business") to FPLES. This position was presented and discussed in pre-filed testimony by Dennis Brandt (Rebuttal Testimony of C.Dennis Brandt, Docket Nos. 050045-EI, 050188-EI, pages 3-4). This transfer was based on the following: the key infrastructure that supports the business resides in FPLES; a dedicated sales force was established for this business independent of FPL; and this business is unrelated to the provision of electric service. FPL reached a settlement in Docket No. 050045-EI based on those MFR's. (Response to OPC Interrogatory 41.)

Q. **DO YOU BELIEVE THE COMPANY'S EXPLANATION FOR MOVING THE GAS MARGIN REVENUES TO ITS NONREGULATED AFFILIATE IS REASONABLE?**

A. No, I do not. First, there is nothing in the settlement that endorsed this treatment of these gas margins.

Second, the Company's response is inadequate for justifying the proposed ratemaking change of these gas margins. The Company appears to have removed a profitable revenue producing operation from the regulated operations and moved it to a nonregulated affiliate. FPL has not demonstrated that there have been any changes in the operations of FPL or FPLES that would justify removing these revenues from FPL's regulated operations. FPL has not demonstrated that there have been any changes in the functions performed by FPL in connection with these gas sales and margins. In fact, FPL still procures gas on behalf of FPLES and transfers that gas at cost to FPLES. (Response to OPC Interrogatory 31.)

Q. IS THERE AN AGREEMENT THAT MEMORIALIZES THE SALE OF THESE GAS CONTRACTS TO FPLES?

A. Yes. There is a two-page agreement for the assignment of in-territory gas contracts to FPLES. The contract is signed by a representative of FPL and a representative of FPLES. The contract specifies the sale price and the accounting treatment of the sale for both companies. It is important to recognize that while the agreement is signed by two different people, the contract is clearly not an arms-length arrangement. In fact, in this instance, understating the value of the contracts being sold would benefit both parties. FPL would recognize a lower gain on sale and therefore pass though to customers (assuming the gain covered a period when rates would change) a smaller amount. FPLES would recognize a lower cost for the contracts being sold and at the same time reap the benefits of the gas margins that have been historically attributed to regulated ratepayers. For the parent company, FPL Group, it's a win-win situation. For customers, it's not. The existence of a contract should not put the Commission at ease that the sale represented an arms-length result.

Q. WHAT PRICE DID FPLES PAY FOR THESE CONTRACTS?

A. The Company has indicated that it transferred the gas contracts to FPLES at a gain of $611,295. (FPL 2006 Annual Report to the FPSC, p. 455.) According to the agreement between FPL and FPLES, the gain was **Begin Confidential** [redacted]. **End Confidential** (Response OPC Document Request 246.)

Q, DOES THE COMPANY HAVE ANY DOCUMENTS WHICH INDICATE THAT THE CONTRACTS WERE SOLD AT THE HIGHER OF COST OR MARKET?

A. OPC asked the Company to provide all documents, analyses, and studies that demonstrated that the gas contracts transferred to FPLES were at the higher of cost or market. In response to Document Request Number 231 (b), the Company stated: "FPL has no documents responsive to this request." (Response to OPC Document Request 231.)

Q. HOW WAS THE PURCHASE PRICE DEVELOPED?

A. In response to an OPC data request, the Company provided an electronic spreadsheet which developed the purchase price of $611,295. (Ibid.) It appears from an audit of this spreadsheet conducted by Risk Management that the purchase price was arrived at with a **Begin Confidential** [redacted] **End Confidential**

Q. WHAT ARE YOUR CONCLUSIONS AND RECOMMENDATIONS

REGARDING THE SALE OF FPL'S GAS CONTRACTS TO FPLES?

A. The sale of the FPL gas contracts to an affiliate was clearly not an arms-length transaction. Moreover, it does not appear that the price at which FPL sold the contracts was reasonable. One of the key assumptions to the analysis that was performed was that the contracts **Begin Confidential** [redacted] **End Confidential**. This does not appear to be a reasonable assumption given the margins that had been earned in the past. These contracts (or like ones) had generated yearly margins for FPL of **Begin Confidential** [redacted] **End Confidential** over the five years preceding the sale. Compared to this profit margin, the price at which FPL sold these gas contracts appears low. In addition, the Company has failed to demonstrate that the price at which it sold these contracts was at the higher of cost or market.

Given these deficiencies, I recommend that the Commission assume that the contracts had not switched hands and that they still reside with FPL. As was done in the past, I recommend that the gross margin associated with these contracts be flowed through to ratepayers. I developed my recommended adjustment by averaging the gross margin earned from these contracts over the five years preceding the sale. As shown on Exhibit KHD-14, this results in an adjustment to test year revenues of **Begin Confidential** [redacted] **End Confidential** for each of the 2010 and 2011 test years.

Q. **WHAT IS YOUR SECOND CONCERN REGARDING FPL AND FPLES?**

A. During the FPL service hearing in Plantation, Florida a customer brought an advertisement he received from FPL Energy Services regarding surge protection service it provided. Apparently, the advertisement indicated that the service could be provided and billed with the customer's electric bill. As discussed above, many of the products and services offered by FPLES could be used by FPL's customers. Clearly, if FPL is billing on its electric bills for services that FLPES provides to FPL's residential, commercial, and governmental customers, FPLES should compensate FPL for the use of its personnel, billing systems, collection systems, postage, paper and any other costs associated with billing the customer. OPC has issued additional discovery on these matters and intends to present additional information to the Commission on the subject.

Q. WHAT IS YOUR NEXT CONCERN REGARDING FPLES AND FPL?

A. There may be other practices between FPL and FPLES for which the Company is not properly compensated. For example, to the extent that FPL service representatives provide referrals or perform similar functions for FPLES, FPL should be compensated for this invaluable service. OPC has issued additional discovery on this matter and intends to present additional information to the Commission on the subject.

Q. ARE YOU ALSO RECOMMENDING AN ADJUSTMENT FOR THE COSTS RECORDED ABOVE THE LINE FOR FPL HISTORICAL MUSEUM, INC.?

A. Yes. I am recommending that the Commission reduce test year expenses by $45,470 in 2010 and $46,764 in 2011 for the contributions made by FPL to the Historical Museum. (Response to OPC Interrogatory 69 and AG Interrogatory 27.) According to FPL, the museum maintains records and artifacts concerning the electric industry as well as FPL historical records. (Supplemental Response to OPC

Interrogatory 27.) The museum is a not-for-profit affiliate. FPL pays the operating costs of the museum and records them to FERC Account 930. These costs are reflected on the financial statements of the museum as a contribution. (Second Supplemental Response to OPC Interrogatory 69.)

Q. IT APPEARS THAT THIS IS THE SAME AS A CHARITABLE CONTRIBUTION. HOW HAS THE COMMISSION TREATED THESE TYPES OF EXPENSES IN THE PAST?

A. The Commission has consistently not required customers to bear these costs. In fact, in previous rate cases, the Commission has removed charitable contributions from test year expense.

Q. HOW WERE THE COMPANY'S CHARITABLE CONTRIBUTIONS TREATED IN PREVIOUS YEARS?

A. The most recent three rate cases resulted in settlements which did not address charitable contributions. However, in FPL's 1984 rate case, the Commission found:

> Consistent with our decisions in FPL's last two rate cases, we remove from operating expenses $556,000 of charitable contributions in 1984 and $434,000 in 1985. FPL may, of course, continue to make contributions to charities; our decision merely provides that the stockholders, and Federal and State governments make the contributions, not the ratepayers. (FPSC, Docket No. 8304650EI, Order No. 13537, July 24, 1984.)

The orders in the "last two rate cases" cited in the above quotation were issued in 1981 and 1982. In both these proceedings, the Company sought to recover charitable contributions from ratepayers. In the first of these cases, the Commission stated in its order:

> The Company has included as an operating expense $386,411 in charitable contributions. In earlier rate cases, we have held that it is within our discretion and authority to allow charitable contributions in reasonable amounts as operating expenses for ratemaking purposes, and the decision to include or exclude them is discretionary with the Commission. However, there are policy considerations which argue both for and against the inclusion of such expenses for ratemaking purposes. In this case, FP&L Witness Tallon asserted that the Company's customers are the beneficiaries of the work that charitable organizations accomplish. However, upon consideration, we disagree that such contributions are "truly contributions from the corporation" rather than from the customers. We are persuaded that such contributions are instead more in the nature of involuntary contributions by ratepayers. As a matter of policy, we do not believe such contributions should be borne by ratepayers.... Accordingly, we have removed from operating expenses the entire amount of contributions to charities projected for the test period. (FPSC, Docket No. 810002-EU (CR), Order No. 10306, September 23, 1981.)

Q. HAS THE COMMISSION'S POLICY CHANGED SINCE FPL'S PRIOR RATE CASES?

A. No. In the recent Florida Public Utilities Company rate case, the Commission reiterated its policy. In fact, in this case, the Commission quoted from one of FPL's earlier rate cases.

> Our policy concerning the recoverability of charitable donations is stated in the following quote:
>
> > In earlier rate cases, we have held that it is within our discretion and authority to allow charitable contributions in reasonable amounts as operating expenses for ratemaking purposes, and the decision to include or exclude them is discretionary with the Commission. However, there are policy considerations which argue both for and against the inclusion of such expenses for ratemaking purposes. In this case, FP&L Witness Tallon asserted that the Company's customers are the beneficiaries of the work that charitable organizations accomplish. However, upon consideration, we disagree that such contributions are "truly contributions from the

> corporation" rather than from the customers. We are persuaded that such contributions are instead more in the nature of involuntary contributions by ratepayers. As a matter of policy, we do not believe such contributions should be borne by ratepayers. We note our disallowance of such contributions for ratemaking purposes does not have the effect of precluding the Company from continuing to make contributions to charities. It only requires that such contributions be borne by stockholders rather than ratepayers. Accordingly, we have removed from operating expenses the entire amount of contributions to charities projected for the test period. (FPSC, Docket No. 070107-GU, Order No. PSC-07-0671-PAA-GU, p. 11.)

Q. DO YOU BELIEVE THE COMPANY HAS PRESENTED ANY INFORMATION THAT WOULD INDICATE THE CONTRIBUTIONS TO THE HISTORICAL MUSEUM SHOULD BE TREATED DIFFERENTLY THAN IN ACCORDANCE WITH THE COMMISSION'S PAST POLICY?

A. No. Therefore, I recommend that the Commission reduce test year expenses by \$45,470 for 2010 and \$46,764 for 2011.

Q. WOULD YOU DISCUSS YOUR NEXT ADJUSTMENT?

A. Yes. This adjustment concerns the gains on sale of utility assets sold to FPL's nonregulated affiliates. As shown on Exhibit KHD-14, during 2007 and 2008 the Company sold several assets to its affiliates which resulted in a gain on sale. During 2007, the Company sold 15 assets which resulted in a total gain of \$4.6 million . The largest gain resulted from the sale of a combustion turbine rotor to FPL Group, Inc. which resulted in a gain of \$4.5 million. During 2008, the Company sold 14 assets which resulted in a gain of \$877,706. The largest gain, \$872,974, related to a transformer sold to Calhoun Company I, LLC. The total gains for both years amounted to $5.5 million.

Q. WHAT IS THE COMMISSION'S POLICY ON GAINS ON SALE OF UTILITY ASSETS?

A. There have been numerous cases in which the Commission has ruled on the disposition of either a gain or a loss on the sale of utility assets. The Commission has typically included the gain on sale above the line and amortized the gain over five years. The Commission recently addressed this issue in connection with transaction and transition costs concerning Florida City Gas. In its decision, the Commission found:

> We find that the transaction and transition costs do not fit the description of plant costs to be included in Account 114. These costs are more appropriately recorded as a regulatory asset to be amortized over five years. A regulatory asset is a cost that is capitalized and recovered over a future period, rather than charged to expense when incurred. This approach has been used by us for recording of gains and losses for plant sales. Normally, gains are amortized back to customers over an appropriate period as decided by this Commission, usually five years. For instance, Southern States Utilities, Inc. was required to amortize gains on the sale of facilities and land over a period of five years. We found that "[when] a utility sells property that was formerly used and useful or included in uniform rates, the ratepayers should receive the benefit of the gain on sale of such utility property."
>
> Similarly, in an FPL rate proceeding, we stated:
>
>> We have addressed the issue of the actual sale of Utility property in FPL's last full rate case and in a number of other rate cases. In those cases, we determined that gains or losses on disposition of property devoted to, or formerly devoted to, public service should be recognized above the line and that those gains or losses, if prudent, should be amortized over a five-year period. We reaffirm our existing policy on this issue. (FPSC, Docket No. 060657-GU, Order No. PSC-07-0913-PAA-GU.)

Q. WHAT IS YOUR RECOMMENDATION CONCERNING THESE GAINS?

A. I recommend that the Commission pass theses gains onto customers and amortize them over five years as shown on Exhibit KHD-14. This adjustment amounts to $1.1 million each for 2010 and 2011.

Q. WOULD YOU PLEASE DISCUSS YOUR LAST ADJUSTMENT?

A. Yes. My next adjustment relates to power monitoring revenue. The Company has provided conflicting data on the amount of this revenue included in test year results. Power monitoring revenue results from a service provided by FPL to commercial and industrial customers that allows them to monitor their power and record their voltage conditions. In response to one of OPC's discovery questions, the Company indicated that this revenue was $654,000 in 2010 and $667,000 in 2011. In response to another discovery question, the Company indicated that the revenue was $890,366 and $934,885 for 2010 and 2011, respectively. I am recommending an adjustment of the difference between these two amounts to ensure that the test year reflects the higher revenue. As shown on Exhibit KHD-15, my adjustments for the test years are $236,336 for 2010 and $267,885 for 2011.

V. FPL-New England Division (FPL-NED)

Q. WOULD YOU PLEASE DESCRIBE FPL-NED?

A. FPL-NED is a separate division of FPL created to hold the expenses and assets of the Seabrook Substation located in New Hampshire. These assets were originally owned by FPL Energy Seabrook, LLC and were purchased by FPL on May 31, 2004. (Response to OPC Interrogatory 73.)

When NextEra purchased Seabrook Generating Station, the rules and procedures applicable in New England regarding cost recovery of transmission facilities and related expenses did not allow entities, other than Transmission Providers, to receive cost recovery associated with such transmission facilities. NextEra is registered as a generator, and therefore was not able to receive payment for use of its facilities. Therefore, ownership of the Seabrook Transmission Substation, among other things, was transferred to FPL-NED, a division of FPL, which was recognized by NEPOOL, ISO-NE and the FERC as a Transmission Provider in New England. (Ibid.) While FPL claims that all costs associated with operating FPL-NED are properly removed from the test year, the value of being part of FPL is considerable.

Q. HAS THE COMPANY RECENTLY BEEN BEFORE THE COMMISSION REGARDING FPL-NED?

A. Yes, on October 1, 2008, FPL filed an application requesting authority to issue and sell securities. FPL's application also included a request for authority to finance construction expenditures of approximately $30 million for the planned Seabrook Substation Reliability Improvement Project (Seabrook Substation) in the State of New Hampshire on behalf of FPL-NED. FPL-NED was created as a separate division of FPL for the purpose of keeping the Seabrook Substation independent from FPL's utility operations in Florida. The Commission voted to approve FPL's application, with the caveat that the consideration of the portion of FPL's application related to FPL-NED be deferred.

Subsequent to the Commission's vote, the Company withdrew that portion of its application and filed a Petition for Approval of Financing for the Seabrook Transmission Substation Upgrade with the New Hampshire Public Utility

Commission to seek regulatory approval for the financing of the improvements to the Seabrook Substation.

Q. DID THE COMMISSIONERS RAISE CONCERNS ABOUT THE FINANCING AND OWNERSHIP ARRANGEMENTS OF FPL-NED AT THE NOVEMBER 13, 2008 AGENDA CONFERENCE?

A. Yes, they did. In particular Commissioner Skop expressed concern about a regulated Florida utility financing the construction of Seabrook assets which are located in New Hampshire and do not benefit Florida's customers. Specifically, Commissioner Skop commented:

> Also, I recognize the absolute right of FPL to withdraw the petition and do appreciate the nonrecourse finance via the intercompany loan. I think that the concern that existed that was objected to last time by myself, OPC, Mr. Wright, was the funding of the out-of-state asset that had no nexus to Florida operations. And I think that, you know, essentially by going to the New Hampshire Commission certainly that is another way of accomplishing the same thing via a different forum. But I would like to recognize FPL's good faith effort to address the concerns that were previously raised to the extent that, you know, I see that the nonrecourse finance and intercompany loan protects Florida ratepayers, but the remaining issue which was the same one as before concerns the precedent -- the fact that there is no benefit to FPL ratepayers, that FPL is still incurring debt on its balance sheet on behalf of out-of-state operations that have no nexus to the state of Florida. I think staff would back me on both of those points if I were to ask them directly. But the commitment by FPL to look at a better entity to move this orphan asset into, I think, solves a lot of the problems. Because particularly in light of a pending rate case, staff has to spend their time to account for an accounting transaction to make sure all the numbers are worked out and the entity adjustments are properly done, and that takes staff time away from doing the other things associated with the rate case.
>
> So I do think that there is some incremental opportunity costs, but I recognize that we need to move forward and address this issue and help, you know, find a better home for the asset. So if FPL will make a good faith commitment towards doing, that certainly will

> go a long way in resolving my concerns. The only concern I would have in passing that this not be used as precedent on a forward-going basis, but I think that the Commission action and the objections, I think, pretty much speak for themselves on that one. (FPSC, Agenda Conference, November 13, 2008, in Docket No. 080621-EI.)

Q. DID FPL AND FPL GROUP CAPITAL SUBSEQUENTLY ENTER INTO AN AGREEMENT FOR THE PURPOSE OF FINANCING THE FPL-NED ASSETS?

A. Yes, they did. On December 12, 2008, an agreement was executed whereby FPL Group Capital extended a line of credit to FPL in the amount of $36.0 million for use in connection with the Seabrook Substation. The contract was signed by Ms. Kathy A. Beilhart on behalf of FPL and by Ms. Kathy A. Beilhart on behalf of FPL Group Capital, Inc. Again, as with other FPL affiliate arrangements, this is not an arms-length agreement.

Q. DID OPC INQUIRE ABOUT FPL'S PLANS TO MOVE THESE ASSETS OUT OF FPL?

A. Yes, it did. In Interrogatory 72, OPC asked FPL about its efforts to move these assets into a different company. The Company responded that the FPL-NED assets will be transferred to a new entity that will be formed under FPL Group Capital. Once the new entity is formed, the Company will transfer the assets subject to a condition precedent for the regulatory approvals. (Response to OPC Interrogatory 72.)

Q. DO YOU HAVE ANY RECOMMENDATIONS FOR SAFEGUARDING RATEPAYERS FROM ANY RISKS RELATED TO THE TRANSFER OF

FPL-NED ASSETS TO A SEPARATE COMPANY UNDER FPL GROUP CAPITAL?

A. Yes. FPL-NED and the subsequent owner of these assets have benefited significantly from their ownership by FPL. The Commission should ensure that at the time of the transfer to this new company, the assets are transferred at the higher of cost or market as required by its affiliate transaction rules. In addition, the Commission should order that an independent appraisal be prepared as to the fair market value of these assets, as required by its rules on affiliate transactions. Specifically, Commission Rule 25-6.1351(d) states that "An independent appraiser must verify the market value of a transferred asset with a net book value greater than $1,000,000. If a utility charges less than market price, the utility must notify the Division of Economic Regulation in writing within 30 days of the transfer." Any gain should be passed through to ratepayers.

VI. Summary of Recommended Adjustments

Q. WOULD YOU PLEASE SUMMARIZE YOUR RECOMMENDED ADJUSTMENTS?

A. Yes. My adjustments are depicted on Exhibit KHD-16. As shown, the total adjustments that I recommend amount to **Begin Confidential** [redacted] **End Confidential** million for the 2010 test year and **Begin Confidential** [redacted] **End Confidential** million to the 2011 test year.

Q. DOES THIS COMPLETE YOUR TESTIMONY PREFILED ON JULY 16, 2009?

A. Yes, it does.

KIMBERLY H. DISMUKES

QUALIFICATIONS

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I graduated from Florida State University with a Bachelor of Science degree in Finance in March, 1979. I received an M.B.A. degree with a specialization in Finance from Florida State University in April, 1984.

Q. WOULD YOU PLEASE DESCRIBE YOUR EMPLOYMENT HISTORY IN THE FIELD OF PUBLIC UTILITY REGULATION?

A. In March of 1979 I joined Ben Johnson Associates, Inc., a consulting firm specializing in the field of public utility regulation. While at Ben Johnson Associates, I held the following positions: Research Analyst from March 1979 until May 1980; Senior Research Analyst from June 1980 until May 1981; Research Consultant from June 1981 until May 1983; Senior Research Consultant from June 1983 until May 1985; and Vice President from June 1985 until April 1992. In May 1992, I joined the Florida Public Counsel's Office, as a Legislative Analyst III. In July 1994 I was promoted to a Senior Legislative Analyst. In July 1995 I started my own consulting practice in the field of public utility regulation.

Q. WOULD YOU PLEASE DESCRIBE THE TYPES OF WORK THAT YOU HAVE PERFORMED IN THE FIELD OF PUBLIC UTILITY REGULATION?

A. Yes. My duties have ranged from analyzing specific issues in a rate proceeding to managing the work effort of a large staff in rate proceedings. I have prepared testimony, interrogatories and production of documents, assisted with the preparation of cross-examination, and assisted counsel with the preparation of briefs. Since 1979, I have been actively involved in more than 180 regulatory proceedings throughout the United States.

I have analyzed cost of capital and rate of return issues, revenue requirement issues, public policy issues, market restructuring issues, and rate design issues, involving telephone, electric, gas, water and wastewater, and railroad companies. I have also examined performance measurements, performance incentive plans, and the prices for unbundled network elements related to telecommunications companies. In addition, I have audited the purchased gas adjustment clauses of three gas companies and the fuel adjustment clause of one electronic company in the State of Louisiana.

Q. **WHAT IS YOUR EXPERIENCE CONCERNING COST OF CAPITAL?**

A. In the area of cost of capital, I have analyzed the following parent companies: American Electric Power Company, American Telephone and Telegraph Company, American Water Works, Inc., Ameritech, Inc., CMS Energy, Inc., Columbia Gas System, Inc., Continental Telecom, Inc., GTE Corporation, Northeast Utilities, Pacific Telecom, Inc., Southwestern Bell Corporation, United Telecom, Inc., and U.S. West. I have also analyzed individual companies like Connecticut Natural Gas Corporation, Duke Power Company, Idaho Power Company, Kentucky Utilities Company, Southern New England Telephone Company, and Washington Water Power Company.

Q. **HAVE YOU PREVIOUSLY ASSISTED IN THE PREPARATION OF TESTIMONY CONCERNING REVENUE REQUIREMENTS?**

A. Yes. I have assisted on numerous occasions in the preparation of testimony on a wide range of subjects related to the determination of utilities' revenue requirements and related issues.

I have assisted in the preparation of testimony and exhibits concerning the following issues: abandoned project costs, accounting adjustments, affiliate transactions, allowance for funds used during construction, attrition, cash flow analysis, conservation expenses and cost-effectiveness, construction monitoring, construction work in progress, contingent capacity sales, cost allocations, decoupling revenues from profits, cross-subsidization, demand-side management, depreciation methods, divestiture, excess capacity, excessive unaccounted for water, feasibility studies, financial integrity, financial planning, gains on sales, incentive regulation, infiltration and inflow, jurisdictional allocations, non-utility investments, fuel projections, margin reserve, mergers and acquisitions, pro forma adjustments, projected test years, prudence, tax effects of interest, working capital, off-system sales, reserve margin, royalty fees, separations, settlements, used and useful, weather normalization, and resource planning.

Companies that I have analyzed include: Aloha Utilities, Inc. (Florida), Alascom, Inc. (Alaska), Aqua Utilities Florida, Inc., Arizona Public Service Company, Arvig Telephone Company, AT&T Communications of the Southwest (Texas), AT&T Louisiana, Bayside Utility Services, Inc. (Florida), Blue Earth Valley Telephone Company (Minnesota), Bridgewater Telephone Company (Minnesota), Carolina Power and Light Company, CenterPoint Energy Arkla (Louisiana), Central Maine Power Company, Central Power and Light Company (Texas), Central

Telephone Company (Missouri and Nevada), Consumers Power Company (Michigan), C&P Telephone Company of Virginia, Continental Telephone Company (Nevada), C&P Telephone of West Virginia, Connecticut Light and Power Company, Danube Telephone Company (Minnesota), Duke Power Company, East Otter Tail Telephone Company (Minnesota), Easton Telephone Company (Minnesota), Eckles Telephone Company (Minnesota), El Paso Electric Company (Texas), Entergy Corporation, Entergy Gulf States (Louisiana), Florida Cities Water Company (North Fort Myers, South Fort Myers and Barefoot Bay Divisions), Florida Power and Light, General Telephone Company (Florida, California, and Nevada), Georgia Power Company, Jasmine Lakes Utilities, Inc. (Florida), Kentucky Power Company, Kentucky Utilities Company, KMP Telephone Company (Minnesota), KW Resort Utilities, Inc. (Florida), Idaho Power Company, Louisiana Gas Service Company, Oklahoma Gas and Electric Company (Arkansas), Kansas Gas & Electric Company (Missouri), Kansas Power and Light Company (Missouri), Lehigh Utilities, Inc. (Florida), Louisiana Land & Water Company Inc., Mad Hatter Utilities, Inc. (Florida), Mankato Citizens Telephone Company (Minnesota), Michigan Bell Telephone Company, Mid-Communications Telephone Company (Minnesota), Mid-State Telephone Company (Minnesota), Mountain States Telephone and Telegraph Company (Arizona and Utah), Nevada Bell Telephone Company, North Fort Myers Utilities, Inc., Northwestern Bell Telephone Company (Minnesota), Potomac Electric Power Company, Public Service Company of Colorado, Puget Sound Power & Light Company (Washington), Questar Gas Company (Utah), Sandy Creek Utility Services, Inc. (Florida), Sanlando Utilities Corporation (Florida), Sierra Pacific Power

Company (Nevada), South Central Bell Telephone Company (Kentucky), Southern Union Gas Company (Texas), Southern Bell Telephone & Telegraph Company (Florida, Georgia, and North Carolina), Southern States Utilities, Inc. (Florida), Southern Union Gas Company (Texas), Southwestern Bell Telephone Company (Oklahoma, Missouri, and Texas), Sprint, St. George Island Utility, Ltd., Tampa Electric Company, Texas-New Mexico Power Company, Tucson Electric Power Company, Twin Valley-Ulen Telephone Company (Minnesota), United Telephone Company of Florida, Virginia Electric and Power Company, Washington Water Power Company, and Wisconsin Electric Power Company.

Q. WHAT EXPERIENCE DO YOU HAVE IN RATE DESIGN ISSUES?

A. My work in this area has primarily focused on issues related to costing. For example, I have assisted in the preparation of class cost-of-service studies concerning Arkansas Energy Resources, Cascade Natural Gas Corporation, El Paso Electric Company, Potomac Electric Power Company, Texas-New Mexico Power Company, Southern Union Gas Company, and Questar Gas Company. I have also examined the issue of avoided costs, both as it applies to electric utilities and as it applies to telephone utilities. I have also evaluated the issue of service availability fees, reuse rates, capacity charges, and conservation rates as they apply to water and wastewater utilities.

Q. WHAT FUEL AUDITS HAVE YOU CONDUCTED?

A. I have conducted purchased gas adjustment audits of Louisiana Gas Company for the period 1971-2000, CenterPoint Energy Entex for the years 1971 through July 2001, and CenterPoint Energy Arkla for the years 1971 through December 2001. I have also audited the fuel adjust clause of Entergy Gulf States, Inc. for the period 1995-2004.

Q. HAVE YOU TESTIFIED BEFORE REGULATORY AGENCIES?

A. Yes. I have testified before the Arizona Corporation Commission, the Bay County Utility Regulatory Authority, the Connecticut Department of Public Utility Control, the Florida Public Service Commission, the Georgia Public Service Commission, Louisiana Public Service Commission, the Missouri Public Service Commission, the Public Utilities Commission of Nevada, the Public Utility Commission of Texas, and the Washington Utilities and Transportation Commission. My testimony dealt with revenue requirement, financial, policy, rate design, fuel, cost study issues unbundled network pricing, and performance measures concerning Aqua Utilities Florida, Inc., AT&T Communications of Southwest (Texas), Bayside Utility Services, Inc. (Florida), Cascade Natural Gas Corporation (Washington), Central Power and Light Company (Texas), Connecticut Light and Power Company, El Paso Electric Company (Texas), Embarq (Nevada), Florida Cities Water Company, Kansas Gas & Electric Company (Missouri), Kansas Power and Light Company (Missouri), KW Resort Utilities, Inc. (Florida), Houston Lighting & Power Company (Texas), Lake Arrowhead Village, Inc. (Florida), Lehigh Utilities, Inc. (Florida), Louisiana Gas Service Company, Jasmine Lakes Utilities Corporation (Florida), Mad Hatter Utilities, Inc. (Florida), Marco Island Utilities, Inc. (Florida), Mountain States Telephone and Telegraph Company (Arizona), Nevada Bell Telephone Company, North Fort Myers Utilities, Inc. (Florida), Southern Bell Telephone and Telegraph Company (Florida, Louisiana and Georgia), Southern States Utilities, Inc. (Florida), Sprint of Nevada, St. George Island Utilities Company, Ltd. (Florida), Puget Sound Power & Light Company (Washington), and Texas Utilities Electric Company.

I have also testified before the Public Utility Regulation Board of El Paso, concerning the development of class cost-of-service studies and the recovery and allocation of the corporate overhead costs of Southern Union Gas Company and before the National Association of Securities Dealers concerning the market value of utility bonds purchased in the wholesale market.

Q. HAVE YOU BEEN ACCEPTED AS AN EXPERT IN THESE JURISDICTIONS?

A. Yes.

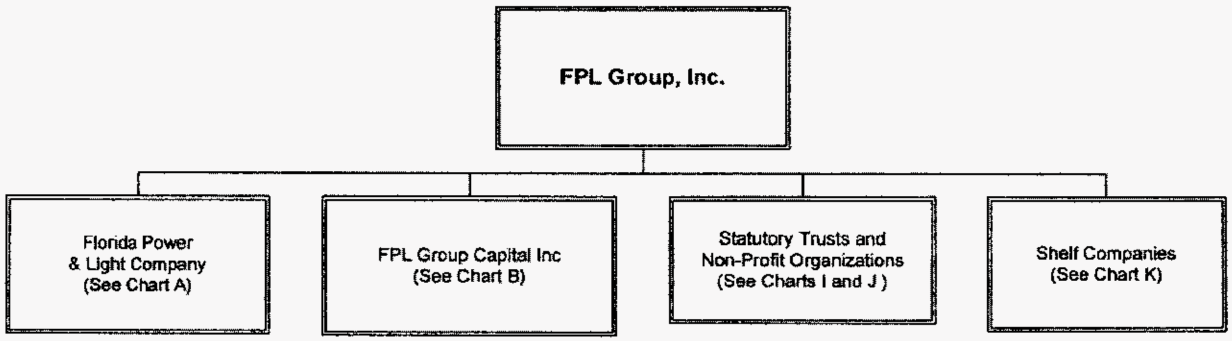
Q. HAVE YOU PUBLISHED ANY ARTICLES IN THE FIELD OF PUBLIC UTILITY REGULATION?

A. Yes, I have published two articles: "Affiliate Transactions: What the Rules Don't Say", Public Utilities Fortnightly, August 1, 1994 and "Electric M&A: A Regulator's Guide" Public Utilities Fortnightly, January 1, 1996.

Florida Power & Light Company
Organizational Chart

Source: FPL 2008 Diversification Report.

FPL Group, Inc.
Affiliate and Subsidiary Organization Chart
(02/28/2009)

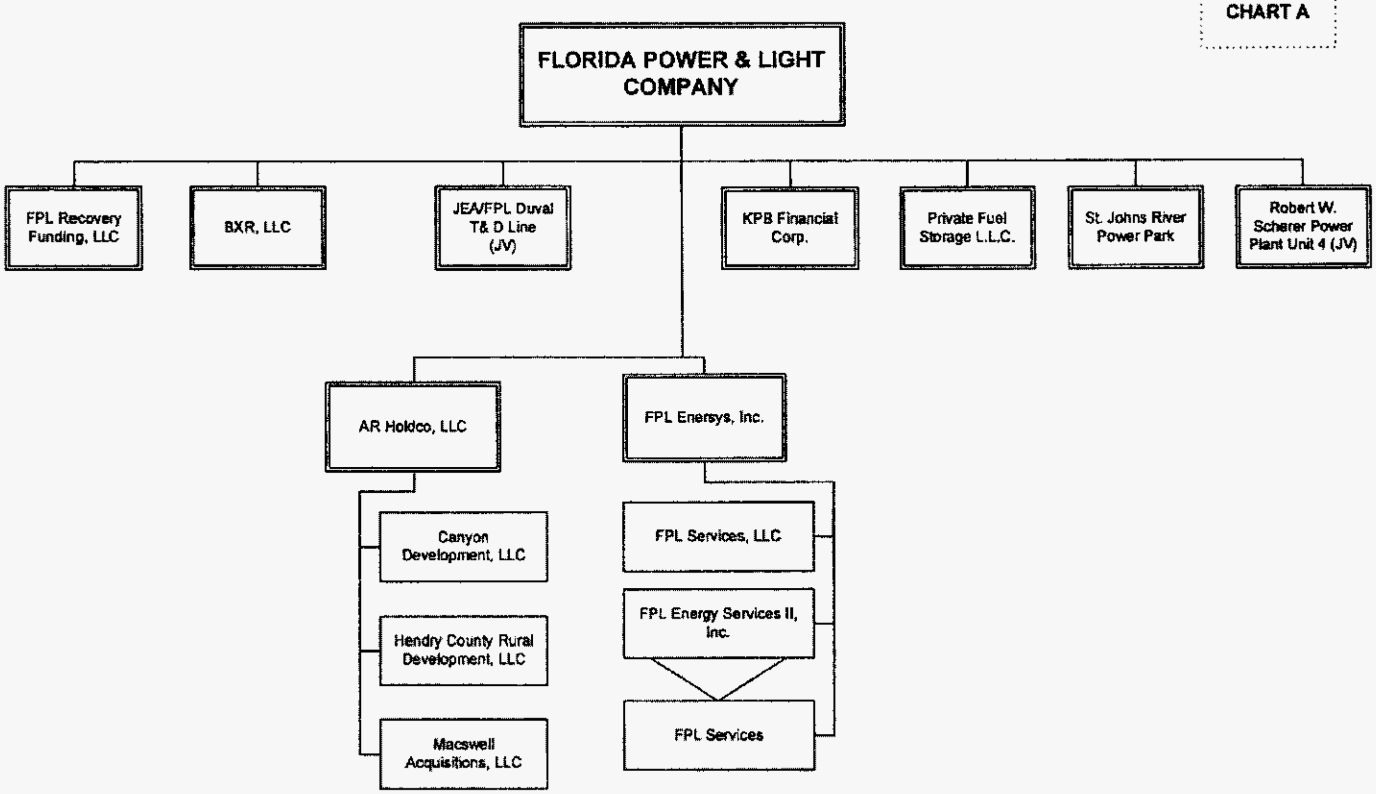


454 - 1

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

Docket Nos. 080677-EI & 090130-EI
FPL Group Organization Chart
Exhibit KHD-2, Page 3 of 27

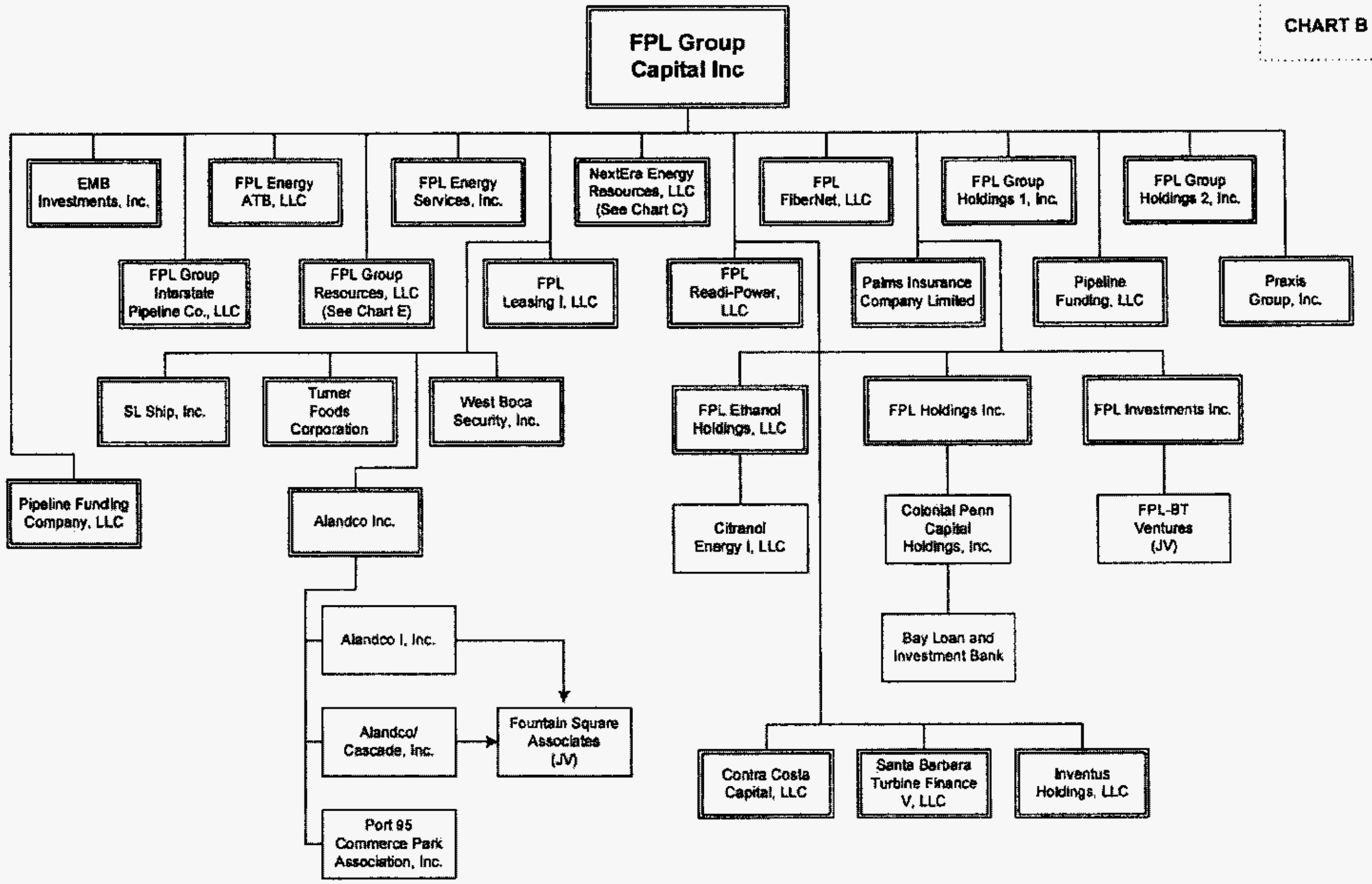
CHART A



454 - 2

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

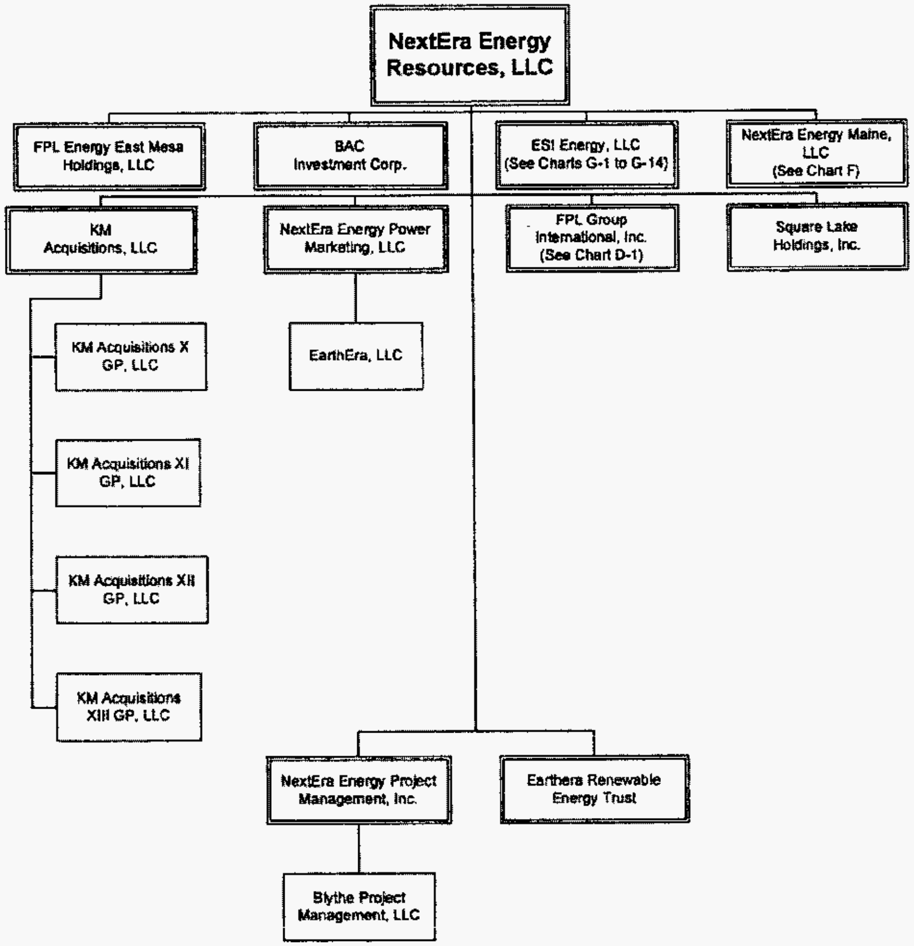
CHART B



454 - 3

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

CHART C



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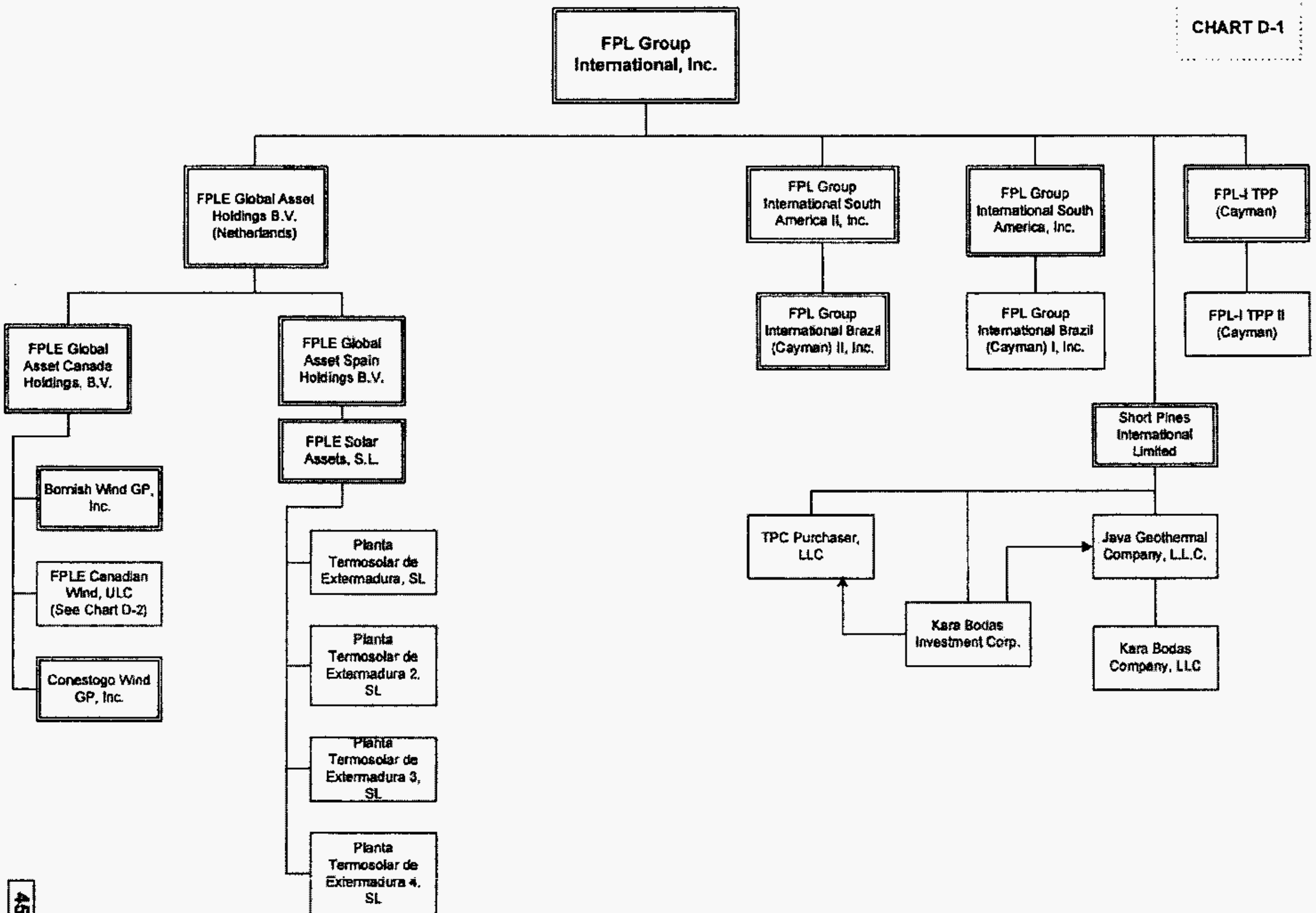
LP = Limited Partnership   GP = General Partnership   JV = Joint Venture   LLC = Limited Liability Company

Docket Nos. 080677-EI & 090130-EI
FPL Group Organization Chart
Exhibit KHD-2, Page 6 of 27

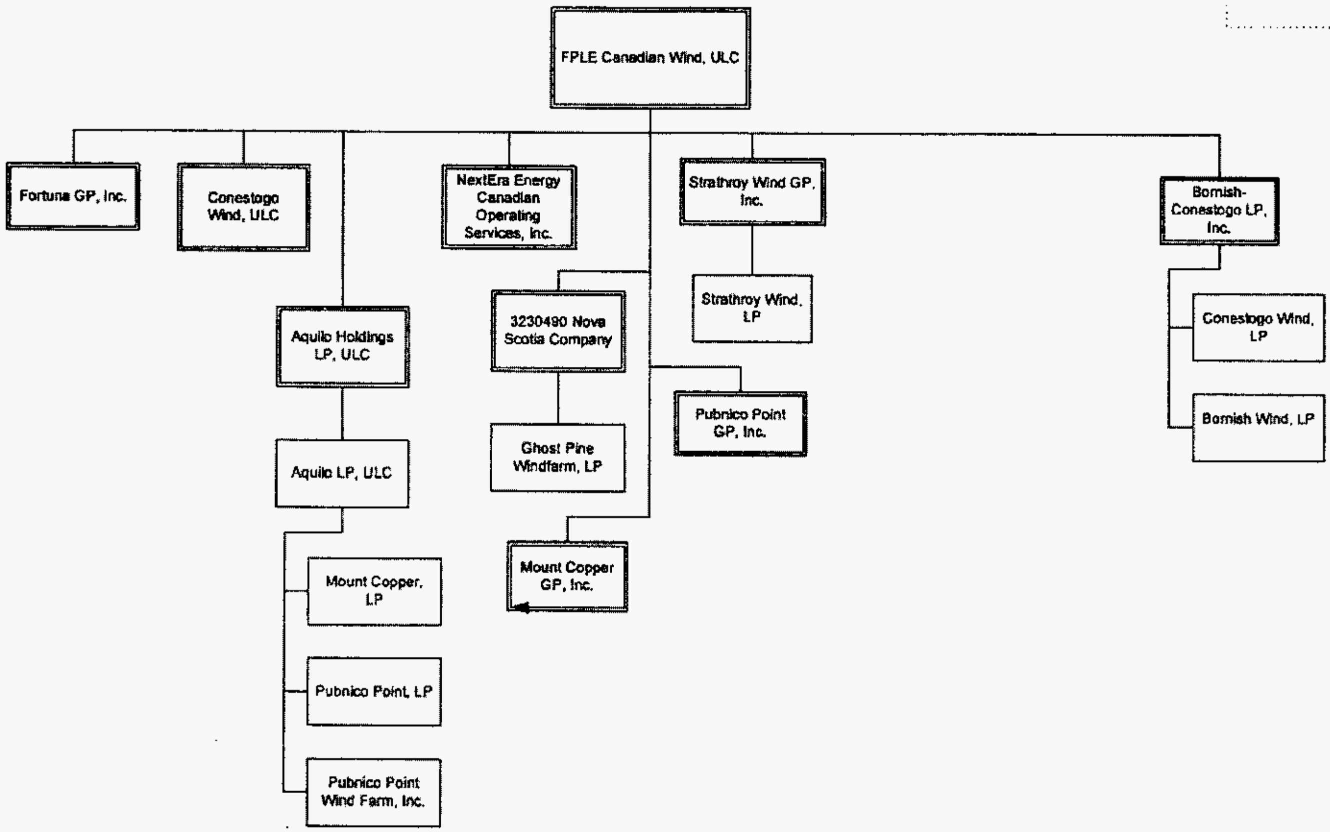
CHART D-1



454 - 5

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

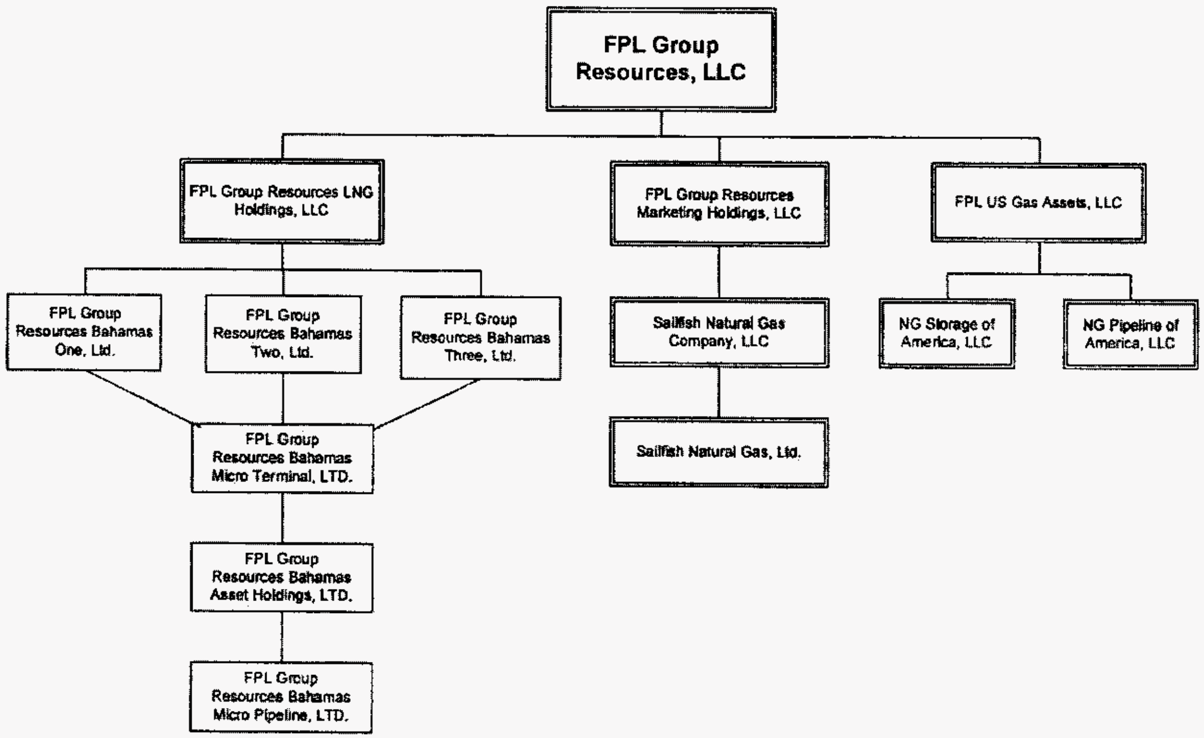
CHART D-2



454 - 6

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

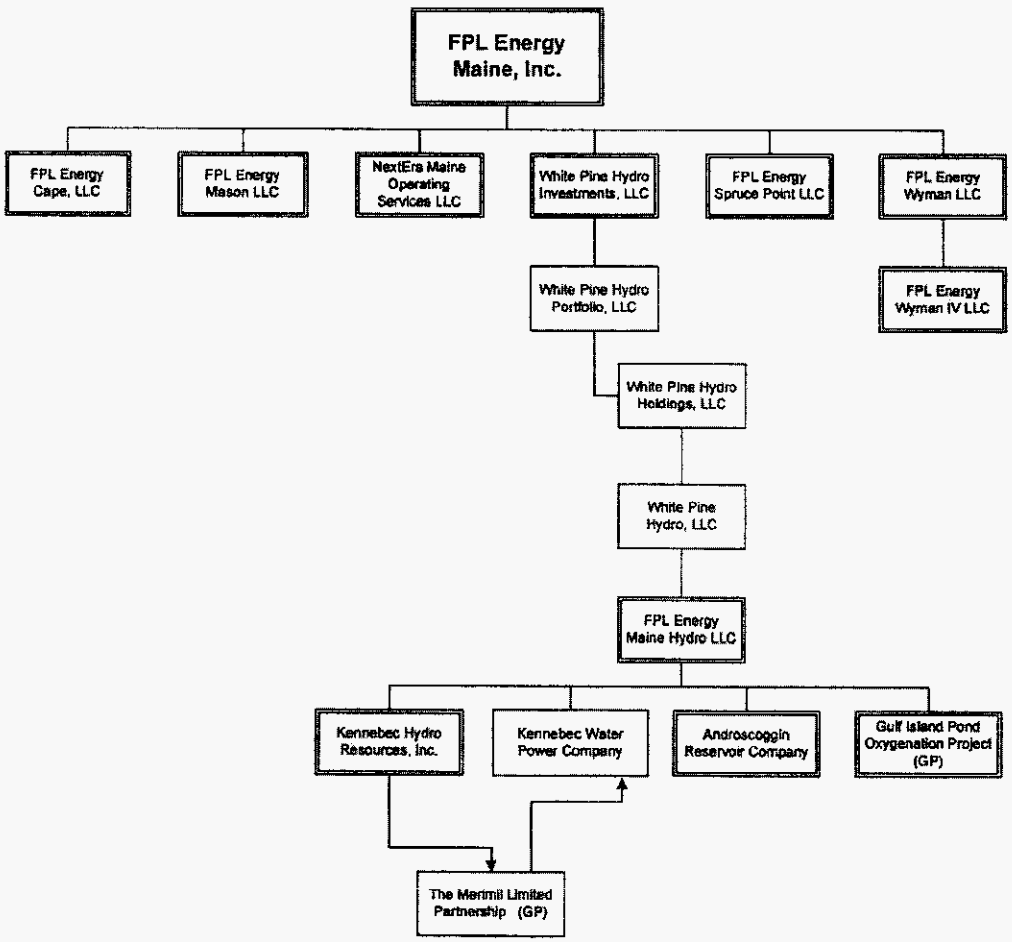
CHART E



454 - 7

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

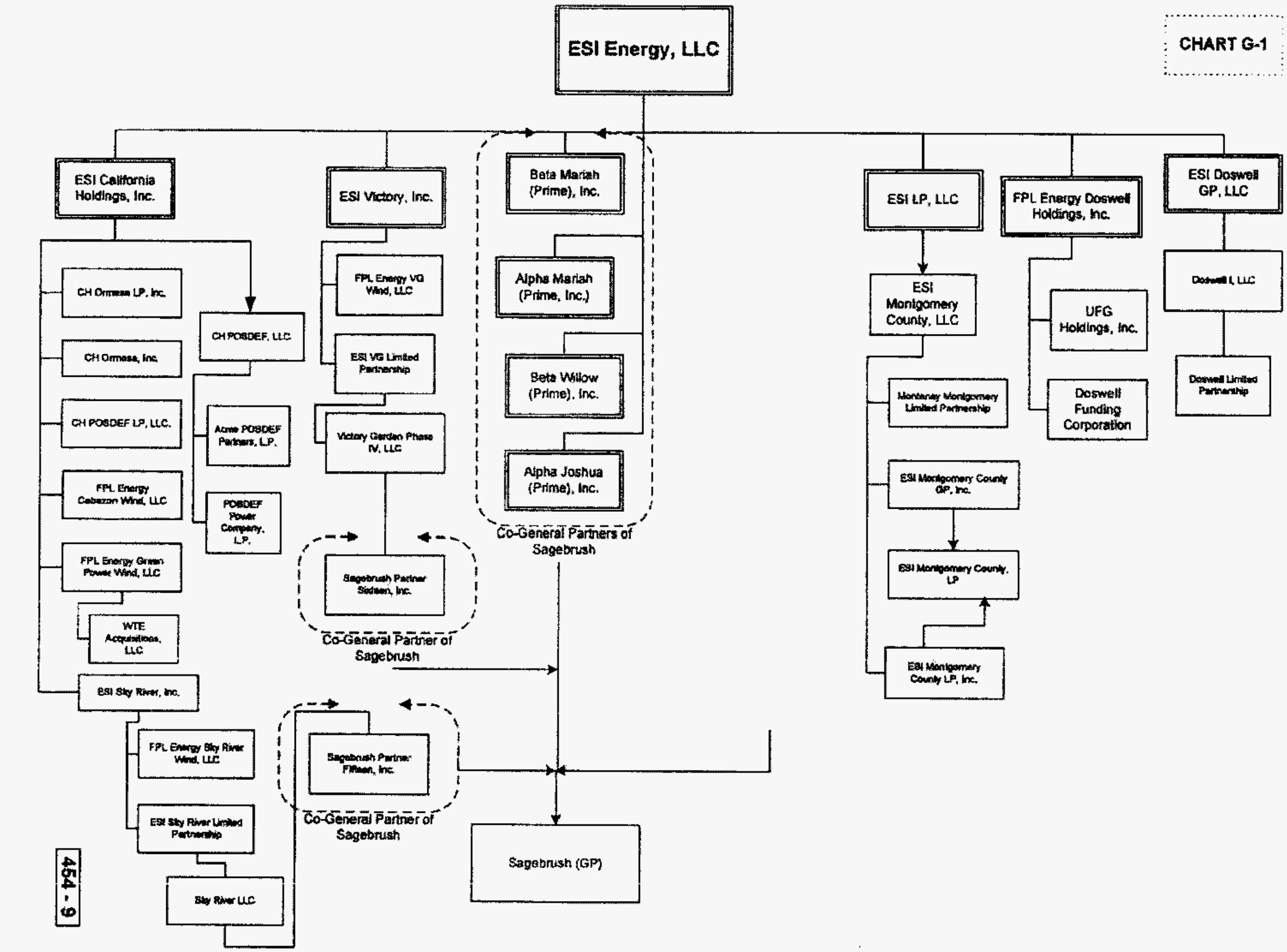
CHART F



454 - 8

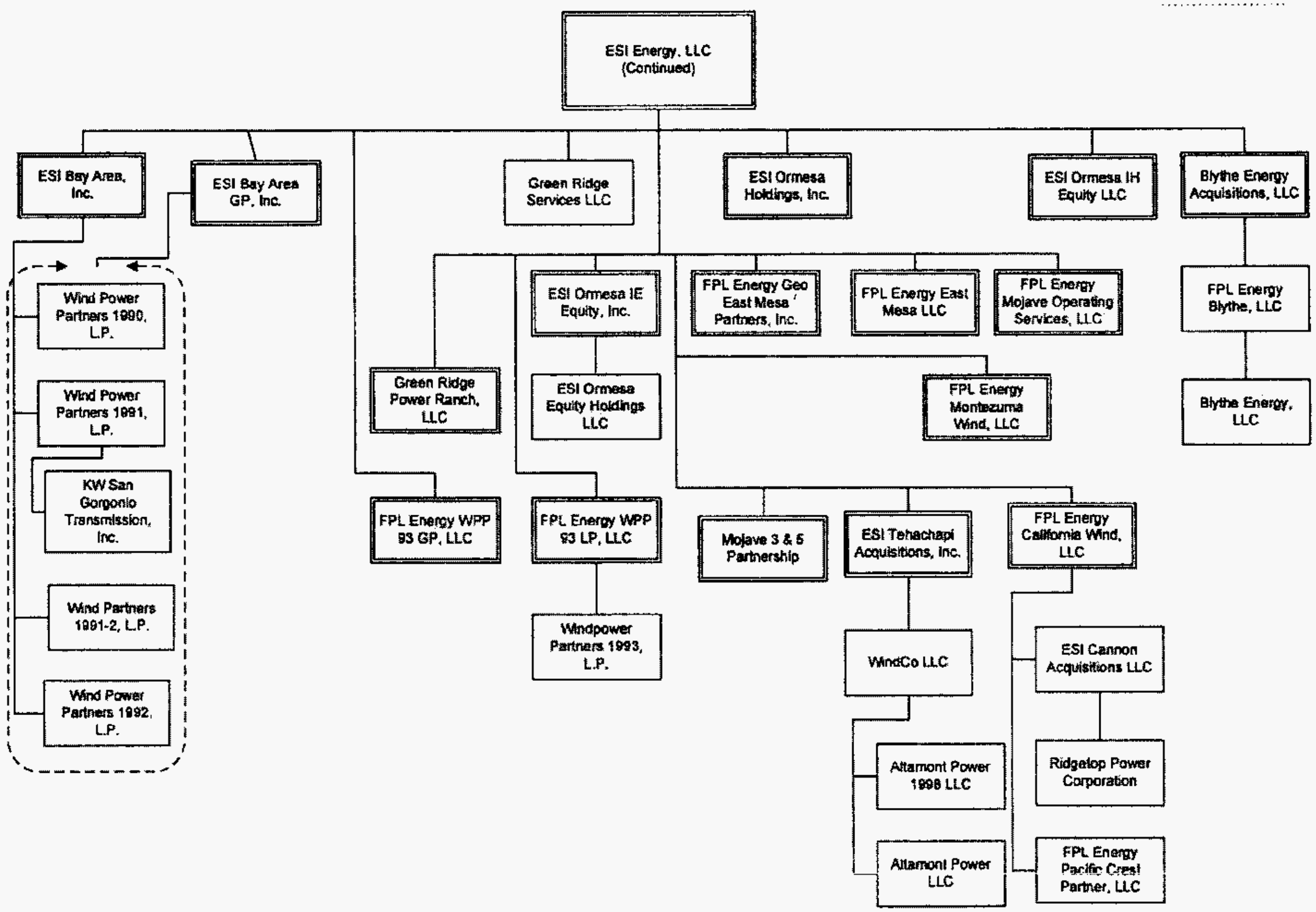
LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

CHART G-1



LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

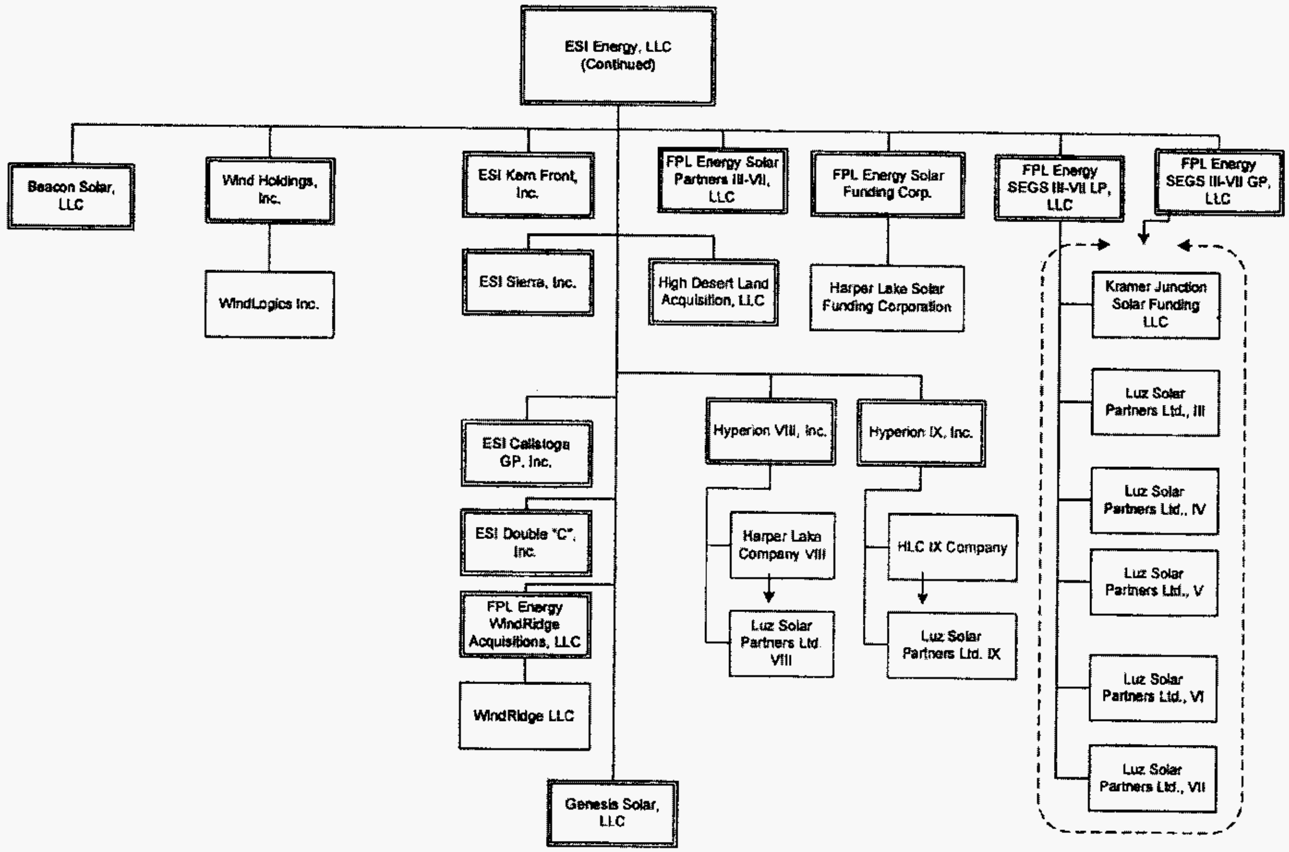
CHART G-2



454 - 10

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

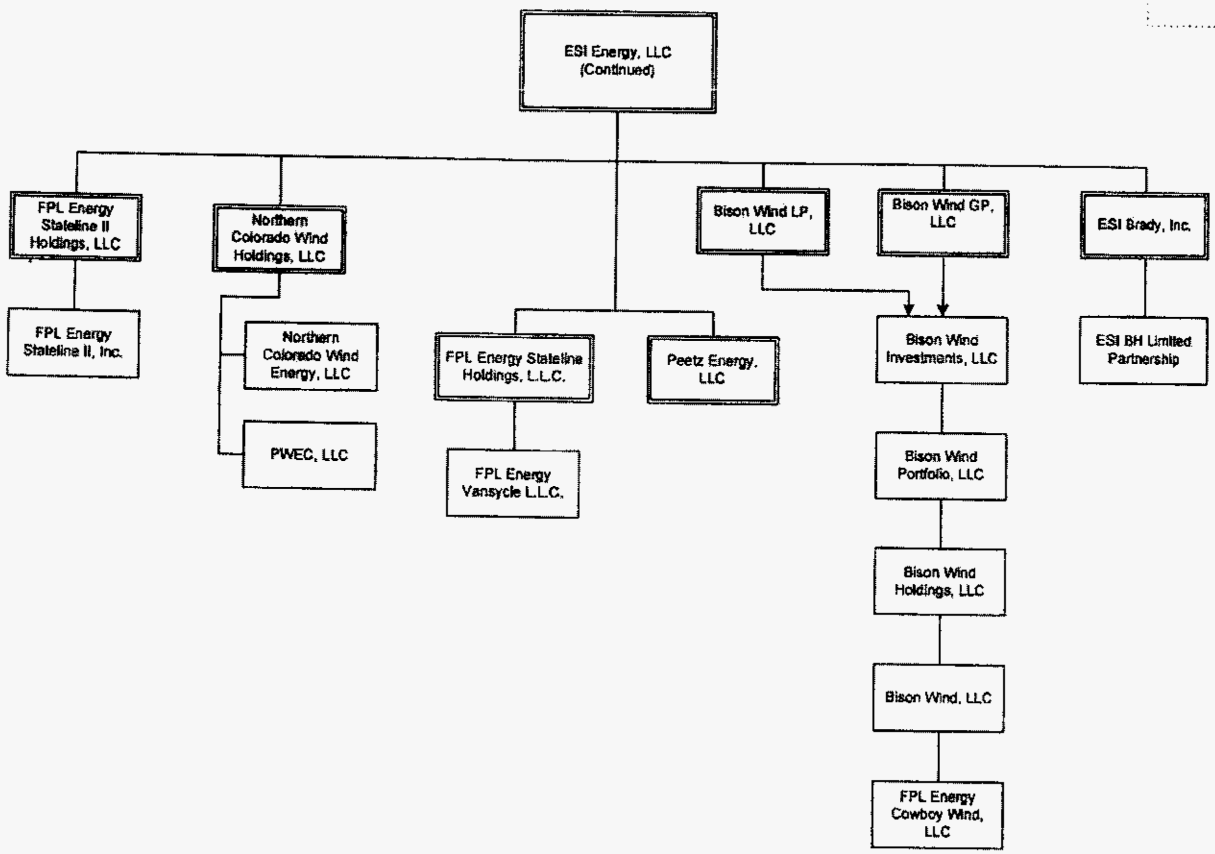
Chart G-3



454 - 11

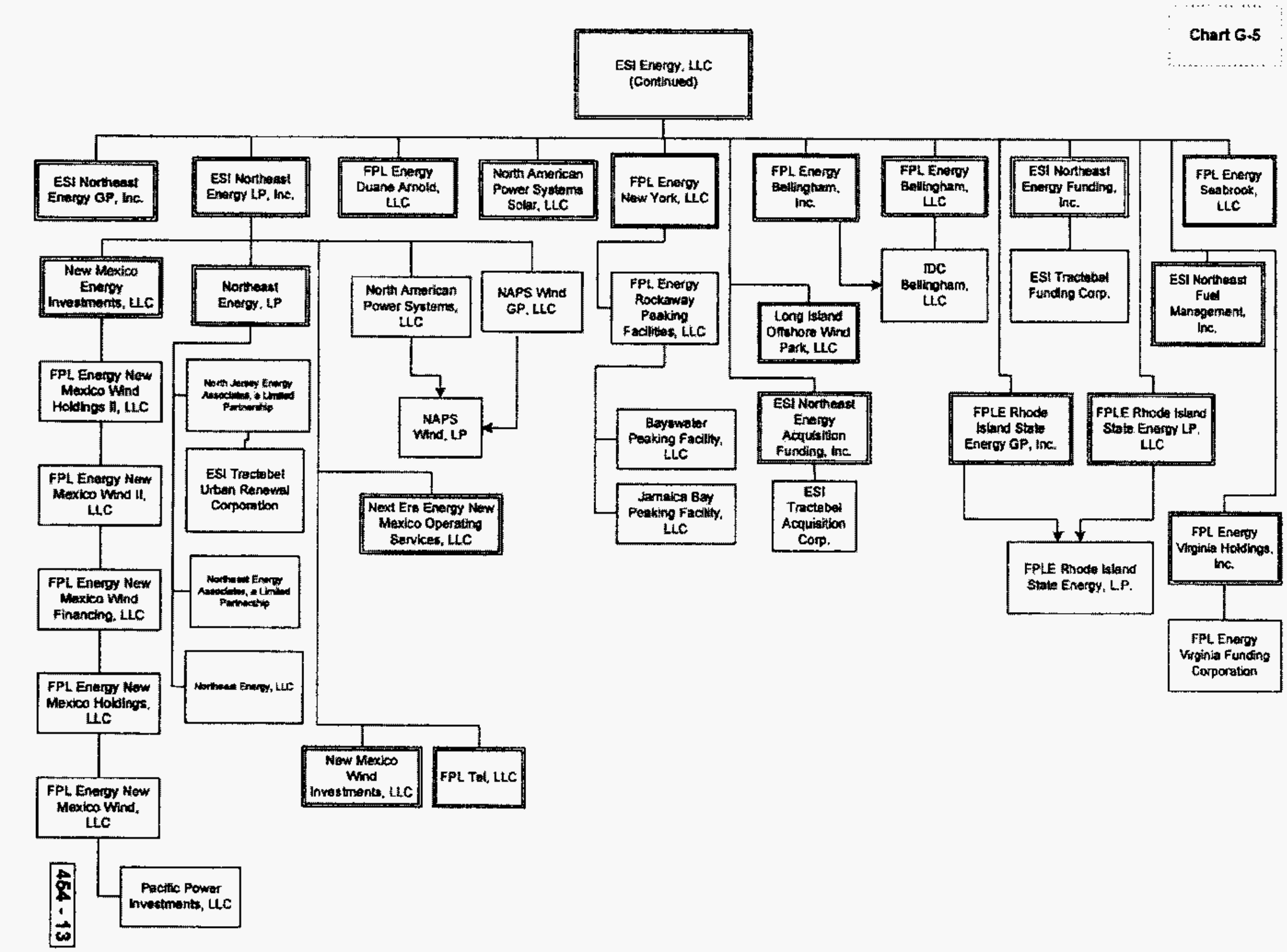
LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

Chart G-4



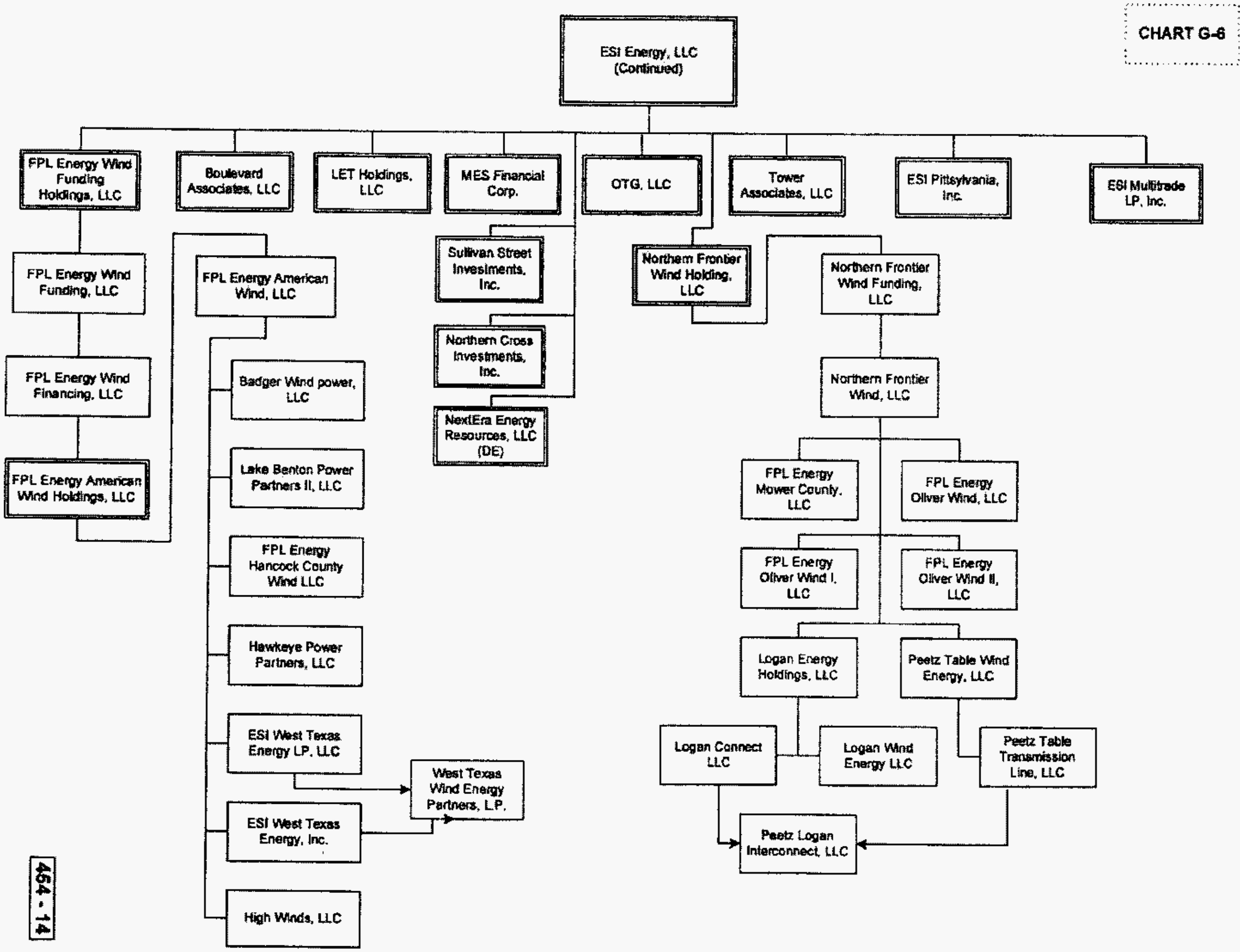
454 - 12

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company



454 - 13

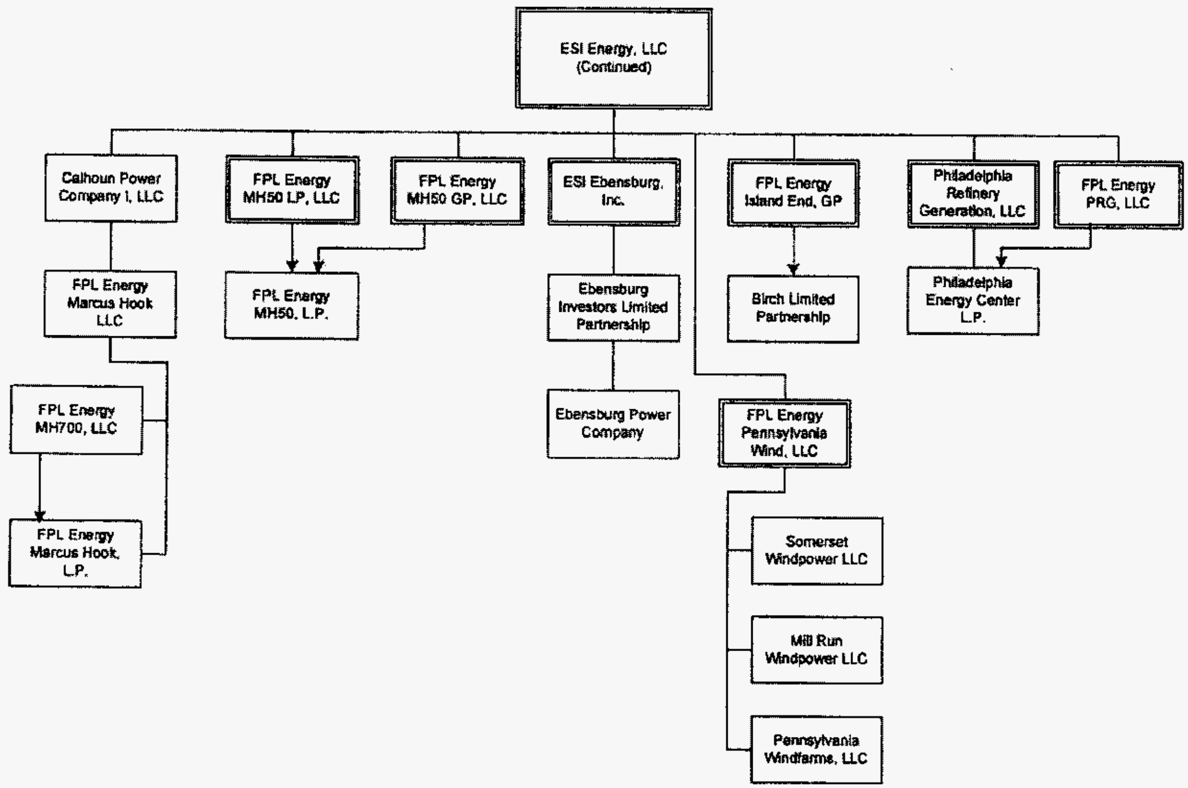
LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company



464 - 14

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

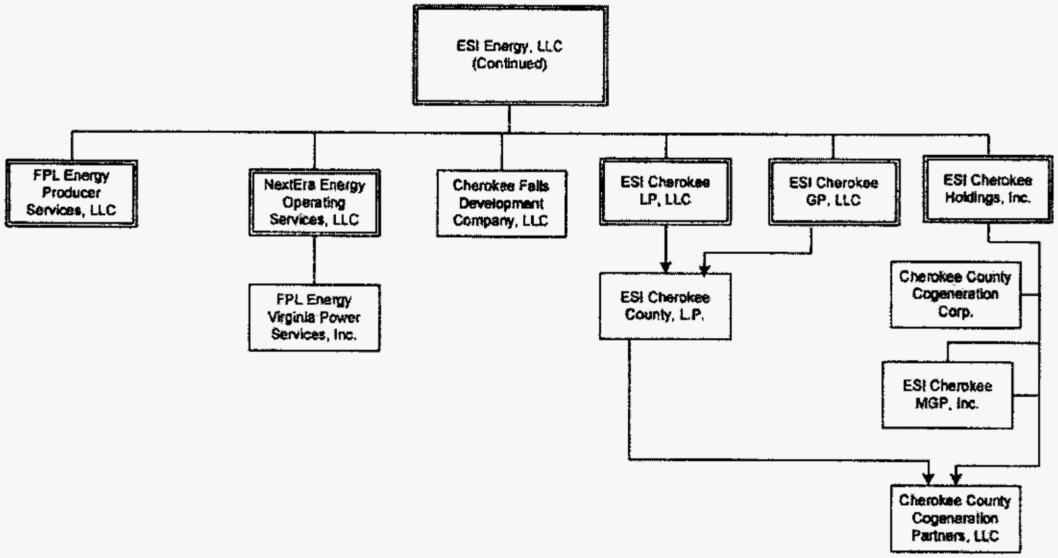
Chart G-7



454 - 15

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

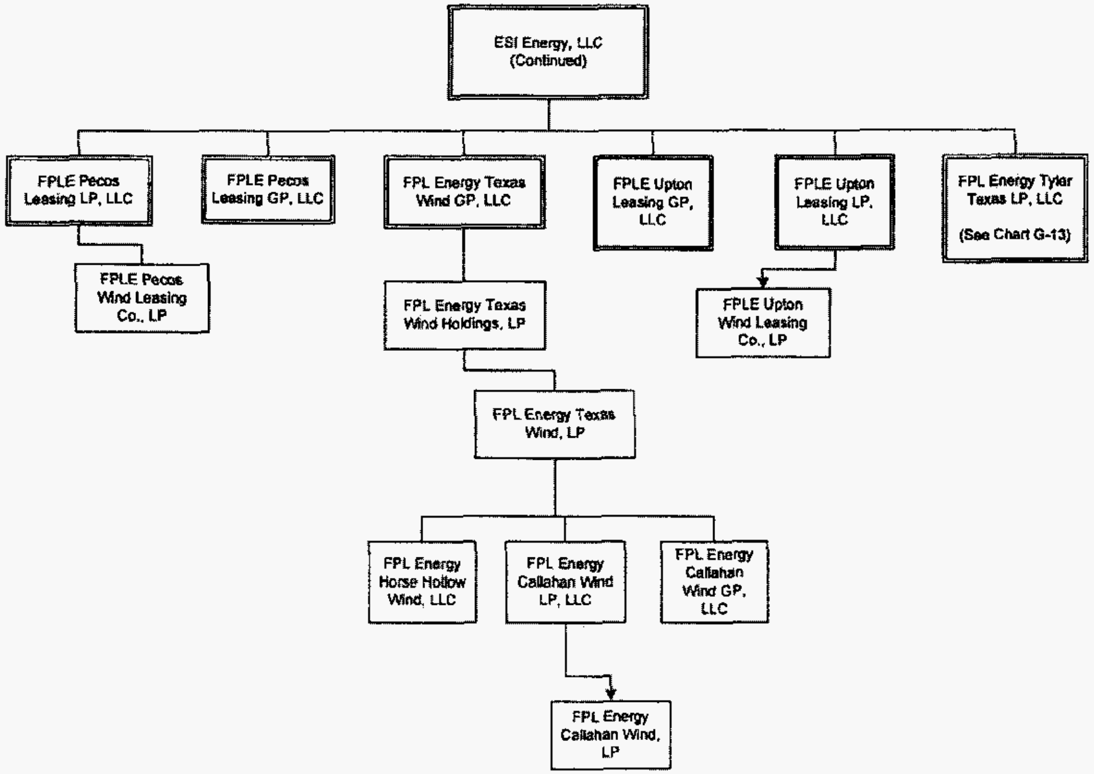
CHART G-8



454 - 16

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

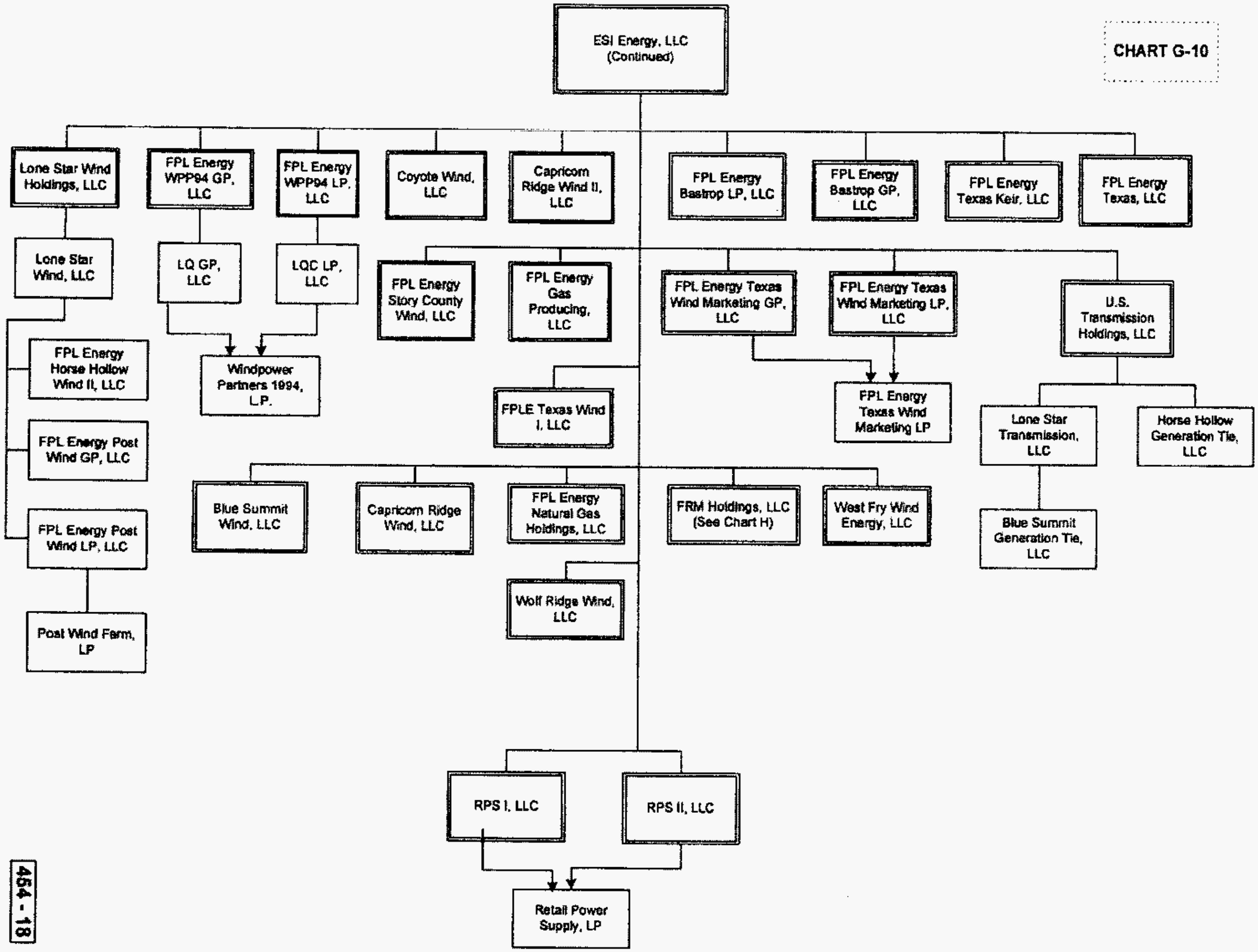
CHART G-9



464 - 17

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

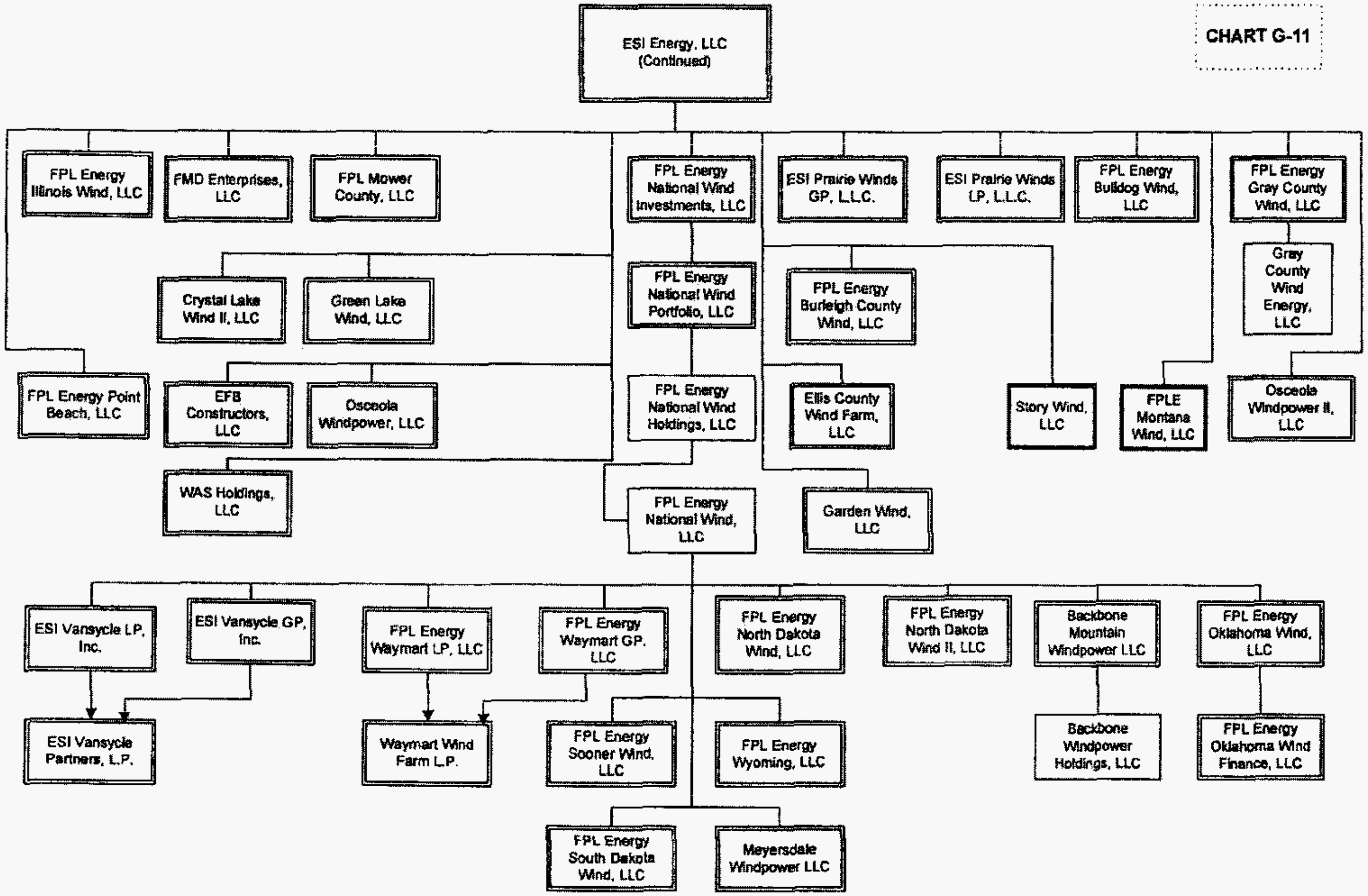
CHART G-10



464 - 18

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

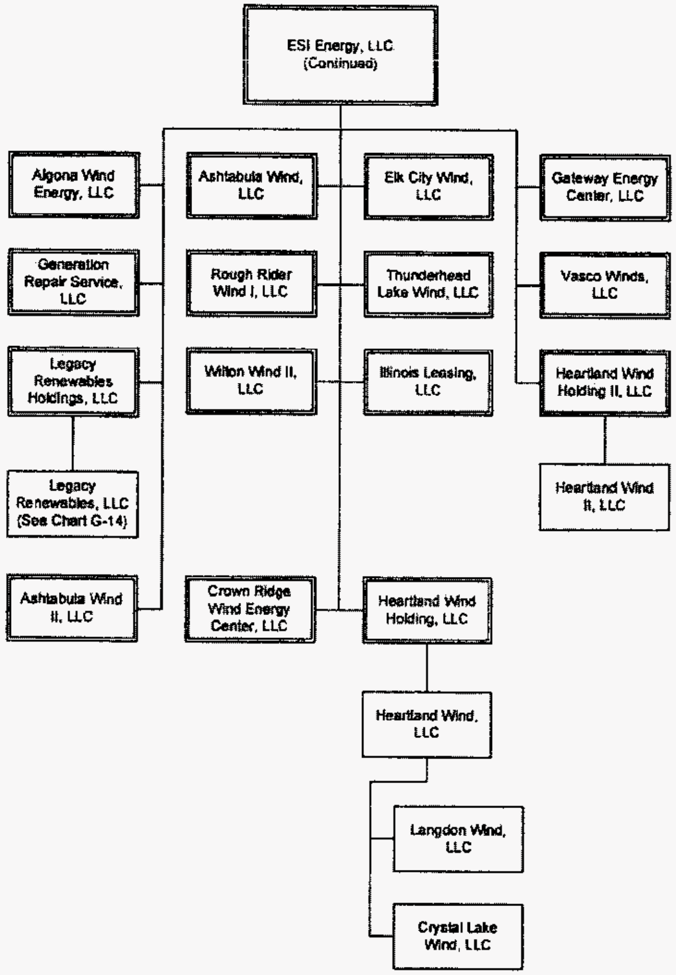
CHART G-11



454 - 19

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

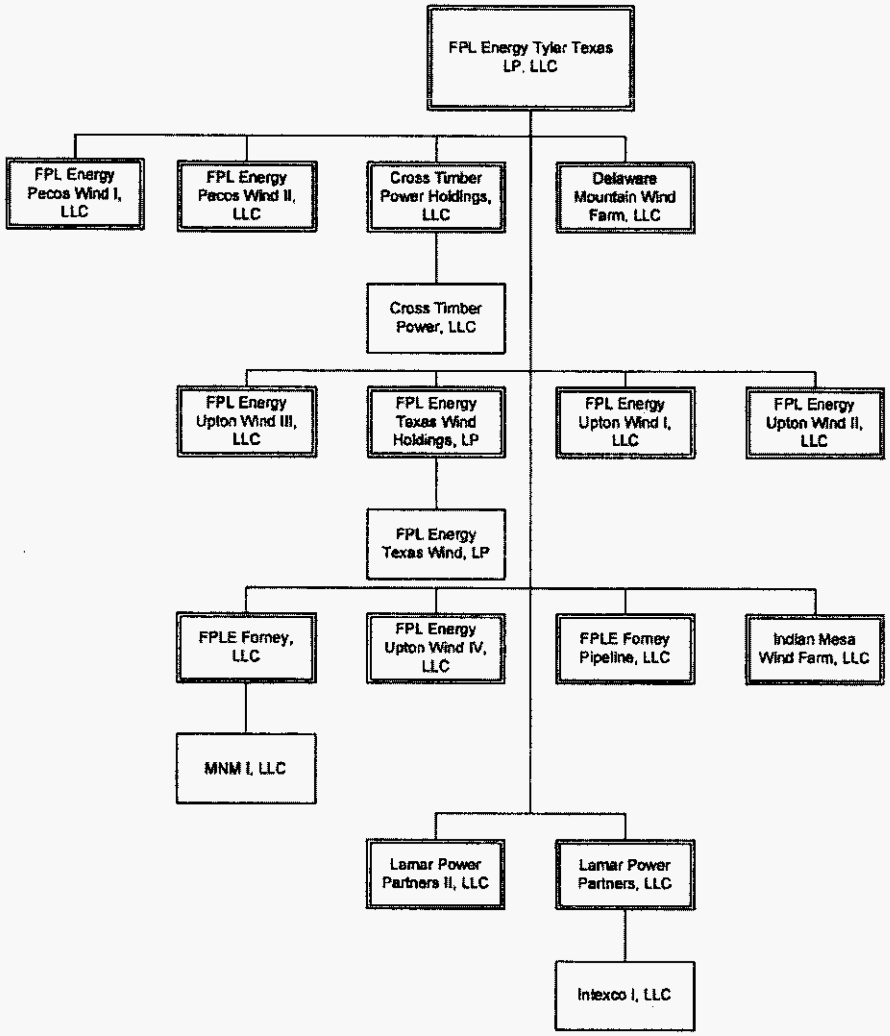
CHART G-12



464 - 20

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

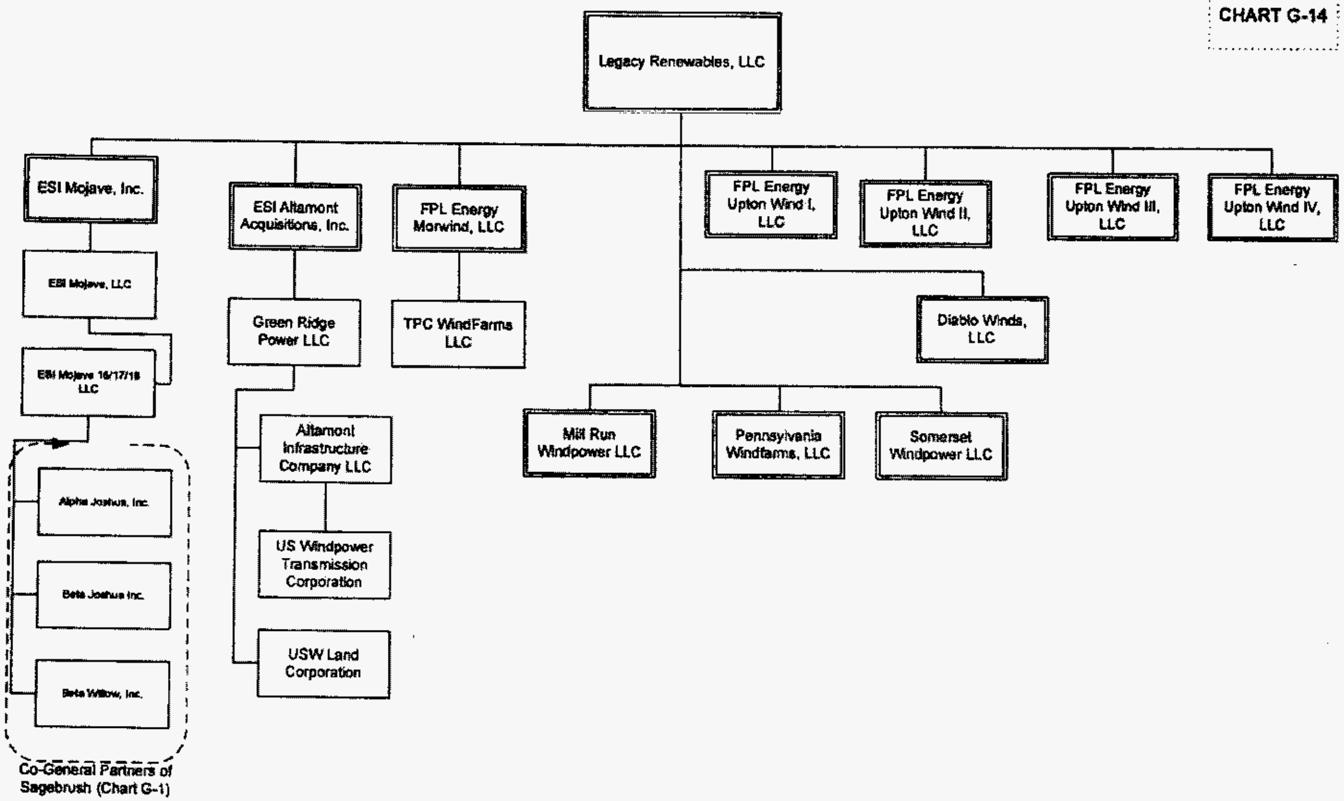
CHART G-13



464 - 21

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

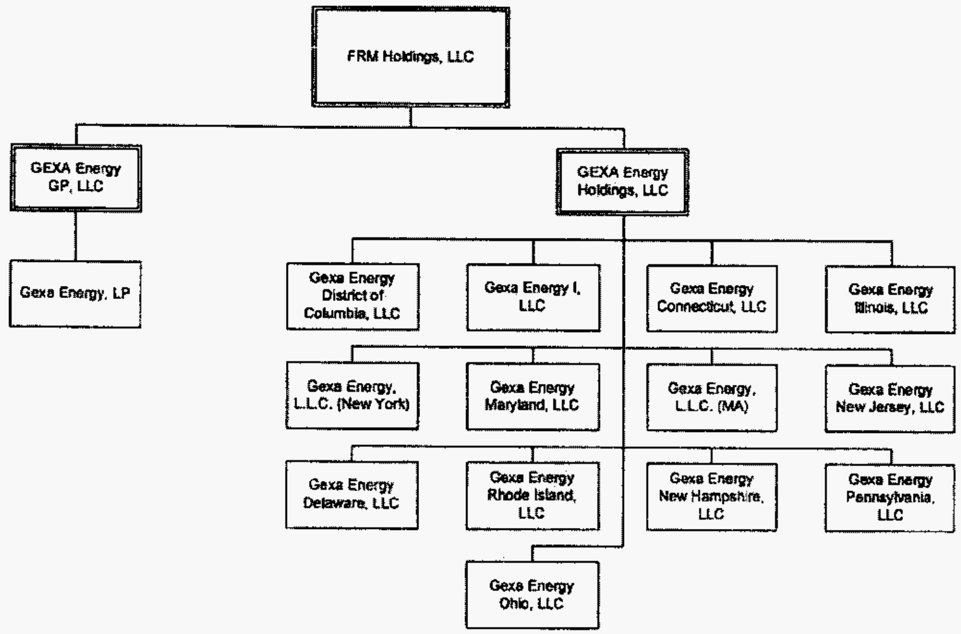
CHART G-14



464 - 22

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

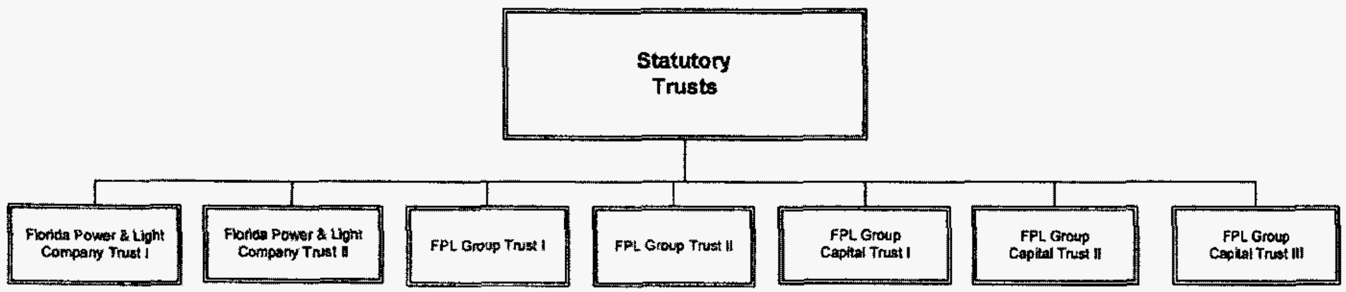
CHART H



454 - 23

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

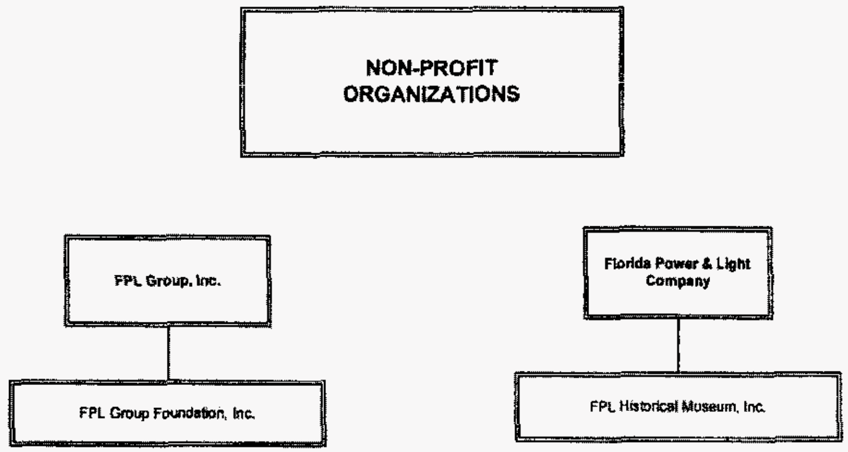
CHART I



464 - 24

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

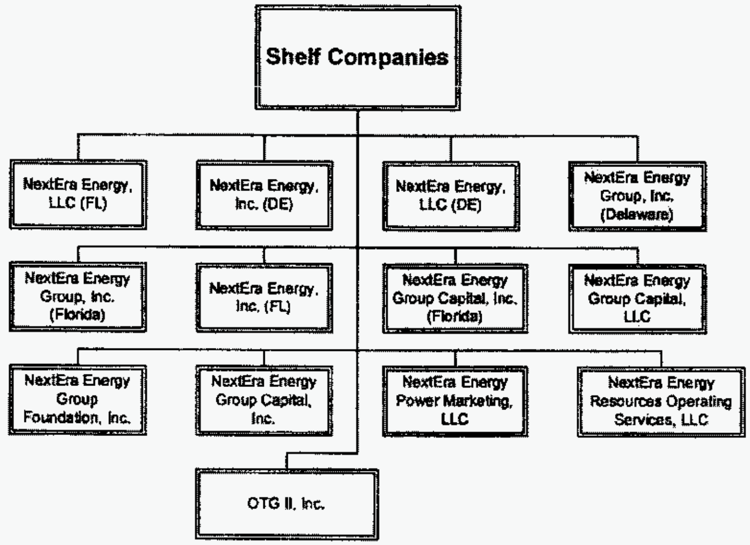
CHART J



454 - 25

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

CHART K



454 - 26

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

Docket Nos. 080677-EI & 090130-EI
FPL Affiliate Growth
Exhibit KHD-3, Page 1

REDACTED

Florida Power & Light Company
FPL Affiliate Growth

	(in millions)				Percent of Total			
	2005	**2006**	**2007**	**2008**	**2005**	**2006**	**2007**	**2008**
Revenues:								
FPL Utility	[redacted]							
FPL NED								
Total FPL Utility								
FPL Energy/NextEra								
FPL Energy w/ OSI								
Seabrook								
Duane Arnold								
Point Beach								
Total FPLE/NextEra								
Fibernet								
FPL ES								
Palms Insur.								
Readi Power								
PP&E Ending:								
FPL Utility								
FPL NED								
Total FPL Utility								
FPL Energy/NextEra								
FPL Energy w/ OSI								
Seabrook								
Duane Arnold								
Point Beach								
Total FPLE/NextEra								
Fibernet								
FPL ES								
Readi Power								
Payroll:								
FPL Utility								
FPL NED								
Total FPL Utility								
FPL Energy/NextEra								
FPL Energy w/ OSI								
Seabrook								
Duane Arnold								
Point Beach								
Total FPLE/NextEra								
Fibernet								
FPL ES								
Readi Power								

Source: Response to OPC Documen: Request 106; SFHHA Interrogatory 296.

REDACTED

Florida Power & Light Company
Direct Charges to Affiliates

	Direct Charges from AG ROG 74 Excluding Affiliate Fees			Percent Change	
	2006	2007	2008	2007	2008
NextEra	[redacted]			32.69%	53.53%
Seabrook				45.95%	227.17%
Duane Arnold				111.44%	-0.60%
Point Beach					1616.92%
FiberNet				26.79%	9.40%
FPL Group Capital				51.93%	-29.39%
FPLES				16.59%	62.07%
Alandco				-6.08%	-48.39%
FPL Group				77.13%	-91.16%
FPL-NED				24.19%	19.99%
FPL Group International				1.66%	-33.36%
North American Power Systems				-23.00%	-11.68%
Readi-Power				-62.52%	-52.32%
Total				40.23%	37.84%

	Direct Charges from MFR Backup Excluding Affiliate Fees	Percent Change		
	[redacted]	2009	2010	2011
NextEra		-46.33%	3.58%	3.37%
Seabrook		-5.66%	5.39%	5.28%
Duane Arnold		-17.27%	4.97%	4.87%
Point Beach		-68.61%	5.88%	5.72%
FiberNet		-82.70%	3.08%	3.64%
FPL Group Capital		-19.17%	5.60%	1.38%
Other [1]		-100.00%		
FPLES			2.75%	2.68%
Palms Insurance			1.99%	2.10%
Alandco			1.13%	1.00%
Total		-41.55%	3.87%	3.02%

[1] Other includes the following: Palms Insurance, FPL Group, ALANDCO, FPL Energy Services, FPL Gas Resources; NE Gas & Electric Sales, FPL New England Division, North American Power Supply, and FPL Readi Power.

Source: Response to Response to AG Interrogatory 74; OPC Interrogatory 14; OPC Document Request 12; OPC Document Request 106.

REDACTED

Florida Power & Light Company
FPL Massachusetts Formula

Affiliate	Revenues 2009 Forecast	Percent	Gross PP&E 2009 Forecast	Percent	Total Payroll 2009 Forecast	Percent	Average Percent
FPL Utility	[redacted]						
FPL NED							
FPL Energy							
Seabrook							
Duane Arnold							
Point Beach							
Fibernet							
FPL ES							
Palms Insur.							
Readi Power							
Total							

REDACTED

Florida Power & Light Company
FPL Massachusetts Formula

Affiliate	Revenues 2010 Forecast	Percent	Gross PP&E 2010 Forecast	Percent	Total Payroll 2010 Forecast	Percent	Average Percent
FPL Utility	[redacted]						
FPL NED							
FPL Energy							
Seabrook							
Duane Arnold							
Point Beach							
Fibernet							
FPL ES							
Palms Insur.							
Readi Power							
Total							

REDACTED

Florida Power & Light Company
FPL Massachusetts Formula

Affiliate	Revenues 2011 Forecast	Percent	Gross PP&E 2011 Forecast	Percent	Total Payroll 2011 Forecast	Percent	Average Percent
FPL Utility	[redacted]						
FPL NED							
FPL Energy							
Seabrook							
Duane Arnold							
Point Beach							
Fibernet							
FPL ES							
Palms Insur.							
Readi Power							
Total							

Source: Response to OPC Document Request 106; SFHHA Interrogatory 296.

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 09 0172 EI
FLORIDA POWER & LIGHT COMPANY**

**IN RE: FLORIDA POWER & LIGHT COMPANY'S
PETITION TO DETERMINE NEED FOR
FLORIDA ENERGYSECURE LINE**

**PETITION
APPENDIX "B"**

**LIST OF ALL COMPANY OFFICERS,
ADDRESSES/PHONE NUMBERS
&
ALL CORPORATE AFFILIATIONS**

FLORIDA POWER & LIGHT COMPANY

Affiliation of Officers & Directors

Name/Address/Phone	Title(s)	Affiliations
Lewis Hay, III 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Director Chairman of the Board	FPL Energy Maine, Inc., Director, Chairman of the Board FPL Group Capital Inc, Director, President and Chief Executive Officer FPL Group Foundation, Inc., Director and Chairman of the Board FPL Group, Inc., Director, Chairman of the Board and Chief Executive Officer NextEra Energy Maine, LLC, Chairman NextEra Energy Resources, LLC, Chairman Turner Foods Corporation, Director
James L. Robo 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Director	Contra Costa Capital, LLC, Vice President FPL Group Capital Inc, Director, Vice President FPL Group Foundation, Inc., Director FPL Group Resources Bahamas Asset Holdings, LTD., Director, President FPL Group Resources Bahamas Micro Pipeline, LTD., Director, President FPL Group Resources Bahamas Micro Terminal, LTD., Director, President FPL Group Resources Bahamas One, LTD., Director, President FPL Group Resources Bahamas Three, LTD., Director, President FPL Group Resources Bahamas Two, LTD., Director, President FPL Group Resources LNG Holdings, LLC, President FPL Group Resources Marketing Holdings, LLC, President FPL Group, Inc., President and Chief Operating Officer FPL Investments Inc, Director, President Inventus Holdings, LLC, President Sailfish Natural Gas Company, LLC, Vice President
Armando J. Olivera [redacted]	Director, President and Chief Executive Officer	BXR, LLC, President FPL Group Foundation, Inc., Director, President and Treasurer
Armando J. Pimentel, Jr. [redacted]	Director, Ex. Vice President, Finance & Chief Financial Officer	Contra Costa Capital, LLC, Vice President FPL Group, Inc., Ex. Vice President, Finance & Chief Financial Officer FPL Group Capital Inc, Director, Senior Vice President, Finance & Chief Financial Officer Inventus Holdings, LLC, Vice President Palms Insurance Company Limited, George Town, Cayman Islands, Director FPL Recovery Funding LLC, President
Antonio Rodriguez [redacted]	Director, Ex. Vice President, Power Generation Division	FPL Energy Canadian Operating Services, Inc., Director, President FPL Energy Virginia Power Services, Inc., Director, President FPL Group, Inc., Ex. Vice President, Power Generation Division FPL Historical Museum, Inc., Director and President NextEra Energy Operating Services, LLC, President

Name/Address/Phone	Title(s)	Affiliations
John A. Stall 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Director, Ex. Vice President, Nuclear Division	FPL Group, Inc., President, Nuclear Division
Edward F. Tancer 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Director, Vice Chairman & Senior Vice President, Governmental Affairs-State, Asst. Secretary	Alandco I, Inc., Director, Secretary Alandco Inc., Director, Secretary Alandco/Cascade, Inc., Director, Secretary Colonial Penn Capital Holdings, Inc., Director, President and Secretary FPL Energy Services II, Inc., Director FPL FiberNet, LLC, Secretary FPL Group Capital Inc, Asst. Secretary FPL Group Foundation, Inc., Director FPL Group Holdings 1, Inc., Director, President and Secretary FPL Group Holdings 2, Inc., Director, President and Secretary FPL Group, Inc., Asst. Secretary FPL Holdings Inc, Director, President and Secretary FPL Recovery Funding LLC, Secretary Pipeline Funding, LLC, Secretary Praxis Group, Inc., Director, President and Secretary Turner Foods Corporation, Director, President and Secretary West Boca Security, Inc., Asst. Secretary
Robert L. McGrath 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Ex. Vice President, Engineering, Construction & Corporate Services	FPL Energy Callahan Wind GP, LLC, Vice President FPL Energy MH700, LLC, Vice President, FPL Group, Inc., Ex. Vice President, Engineering, Construction & Corporate Services NextEra Energy Resources, LLC, Vice President
James W. Poppell 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Ex. Vice President, Human Resources, Asst. Secretary	Calypso U.S. Pipeline, LLC, Vice President FPL Group Interstate Pipeline Co., LLC, President FPL Group, Inc., Ex. Vice President, Human Resources, Asst. Secretary
Charles E. Sieving 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Ex. Vice President and General Counsel	FPL Group, Inc., Ex. Vice President and General Counsel
Manoochehr K. Nazar 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Senior Vice President and Nuclear Chief Operating Officer	FPL Energy Duane Arnold, LLC, Vice President FPL Energy Point Beach, LLC, Vice President FPL Energy Seabrook, LLC, Senior Vice President & Chief Nuclear Officer FPL Group, Inc., Chief Nuclear Officer

Name/Address/Phone	Title(s)	Affiliations
Adalberto Alfonso 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Distribution	None
Craig W. Arcari 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Power Generation Technical Services	None
Alissa E. Ballot 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President & Corporate Secretary	FPL Energy Services, Inc., Secretary FPL Energy Services II, Inc., Secretary FPL Enersys, Inc., Secretary FPL Group, Inc., Vice President & Corporate Secretary FPL Group Capital Inc, Secretary FPL Services, LLC, Secretary FPL Group Foundation, Inc., Secretary Inventus Holdings, LLC, Secretary
Robert E. Barrett, Jr. 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Finance	None
Deborah H. Caplan 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Integrated Supply Chain	None
Lakshman Charanjiva 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President and Chief Information Officer	None
K. Michael Davis 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Accounting & Chief Accounting Officer	FPL Group, Inc., Controller & Chief Accounting Officer FPL Group Capital Inc, Controller & Chief Accounting Officer FPL Recovery Funding LLC, Chief Accounting Officer
Timothy Fitzpatrick 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Marketing & Communications	None

Name/Address/Phone	Title(s)	Affiliations
Sam A. Forrest 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Energy Marketing & Trading	None
Martin Gettler 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, New Nuclear Projects	None
Donald Grissette 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Nuclear Operations, South Region	None
Paul W. Hamilton 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, State Legislative Affairs	None
G. Keith Hardy 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Power Generation Operations	None
James P. Higgins 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Tax	BAC Investments Corp., Director BXR, LLC, Treasurer EMB Investments, Inc., Director, Vice President FPL Energy Virginia Funding Corporation, Director FPL Group, Inc., Vice President, Tax FPL Group Capital Inc, Vice President KPB Financial Corp., Director, Vice President MES Financial Corp., Director, Vice President Northern Cross Investments, Inc., Director Square Lake Holdings, Inc., Director Sullivan Street Investments, Inc., Director UFG Holdings, Inc., Director West Boca Security, Inc., Director, Vice President
William Jefferson, Jr. 700 Universe Blvd. Juno Beach, FL 33408 305-246-6113	Vice President, Turkey Point Nuclear Power Plant	None

Name/Address/Phone	Title(s)	Affiliations
Gordon L. Johnston 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, St. Lucie Nuclear Power Plant	None
Terry O. Jones 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Nuclear Operations, Midwest Region	None
James A. Keener 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Transmission and Substation	None
Rajiv S. Kundalkar 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Nuclear Power Uprate	FPL Energy Point Beach, LLC, Vice President FPL Energy Seabrook, LLC, Vice President
Randall R. LaBauve 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Environmental Services	None
R. W. Litchfield 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Regulatory Affairs and Chief Regulatory Officer	None
Susan A. Melians 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Human Resources	None
C. Martin Mennes 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Transmission Operations & Planning	None
Pamela M. Rauch 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Corporate & External Affairs	None

Name/Address/Phone	Title(s)	Affiliations
Marlene Santos 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Customer Service	FPL Energy Services, Inc., Director, President FPL Energy Services II, Inc., Director, President FPL Enersys, Inc., Director, President FPL Services, LLC, President
Eric E. Silagy 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President and Chief Development Officer	None
Mark E. Warner 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Nuclear Plant Support	None
Michael M. Wilson 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Governmental Affairs - Federal	FPL Group, Inc., Vice President, Governmental Affairs – Federal

Name/Address/Phone	Title(s)	Affiliations
William L. Yeager 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Vice President, Engineering and Construction	Algona Wind Energy, LLC, Vice President Ashtabula Wind II, LLC, Vice President Ashtabula Wind, LLC, Vice President Beacon Solar, LLC, Vice President Blythe Energy, LLC, Vice President Capricorn Ridge Wind II, LLC, Vice President Capricorn Ridge Wind, LLC, Vice President Coyote Wind, LLC, Vice President Crowned Ridge Wind Energy Center, LLC, Vice President EFB Constructors, LLC, Vice President Elk City Wind, LLC, Vice President FPL Energy Montezuma Wind, LLC, Vice President FPL Energy Natural Gas Holdings, LLC, Vice President FPL Energy Oliver Wind II, LLC, Vice President FPL Energy Point Beach, LLC, Vice President FPL Energy Texas Wind Marketing GP, LLC, Vice President FPLE Montana Wind, LLC, Vice President Gateway Energy Center, LLC, Vice President Genesis Solar, LLC, Vice President Horse Hollow Generation Tie, LLC, Vice President Lamar Power Partners II, LLC, Vice President Langdon Wind, LLC, Vice President NextEra Energy Resources, LLC, Asst. Secretary Northern Colorado Wind Energy, LLC, Vice President Osceola Windpower II, LLC, Vice President Osceola Windpower, LLC, Vice President Peetz Energy, LLC, Vice President Peetz Logan Interconnect, LLC, Vice President Peetz Table Transmission Line, LLC, Vice President Peetz Table Wind Energy, LLC, Vice President Rough Rider Wind I, LLC, Vice President Thunderhead Lake Wind, LLC, Vice President Vasco Winds, LLC, Vice President WAS Holdings, LLC, Vice President West Fry Wind Energy, LLC, Vice President Wolf Ridge Wind, LLC, Vice President

Name/Address/Phone	Title(s)	Affiliations
Paul I. Cutler 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Treasurer and Asst. Secretary	Alandco I, Inc., Treasurer Alandco Inc., Treasurer Alandco/Cascade, Inc., Treasurer Aquilo Holdings LP, ULC, Vice President Aquilo LP, ULC, Vice President Ashtabula Wind, LLC, Vice President, Assistant Treasurer Backbone Mountain Windpower LLC, Vice President, Treasurer Backbone Windpower Holdings, LLC, Vice President, Treasurer Badger Windpower, LLC, Vice President, Treasurer Bayswater Peaking Facility, LLC, Vice President, Treasurer Bison Wind Holdings, LLC, Vice President, Treasurer Bison Wind Investments, LLC, Vice President, Treasurer Bison Wind Portfolio, LLC, Vice President, Treasurer Bison Wind, LLC, Vice President, Treasurer Calhoun Power Company I, LLC, Vice President Colonial Penn Capital Holdings, Inc., Director, Vice President, Treasurer Conestogo Wind, ULC, Vice President Cross Timber Power Holding, LLC, Vice President, Treasurer Cross Timber Power, LLC, Vice President, Treasurer Crystal Lake Wind, LLC, Vice President, Asst. Treasurer Diablo Winds, LLC, Vice President Doswell I, LLC, Treasurer ESI Doswell GP, LLC, Treasurer ESI Energy, LLC, Treasurer ESI LP, LLC, Treasurer ESI Mojave LLC, Vice President ESI Vansycle GP, Inc., Vice President, Treasurer ESI Vansycle LP, Inc., Vice President, Treasurer ESI West Texas Energy LP, LLC, Vice President, Treasurer ESI West Texas Energy, Inc., Vice President, Treasurer Florida Power & Light Company Trust II, Administrative Trustee FPL Energy American Wind Holdings, LLC, Vice President, Treasurer FPL Energy American Wind, LLC, Vice President, Treasurer FPL Energy Burleigh County Wind, LLC, Vice President, Treasurer FPL Energy Canadian Operating Services, Inc., Vice President FPL Energy Cowboy Wind, LLC, Vice President, Treasurer FPL Energy Hancock County Wind, LLC, Vice President, Treasurer FPL Energy Horse Hollow Wind II, LLC, Vice President, Treasurer FPL Energy Horse Hollow Wind, LLC, Vice President, Treasurer FPL Energy Maine Hydro LLC, Vice President FPL Energy Marcus Hook LLC, Vice President FPL Energy MH700, LLC, Vice President FPL Energy Morwind, LLC, Vice President FPL Energy National Wind Holdings, LLC, Vice President, Treasurer FPL Energy National Wind Investments, LLC, Vice President, Treasurer FPL Energy National Wind Portfolio, LLC, Vice President, Treasurer

Name/Address/Phone	Title(s)	Affiliations
Cutler (Continued)		FPL Energy National Wind, LLC, Vice President, Treasurer FPL Energy New Mexico Holdings, LLC, Vice President, Treasurer FPL Energy New Mexico Wind Financing, LLC, Vice President, Treasurer FPL Energy New Mexico Wind Holdings II, LLC, Vice President, Treasurer FPL Energy New Mexico Wind II, LLC, Vice President, Treasurer FPL Energy New Mexico Wind, LLC, Vice President, Treasurer FPL Energy New York, LLC, Vice President, Treasurer FPL Energy North Dakota Wind II, LLC, Vice President, Treasurer FPL Energy North Dakota Wind, LLC, Vice President, Treasurer FPL Energy Oklahoma Wind Finance, LLC, Vice President, Treasurer FPL Energy Oklahoma Wind, LLC, Vice President, Treasurer FPL Energy Post Wind GP, LLC, Vice President, Treasurer FPL Energy Post Wind LP, LLC, Vice President, Treasurer FPL Energy Rockaway Peaking Facilities, LLC, Vice President FPL Energy SEGS III-VII GP, LLC, Vice President FPL Energy SEGS III-VII LP, LLC, Vice President FPL Energy Services II, Inc., Treasurer and Asst. Secretary FPL Energy Services, Inc., Treasurer FPL Energy Sooner Wind, LLC, Vice President, Treasurer FPL Energy South Dakota Wind, LLC, Vice President, Treasurer FPL Energy Stateline Holdings, L.L.C., Vice President, Treasurer FPL Energy Stateline II Holdings, LLC, Vice President, Treasurer FPL Energy Stateline II, Inc., Vice President, Treasurer FPL Energy Texas Wind GP, LLC, Vice President, Treasurer FPL Energy Tyler Texas LP, LLC, Vice President, Treasurer FPL Energy Upton Wind I, LLC, Vice President FPL Energy Upton Wind II, LLC, Vice President FPL Energy Upton Wind III, LLC, Vice President FPL Energy Upton Wind IV, LLC, Vice President FPL Energy Vansycle L.L.C., Vice President FPL Energy Waymart GP, LLC, Vice President, Treasurer FPL Energy Waymart LP, LLC, Vice President, Treasurer FPL Energy Wind Financing, LLC, Vice President, Treasurer FPL Energy Wind Funding Holdings, LLC, Vice President, Treasurer FPL Energy Wind Funding, LLC, Vice President, Treasurer FPL Energy Wyoming, LLC, Vice President, Treasurer NextEra Energy Resources, LLC, Treasurer FPL Enersys, Inc., Treasurer and Asst. Secretary FPL FiberNet, LLC, Treasurer FPL Group Capital Inc, Director, Vice President, Treasurer, Asst. Secretary FPL Group Capital Trust I, Administrative Trustee FPL Group Capital Trust II, Administrative Trustee FPL Group Capital Trust III, Administrative Trustee

Name/Address/Phone	Title(s)	Affiliations
Cutler (continued)		FPL Group Holdings 1, Inc., Treasurer FPL Group Holdings 2, Inc., Treasurer FPL Group Resources Bahamas Asset Holdings, LTD., Treasurer FPL Group Resources Bahamas Micro Pipeline, LTD., Treasurer FPL Group Resources Bahamas Micro Terminal, LTD., Treasurer FPL Group Resources Bahamas One, LTD., Treasurer FPL Group Resources Bahamas Three, LTD., Treasurer FPL Group Resources Bahamas Two, LTD., Treasurer FPL Group Resources LNG Holdings, LLC, Treasurer FPL Group Resources Marketing Holdings, LLC, Treasurer FPL Group Resources, LLC, Treasurer FPL Group Trust I, Administrative Trustee FPL Group Trust II, Administrative Trustee FPL Group, Inc., Treasurer, Asst. Secretary FPL Historical Museum, Inc., Vice President and Asst. Secretary FPL Holdings Inc, Director, Vice President, Treasurer FPL Investments Inc, Director, Treasurer, Controller FPL Readi-Power, LLC, Treasurer FPL Recovery Funding LLC, Treasurer FPL Services, LLC, Treasurer FPLE Canadian Wind, ULC, Vice President Green Ridge Power LLC, Vice President Green Ridge Services LLC, Vice President Heartland Wind Holding, LLC, Vice President, Asst. Treasurer Heartland Wind, LLC, Vice President, Asst. Treasurer Heartland Wind Holding II, LLC, Vice President, Asst. Treasurer Heartland Wind II, LLC, Vice President, Asst. Treasurer High Winds, LLC, Vice President, Treasurer Inventus Holdings, LLC, Treasurer Jamaica Bay Peaking Facility, LLC, Vice President, Treasurer Langdon Wind, LLC, Vice President, Asst. Treasurer Legacy Renewables Holdings, LLC, Vice President Legacy Renewables, LLC, Vice President Lone Star Wind Holdings, LLC, Vice President, Treasurer Lone Star Wind, LLC, Vice President, Treasurer Meyersdale Windpower LLC, Vice President, Treasurer Mill Run Windpower LLC, Vice President Mount Copper GP, Inc., Vice President Northern Frontier Wind Funding, LLC, Vice President Northern Frontier Wind, LLC, Vice President Pacific Power Investments, LLC, Vice President Palms Insurance Company, Limited, Director, Treasurer Pennsylvania Windfarms, LLC, Vice President Pipeline Funding, LLC, Vice President, Treasurer Praxis Group, Inc., Treasurer

Name/Address/Phone	Title(s)	Affiliations
Cutler (continued)		Pubnico Point GP, Inc., Vice President Pubnico Point Wind Farm Inc., Vice President Santa Barbara Turbine Finance V, LLC, Vice President Sky River LLC, Vice President Somerset Windpower LLC, Vice President Story Wind, LLC, Vice President, Assistant Treasurer Turner Foods Corporation, Treasurer Victory Garden Phase IV, LLC, Vice President White Pine Hydro Holdings, LLC, Vice President White Pine Hydro Investments, LLC, Vice President White Pine Hydro Portfolio, LLC, Vice President White Pine Hydro, LLC, Vice President
Kimberly Ousdahl 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Controller	None

Name/Address/Phone	Title(s)	Affiliations
Kathy A. Beilhart 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Asst. Treasurer	Aquilo Holdings LP, ULC, Vice President, Asst. Treasurer, Asst. Secretary Aquilo LP, ULC, Vice President, Asst. Treasurer, Asst. Secretary Ashtabula Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Backbone Mountain Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Backbone Windpower Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind Investments, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind Portfolio, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Conestogo Wind, ULC, Vice President, Asst. Treasurer, Asst. Secretary Cross Timber Power Holding, LLC, Vice President, Asst. Treasurer, Asst. Secretary Cross Timber Power, LLC, Vice President, Asst. Treasurer, Asst. Secretary Crystal Lake Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Diablo Winds, LLC, Vice President, Asst. Treasurer, Asst. Secretary ESI Mojave LLC, Vice President, Asst. Treasurer, Asst. Secretary ESI Vansycle GP, Inc., Vice President, Asst. Treasurer, Asst. Secretary ESI Vansycle LP, Inc., Vice President, Asst. Treasurer, Asst. Secretary Florida Power & Light Company, Asst. Treasurer FPL Energy American Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Burleigh County Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Canadian Operating Services, Inc., VP, Asst. Treasurer, Asst. Secretary FPL Energy Cowboy Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Horse Hollow Wind II, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Horse Hollow Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Maine Hydro LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Morwind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy National Wind Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary

Name/Address/Phone	Title(s)	Affiliations
Beilhart (continued)		FPL Energy National Wind Investments, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy National Wind Portfolio, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy National Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy North Dakota Wind II, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy North Dakota Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Oklahoma Wind Finance, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Oklahoma Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Post Wind GP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Post Wind LP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Rockaway Peaking Facilities, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Sooner Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy South Dakota Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Texas Wind GP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Tyler Texas LP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind I, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind II, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind III, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind IV, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Vansycle L.L.C., Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Waymart GP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Waymart LP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Wyoming, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Group Capital Inc, Asst. Treasurer FPL Group, Inc., Asst. Treasurer FPL Recovery Funding LLC, Asst. Treasurer FPLE Canadian Wind, ULC, Vice President, Asst. Treasurer, Asst. Secretary Green Ridge Power LLC, Vice President, Asst. Treasurer, Asst. Secretary Green Ridge Services LLC, Vice President, Asst. Treasurer, Asst. Secretary Heartland Wind Holding, LLC, Vice President, Asst. Treasurer, Asst. Secretary Heartland Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Heartland Wind Holding II, LLC, Vice President, Asst. Treasurer, Asst. Secretary Inventus Holdings, LLC, Asst. Treasurer Langdon Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Legacy Renewables Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Legacy Renewables, LLC, Vice President, Asst. Treasurer, Asst. Secretary Lone Star Wind Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Lone Star Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary

Name/Address/Phone	Title(s)	Affiliations
Beilhart (continued)		Meyersdale Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Mill Run Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Mount Copper GP, Inc., Vice President, Asst. Treasurer, Asst. Secretary Northern Frontier Wind Funding, LLC, Vice President, Asst. Treasurer, Asst. Secretary Northern Frontier Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Pennsylvania Windfarms, LLC, Vice President, Asst. Treasurer, Asst. Secretary Pubnico Point GP, Inc., Vice President, Asst. Treasurer, Asst. Secretary Pubnico Point Wind Farm Inc., Vice President, Asst. Treasurer, Asst. Secretary Short Pines International Limited, Asst. Treasurer Sky River LLC, Vice President, Asst. Treasurer, Asst. Secretary Story Wind, LLC, Vice President, Asst Treasurer, Asst. Secretary Somerset Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Victory Garden Phase IV, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro Investments, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro Portfolio, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro, LLC, Vice President, Asst. Treasurer, Asst. Secretary
M. Beth Farr 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Asst. Controller	FPL Group, Inc., Asst. Controller
Frank V. Isabell 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Asst. Controller	Alandco Inc., Asst. Controller ESI Energy, LLC, Asst. Secretary FPL Group Capital Inc, Asst. Controller FPL Group International, Inc., Asst. Controller FPL Group, Inc., Asst. Controller
Daisy Jacobs 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Asst. Controller	None

Name/Address/Phone	Title(s)	Affiliations
Judith J. Kahn 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Asst. Treasurer	BAC Investment Corp., Director, Treasurer Contra Costa Capital, LLC, Treasurer EMB Investments, Inc., Director, Treasurer FPL Energy American Wind Holdings, LLC, Asst. Treasurer FPL Energy American Wind, LLC, Asst. Treasurer FPL Energy Duane Arnold, LLC, Asst. Treasurer FPL Energy Point Beach, LLC, Asst. Treasurer FPL Energy Rockaway Peaking Facilities, LLC, Treasurer FPL Energy Seabrook, LLC, Asst. Treasurer FPL Energy Virginia Funding Corporation, Director, Treasurer FPL Energy Wind Funding, LLC, Asst. Treasurer FPL Group, Inc., Asst. Treasurer and Asst. Secretary KPB Financial Corp., Director, Treasurer Kramer Junction Solar Funding, LLC, Treasurer MES Financial Corp., Director, Treasurer Northern Cross Investments, Inc., Director, Treasurer Pacific Power Investments, LLC, Treasurer Pipeline Funding Company, LLC, Treasurer Santa Barbara Turbine Finance V, LLC, Treasurer Square Lake Holdings, Inc., Director, Treasurer Sullivan Street Investments, Inc., Director, Treasurer UFG Holdings, Inc., Director, Treasurer West Boca Security, Inc., Director, Treasurer
Joaquin . Leon 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Asst. Secretary	FPL Group, Inc., Asst. Secretary
Nancy A. Swalwell 700 Universe Blvd. Juno Beach, FL 33408 [redacted]	Asst. Secretary	None

Florida Power & Light Company
FPL Group Earnings Summary by Segment

(unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Adjusted Earnings per Share (assuming dilution)									
FPL	$ 1.89	$ 2.06	$ 2.07	$ 2.06	$ 2.07	$ 1.94	$ 2.02	$ 2.09	$ 1.96
NextEra	0.24	0.34	0.38	0.53	0.51	0.82	1.31	1.57	2.04
Corporate and Other	0.06	-0.02	-0.04	-0.11	-0.09	-0.13	-0.29	-0.17	-0.16
Total Adjusted Earnings per Share	**$ 2.19**	**$ 2.38**	**$ 2.41**	**$ 2.48**	**$ 2.49**	**$ 2.63**	**$ 3.04**	**$ 3.49**	**$ 3.84**
Certain Items (after-tax)	-0.12	-0.04	-1.03	0.05	-0.01	-0.29	0.19	-0.22	0.23
Total Earnings per Share	**$ 2.07**	**$ 2.34**	**$ 1.38**	**$ 2.53**	**$ 2.48**	**$ 2.34**	**$ 3.23**	**$ 3.27**	**$ 4.07**

FPL	86%	87%	86%	83%	83%	74%	66%	60%	51%
NextEra	11%	14%	16%	21%	20%	31%	43%	45%	53%
Corporate and Other	3%	-1%	-2%	-4%	-4%	-5%	-10%	-5%	-4%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: "Annual Results by Segment & Non-GAAP Reconciliations," http://www.investor.fplgroup.com/phoenix.zhtml?c=88486&p=irol-reportsother, July 2008.

Florida Power & Light Company
FPL Group 2008 Annual Report

Source: FPL Group 2008 Annual Report.

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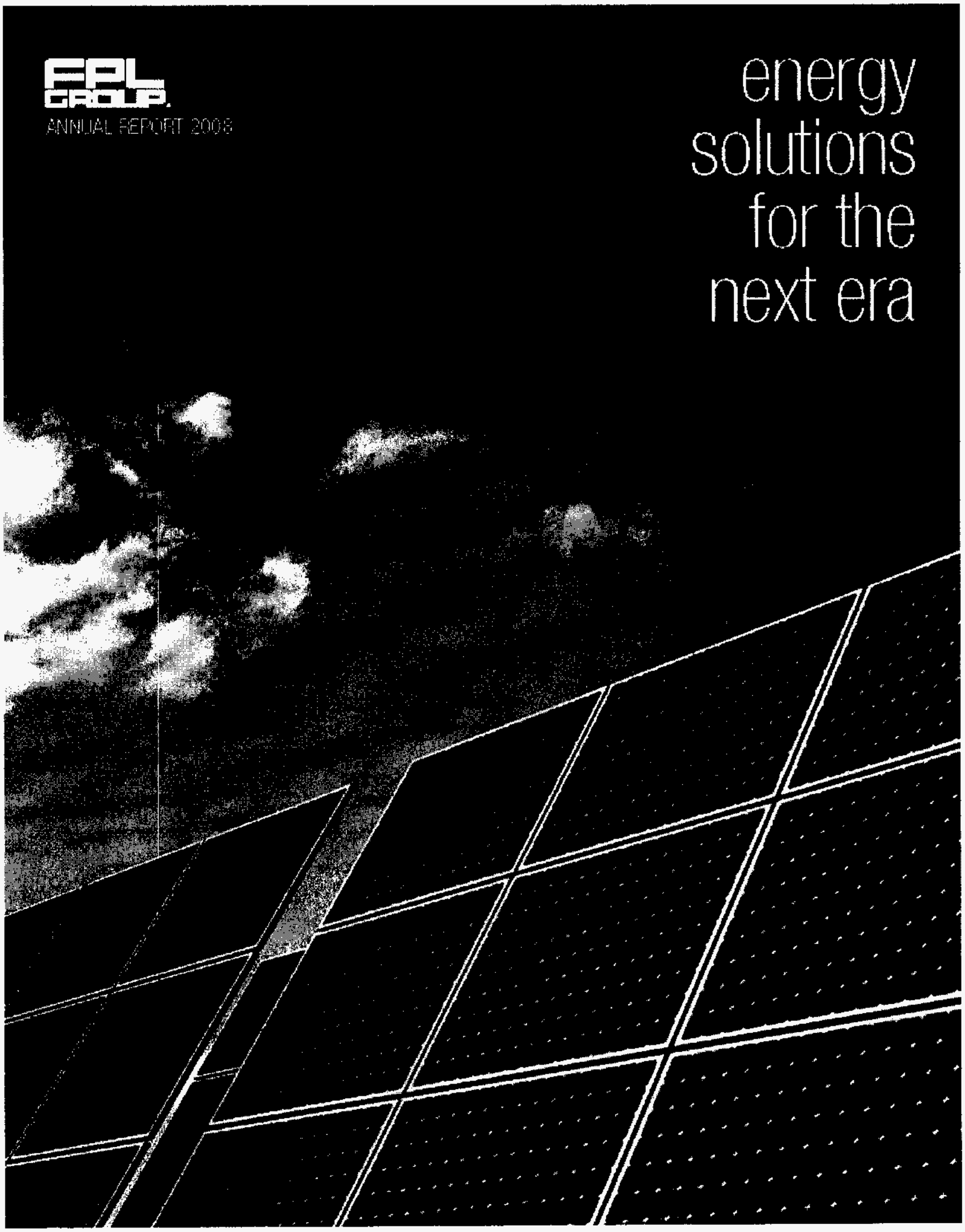
FPL Group 2008 Annual Report
Exhibit KHD-8, Page 2 of 2



REDACTED

Florida Power & Light Company
OPC Recommended Affiliate Management Fee Cost Drivers

		2010		
Code	**Description**	**FPL**	**OPC**	**Difference**
c1	MF-Shared	[redacted]	[redacted]	[redacted]
c2	MF-FPLES & Fibernet	[redacted]	[redacted]	[redacted]
c3	MF-FPLE & FPL NED	[redacted]	[redacted]	[redacted]
c3a	MF-FPLE, FPL NED, & Fibernet	[redacted]	[redacted]	[redacted]
c4	Headcount Incl. Affiliates	[redacted]	[redacted]	[redacted]
c6	Sq Ft Avg Incl. Subs	[redacted]	[redacted]	[redacted]
c7	Sq Ft - GO	[redacted]	[redacted]	[redacted]
c8	Sq Ft - JB	[redacted]	[redacted]	[redacted]
c9	Average of Shared Benefit Capitalized Software Drivers	[redacted]	[redacted]	[redacted]
c10	Average of Shared Benefit Capitalized Hardware Drivers	[redacted]	[redacted]	[redacted]
c11	Affiliate Megawatts - NUC Executive	[redacted]	[redacted]	[redacted]
c12	Affiliate Megawatts - PGD Executive	[redacted]	[redacted]	[redacted]
ec1	FTEs of cafeteria bldgs JB, GO, LFO, CSE, PTN, & PSL	[redacted]	[redacted]	[redacted]
hr2	GO Building Affiliate FTE %	[redacted]	[redacted]	[redacted]
hr3	JB Building Affiliate FTE %	[redacted]	[redacted]	[redacted]
hr4	LFO Building Affiliate FTE%	[redacted]	[redacted]	[redacted]
hr5	Well Program FTE%	[redacted]	[redacted]	[redacted]
X1	Adjusted number of workstations per business unit for Desktop support (W/S Model #1)	[redacted]	[redacted]	[redacted]
X2	Actual number of workstations per business unit. (includes Subsidiaries) (W/S Model #2)	[redacted]	[redacted]	[redacted]
X4	Actual number of mainframe MVS CPU hours by business unit.	[redacted]	[redacted]	[redacted]
X7	Actual number of workstations per business unit. (includes Subsidiaries), excludes ECCR charges	[redacted]	[redacted]	[redacted]
XF	Actual number of workstations per business unit. (includes subsidiaries in FPL utility facilities)	[redacted]	[redacted]	[redacted]
XN1	SAP Volume of Trans by Business Unit (FPLE Support)	[redacted]	[redacted]	[redacted]
XS1	Based on server ownership information - IM percent allocated out by total workstation count	[redacted]	[redacted]	[redacted]
XS2	Datacenter alloc. based on server located in GO and JB - IM percent allocated by total workstation count	[redacted]	[redacted]	[redacted]
XS3	Shared DASD allocation based on server and datacenter models	[redacted]	[redacted]	[redacted]
Y2	Actual number of workstations per business unit. (includes Subsidiaries) (W/S Model #2)	[redacted]	[redacted]	[redacted]
Y3	Based on documents processed by BU	[redacted]	[redacted]	[redacted]
Y7	Actual number of workstations per business unit (Inc subs in FPL facilities) (W/S Model #4)	[redacted]	[redacted]	[redacted]
YK	Actual % of FPL's subsidiaries workforce as a % of total FPL workforce for subs allocation.	[redacted]	[redacted]	[redacted]
YN	Actual % of FPL's subsidiaries SAP transactions as a % of total FPL transactions for subs allocation.	[redacted]	[redacted]	[redacted]
YS1	Based on server ownership information - IM percent allocated out by total workstation count	[redacted]	[redacted]	[redacted]
YS2	Datacenter alloc. based on server located in GO and JB - IM percent allocated by total workstation count	[redacted]	[redacted]	[redacted]
YS3	Shared DASD allocation based on server and datacenter models	[redacted]	[redacted]	[redacted]

REDACTED

Florida Power & Light Company
OPC Recommended Affiliate Management Fee Cost Drivers

Code	Description	2011 FPL	2011 OPC	2011 Difference
c1	MF-Shared	[redacted]		
c2	MF-FPLES & Fibernet			
c3	MF-FPLE & FPL NED			
c3a	MF-FPLE, FPL NED, & Fibernet			
c4	Headcount Incl. Affiliates			
c6	Sq Ft Avg Incl. Subs			
c7	Sq Ft - GO			
c8	Sq Ft - JB			
c9	Average of Shared Benefit Capitalized Software Drivers			
c10	Average of Shared Benefit Capitalized Hardware Drivers			
c11	Affiliate Megawatts - NUC Executive			
c12	Affiliate Megawatts - PGD Executive			
ec1	FTEs of cafeteria bldgs JB, GO, LFO, CSE, PTN, & PSL			
hr2	GO Building Affiliate FTE %			
hr3	JB Building Affiliate FTE %			
hr4	LFO Building Affiliate FTE%			
hr5	Well Program FTE%			
X1	Adjusted number of workstations per business unit for Desktop support (W/S Model #1)			
X2	Actual number of workstations per business unit. (includes Subsidiaries) (W/S Model #2)			
X4	Actual number of mainframe MVS CPU hours by business unit.			
X7	Actual number of workstations per business unit. (includes Subsidiaries), excludes ECCR charges			
XF	Actual number of workstations per business unit. (includes subsidiaries in FPL utility facilities)			
XN1	SAP Volume of Trans by Business Unit (FPLE Support)			
XS1	Based on server ownership information - IM percent allocated out by total workstation count			
XS2	Datacenter alloc. based on server located in GO and JB - IM percent allocated by total workstation count			
XS3	Shared DASD allocation based on server and datacenter models			
Y2	Actual number of workstations per business unit. (includes Subsidiaries) (W/S Model #2)			
Y3	Based on documents processed by BU			
Y7	Actual number of workstations per business unit (Inc subs in FPL facilities) (W/S Model #4)			
YK	Actual % of FPL's subsidiaries workforce as a % of total FPL workforce for subs allocation.			
YN	Actual % of FPL's subsidiaries SAP transactions as a % of total FPL transactions for subs allocation.			
YS1	Based on server ownership information - IM percent allocated out by total workstation count			
YS2	Datacenter alloc. based on server located in GO and JB - IM percent allocated by total workstation count			
YS3	Shared DASD allocation based on server and datacenter models			

Source: Response to OPC Document Request 106; SFHHA Interrogatory 296; OPC Interrogatory 23; MFR Schedule F-8; FPL Group 2008 Annual Report, p. 11; http://www.fpl.com/environment/plant/west_county_faq.shtml; http://www.fpl.com/environment/solar/desoto.shtml; http://www.fpl.com/environment/solar/martin.shtml; http://www.fpl.com/environment/solar/spacecoast.shtml; http://www.stluciewind.com/questions.shtml.

REDACTED

Florida Power & Light Company
OPC Recommended Massachusetts Formula

FPL	Revenues	Gross PP&E	Total Payroll	Total Shared	FPL / Affiliate
FPL Utility	[redacted]				
FPL NED					
FPL Energy					
Seabrook					
Duane Arnold					
Point Beach					
Fibernet					
FPL ES					
Palms Insur.					
Readi Power					
Total					

OPC					
FPL Utility	[redacted]				
FPL NED					
FPL Energy					
Seabrook					
Duane Arnold					
Point Beach					
Fibernet					
FPL ES					
Palms Insur.					
Readi Power					
Total					

Source: Response to AG Interrogatory 296.

Docket Nos. 080677-EI & 090130-EI
OPC Recommended Affiliate Management Fee Adjustments
Exhibit KHD-11, Page 1 of 2

REDACTED

Florida Power & Light Company
OPC Recommended Affiliate Management Fee Adjustments
FPL Group Executive Salary Adjustment

Year	FPL Group Executive Salary & Bonus	FPL Allocation Factor	FPL Amount Allocated to Affiliates	OPC Allocation Factor	OPC Amount Allocated to Affiliates	OPC Recommended Adjustment
2010	[redacted]	[redacted]	[redacted]	50%	[redacted]	$ (7,935,975.87)
2011	[redacted]	[redacted]	[redacted]	50%	[redacted]	$ (7,906,276.35)

REDACTED

Florida Power & Light Company
OPC Recommended Affiliate Management Fee Adjustments
Affiliate Allocation Factor Adjustments

Year	FPL Amount Allocated to Affiliates	OPC Amount Allocated to Affiliates	OPC Recommended Adjustment
Costs Allocated Based on the Massachusetts Formula			
2010	[redacted]		$ -
2011			$ (1,393,000.46)
Costs Allocated Based on Specific Drivers			
2010	[redacted]		$ (2,284,350.28)
2011			$ (5,069,195.30)

Source: Response to AG Interrogatory 65; OPC Interrogatory 32; OPC Document Request 234; SFHHA Interrogatory 296.

REDACTED

Florida Power and Light Company
FiberNet Adjustment

Cost Component		Amount
Asset Base for ROI 2010		
Fiber		[redacted]
Shared Fiber		[redacted]
Electronics		[redacted]
Shared Electronics		[redacted]
Capital Spares		[redacted]
NOC Assets		[redacted]
Accumulated Depreciation		[redacted]
Total Allocated Asset Base		[redacted]
ROI Rate		[redacted]
FPL Return on Investment		[redacted]
OPC Recommended ROI		7.41%
OPC Return on Investment		[redacted]
OPC Recommended Adjustment 2010	$	(1,182,224)
OPC Recommended Adjustment 2011	$	(1,182,224)

Source: Response to OPC Interrogatory 8; Exhibit JRW-1.

Docket Nos. 080677-EI & 090130-EI
FPLES Margin on Gas Sales
Exhibit KHD-13, Page 1

REDACTED

Florida Power & Light Company
FPLES Margin on Gas Sales Adjustment

Year	**Gas Margin**
2001	[redacted]
2002	[redacted]
2003	[redacted]
2004	[redacted]
2005	[redacted]
Total	[redacted]
Average Annual Gas Margin	[redacted]
Gain on Sale	[redacted]
Amortization Period	**5**
Gain Attributable to Customers	[redacted]
Adjustment to Test Year Revenue 2010	[redacted]
Adjustment to Test Year Revenue 2011	[redacted]

Source: Response to OPC Interrogatory 41 and 42.

Florida Power & Light Company
Gain on Sale Adjustment

Year	Transaction Sale Price	Transaction Original Cost	Transaction Gain	Transaction Description	Amount of Gain
2007	10. In 2007, FP&L transferred a combustion turbine rotor amounting to $13,735,167 to FPL Group, Inc.	10. The original cost of the assets transferred in 2007 was $9,189,756.	10. The 2007 asset transfers resulted in a gain of $4,545,411, which was recorded above the line.	10. On 6/22/07, a combustion turbine roter was sold to FPL Group, Inc. to restore configuration of combustion turbine.	$4,545,411
2007	11. In 2007, FP&L transferred globe valves amounting to $1,541 to Doswell Limited Partnership.	11. The original cost of the assets transferred in 2007 was $1,149.	11. The 2007 asset transfer resulted in a gain of $392, which was recorded above the line.	11. On 10/10/07, globe valves were sold to Doswell Limited Partnership due to an extended lead time from supplier.	392
2007	12. In 2007, FP&L transferred seal pins, lock wire, and dowel pins amounting to $3,306 to Doswell Limited Partnership.	12. The original cost of the assets transferred in 2007 was $3,198.	12. The 2007 asset transfer resulted in a gain of $108, which was recorded above the line.	12. On 5/14/07, seal pins, lock wire, and dowell pins were sold to Doswell Limited Partnership due to an outage.	108
2007	13. In 2007, FP&L transferred v-seals amounting to $7,617 to Doswell Limited Partnership.	13. The original cost of the assets transferred in 2007 was $6,310.	13. The 2007 asset transfer resulted in a gain of $1,307, which was recorded above the line.	13. In June, v-seals were sold to Doswell Limited Partnership.	1,307
2007	14. In 2007, FP&L transferred gaskets, brackets, ect. amounting to $37,716 to Doswell Limited Partnership.	14. The original cost of the assets transferred in 2007 was $31,411.	14. The 2007 asset transfer resulted in a gain of $6,305, which was recorded above the line.	14. On 6/21/07, gaskets, brackets, ect were sold to Doswell Limited Partnership for their use.	6,305
2007	16. In 2007, FP&L transferred gland, packing, tubing assemblies amounting to $969 to FPL Energy Forney, LLC.	16. The original cost of the assets transferred in 2007 was $746.	16. The 2007 asset transfer resulted in a gain of $223, which was recorded above the line.	16. On 3/6/07, gland, packing, tubing assemblies were sold to FPL Energy Forney, LLC due to an outage.	223
2007	18. In 2007, FP&L transferred probes, axial position amounting to $1,608 to FPL Energy Forney, LLC.	18. The original cost of the assets transferred in 2007 was $1,581.	18. The 2007 asset transfer resulted in a gain of $27, which was recorded above the line.	18. On 4/13/07, probes, axial position were sold to FPL Energy Forney, LLC due to an outage.	27
2007	19. In 2007, FP&L transferred tubing, gaskets, belts, seals, & screws amounting to $5,470 to FPL Energy Forney, LLC.	19. The original cost of the assets transferred in 2007 was $5,408.	19. The 2007 asset transfer resulted in a gain of $62, which was recorded above the line.	19. On 3/29/07, tubing, gaskets, belts, seals, & screws were sold to FPL Energy Forney, LLC due to an outage.	62
2007	20. In 2007, FP&L transferred brackets, retainers, & seals amounting to $13,148 to FPL Energy Forney, LLC.	20. The original cost of the assets transferred in 2007 was $13,032.	20. The 2007 asset transfer resulted in a gain of $116, which was recorded above the line.	20. On 3/5/07, brackets, retainers, & seals were sold to FPL Energy Forney, LLC due to an outage.	116
2007	21. In 2007, FP&L transferred bolts, seals, bearings, screws, tube amounting to $14,788 to FPL Energy Forney, LLC.	21. The original cost of the assets transferred in 2007 was $13,678.	21. The 2007 asset transfer resulted in a gain of $1,110, which was recorded above the line.	21. On 3/21/07, bolts, seals, bearings, screws, tube were sold to FPL Energy Forney, LLC due to an outage.	1,110
2007	22. In 2007, FP&L transferred dresser coupling gaskets amounting to $1,250 to FPLE Calhoun Power Company.	22. The original cost of the assets transferred in 2007 was $1,138.	22. The 2007 asset transfer resulted in a gain of $112, which was recorded above the line.	22. On 3/29/07, dresser coupling gaskets were sold to FPLE Calhoun Power Company due to an outage.	112
2007	24. In 2007, FP&L transferred gaskets amounting to $188 to FPLE Marcus Hook 750, LLC.	24. The original cost of the assets transferred in 2007 was $121.	24. The 2007 asset transfer resulted in a gain of $67, which was recorded above the line.	24. In June, gaskets were sold to FPLE Marcus Hook 750, LLC.	67
2007	31. In 2007, FP&L transferred bellows, gaskets, & bolts amounting to $10,014 to Lamar Power Partners.	31. The original cost of the assets transferred in 2007 was $9,950.	31. The 2007 asset transfer resulted in a gain of $64, which was recorded above the line.	31. On 9/12/07, bellows, gaskets, & bolts were sold to Lamar Power Partner due to an outage.	64

Florida Power & Light Company
Gain on Sale Adjustment

Year	Transaction Sale Price	Transaction Original Cost	Transaction Gain	Transaction Description	Amount of Gain
2007	32. In 2007, FP&L transferred gaskets, bolts, retainers, seals, & tubes amounting to $30,007 to Lamar Power Partners.	32. The original cost of the assets transferred in 2007 was $18,724.	32. The 2007 asset transfer resulted in a gain of $11,283, which was recorded above the line.	32. On 12/3/07, gaskets, bolts, retainers, seals, & tubes were sold to Lamar Power Partner due to an outage.	11,283
2007	33. In 2007, FP&L transferred various parts amounting to $45,282 to Lamar Power Partners.	33. The original cost of the assets transferred in 2007 was $35,811.	33. The 2007 asset transfer resulted in a gain of $9,471, which was recorded above the line.	33. On 4/11/07, various parts were sold to Lamar Power Partner due to Spring outage.	9,471
Total Gain					**$4,576,058**

2008	35. In 2008, FP&L transferred a 225MVA Transformer amounting to $2,900,000 to Calhoun Power Company I, LLC.	35. The original cost of the assets transferred in 2008 was $2,027,026.	35. The 2008 asset transfer resulted in a gain of $872,974, which was recorded above the line.	35. On 7/29/08, a 225MVA Transformer was sold to Calhoun Company I, LLC due to an emergency outage.	$872,974
2008	45. In 2008, FP&L transferred wire & double bolted connectors amounting to $586 to FPL Energy Duane Arnold, LLC.	45. The original cost of the assets transferred in 2008 was $466.	45. The 2008 asset transfer resulted in a gain of $120, which was recorded above the line.	45. On 6/12/08, wire & double bolted connectors were sold to FPL Energy Duane Arnold, LLC due to an outage.	120
2008	46. In 2008, FP&L transferred a relay high pressure amounting to $168 to FPL Energy Duane Arnold, LLC.	46. The original cost of the assets transferred in 2008 was $125.	46. The 2008 asset transfer resulted in a gain of $43, which was recorded above the line.	46. On 9/24/08, a relay high pressure was sold to FPL Energy Duane Arnold, LLC due to an outage.	43
2008	49. In 2008, FP&L transferred an assembly servo for yokogawa amounting to $825 to FPL Energy Point Beach, LLC.	49. The original cost of the assets transferred in 2008 was $530.	49. The 2008 asset transfer resulted in a gain of $295, which was recorded above the line.	49 On 6/26/08, an assembly servo for yokogawa was sold to FPL Energy Point Beach, LLC since it became an obsolete part.	295
2008	53. In 2008, FP&L transferred diaphram actuators amounting to $314 to FPL Energy Point Beach, LLC.	53. The original cost of the assets transferred in 2008 was $261.	53. The 2008 asset transfer resulted in a gain of $53, which was recorded above the line.	53. On 3/31/08, diaphram actuators were sold to FPL Energy Point Beach, LLC due to an outage.	53
2008	57. In 2008, FP&L transferred screws amounting to $2,258 to FPL Energy Point Beach, LLC.	57. The original cost of the assets transferred in 2008 was $737.	57. The 2008 asset transfer resulted in a gain of $1,521, which was recorded above the line.	57. On 4/22/08, screws were sold to FPL Energy Point Beach, LLC due to an outage.	1,521
2008	58. In 2008, FP&L transferred hex nuts amounting to $1,191 to FPL Energy Point Beach, LLC.	58. The original cost of the assets transferred in 2008 was $1,137.	58. The 2008 asset transfer resulted in a gain of $54, which was recorded above the line.	58. On 4/23/08, kit connectors were sold to FPL Energy Point Beach, LLC due to an outage.	54
2008	61. In 2008, FP&L transferred an o-ring amounting to $789 to FPL Energy Point Beach, LLC.	61. The original cost of the assets transferred in 2008 was $182.	61. The 2008 asset transfer resulted in a gain of $607, which was recorded above the line.	61. On 8/28/08, an o-ring was sold to FPL Energy Point Beach, LLC due to an outage.	607
2008	62. In 2008, FP&L transferred lip seals amounting to $334 to FPL Energy Point Beach, LLC.	62. The original cost of the assets transferred in 2008 was $77.	62. The 2008 asset transfer resulted in a gain of $257, which was recorded above the line.	62. On 9/2/08, lip seals were sold to FPL Energy Point Beach, LLC due to an outage.	257
2008	63. In 2008, FP&L transferred a lip seal amounting to $167 to FPL Energy Point Beach, LLC.	63. The original cost of the assets transferred in 2008 was $95.	63. The 2008 asset transfer resulted in a gain of $72, which was recorded above the line.	63. On 9/22/08, a lip seal was sold to FPL Energy Point Beach, LLC due to extended lead time from supplier.	72
2008	64. In 2008, FP&L transferred washers amounting to $1,410 to FPL Energy Point Beach, LLC.	64. The original cost of the assets transferred in 2008 was $837.	64. The 2008 asset transfer resulted in a gain of $573, which was recorded above the line.	64. On 10/15/08, washers were sold to FPL Energy Point Beach, LLC due to an outage.	573

Florida Power & Light Company
Gain on Sale Adjustment

Year	Transaction Sale Price	Transaction Original Cost	Transaction Gain	Transaction Description	Amount of Gain
2008	65. In 2008, FP&L transferred a clamp amounting to $190 to FPL Energy Point Beach, LLC.	65. The original cost of the assets transferred in 2008 was $142.	65. The 2008 asset transfer resulted in a gain of $48, which was recorded above the line.	65. On 10/30/08, a clamp was sold to FPL Energy Point Beach, LLC due to an outage.	48
2008	67. In 2008, FP&L transferred desc bushings amounting to $295 to FPL Energy Seabrook, LLC.	67. The original cost of the assets transferred in 2008 was $217.	67. The 2008 asset transfer resulted in a gain of $78, which was recorded above the line.	67. On 4/17/08, desc bushings were sold to FPL Energy Seabrook, LLC due to an outage.	78
2008	70. In 2008, FP&L transferred a pump 460T amounting to $9.448 to FPL Energy Wyman, LLC.	70. The original cost of the assets transferred in 2008 was $8,437.	70. The 2008 asset transfer resulted in a gain of $1,011, which was recorded above the line.	70. On 10/16/08, a pump 460T was sold to FPL Energy Wyman, LLC due to pump failure.	1,011
Total Gain					**$877,706**
2007 and 2008 Gain on Sale					**$5,453,764**
Amortization Period					**5**
Annual Amortization of Gain on Sale 2010					**$ 1,090,753**
Annual Amortization of Gain on Sale 2011					**$ 1,090,753**

Source: Response to OPC Interrogatory 41.

Florida Power & Light Company
Power Monitoring Revenue Adjustment

	2010	2011
Power Monitoring Revenue Included in Test Year	$ 654,000	$ 667,000
Power Monitoring Revenue - Response to OPC Interrogatory 59	890,336	934,885
Adjustment: Increase Test Year Revenue Account 451 Msc Revenue	$ 236,336	$ 267,885

Source: Response to OPC Interrogatory 59.

REDACTED

Florida Power and Light Company
Summary of Affiliate Adjustments

	2010	2011
FPL Group Executive Adjustment	$ (7,935,976)	$ (7,906,276)
Affiliate Management Fee Cost Driver Adjustment	$ (2,284,350)	$ (5,069,195)
Affiliate Management Fee Massachusetts Formula Adjustment	$ -	$ (1,393,000)
FiberNet Rate of Return Adjustment	$ (1,182,224)	$ (1,182,224)
FPLES Margin on Gas Sales Adjustment - Confidential	[redacted]	[redacted]
Historical Museum Adjustment	$ 45,470	$ 46,764
Gain on Sale of Affiliate Transfers Adjustment	$ 1,090,753	$ 1,090,753
Monitoring Revenue Adjustment	$ 236,336	$ 267,885