

**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 120015-EI  
FLORIDA POWER & LIGHT COMPANY**

**IN RE: PETITION FOR RATE INCREASE BY  
FLORIDA POWER & LIGHT COMPANY**

COM	5
APA	1
ECR	10
GCL	1
RAD	1
SRC	1
ADM	
OPC	
CLK	1
Cr+Rep	1

**TESTIMONY & EXHIBITS OF:**

**JOSEPH A. ENDER**

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
**FLORIDA POWER & LIGHT COMPANY**  
**DIRECT TESTIMONY OF JOSEPH A. ENDER**  
**DOCKET NO. 120015-EI**

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1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Joseph A. Ender. My business address is Florida Power & Light  
5 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

7 A. I am employed by Florida Power & Light Company (“FPL” or the  
8 “Company”) as the Manager of Cost of Service and Load Research in the  
9 Rates & Tariffs Department.

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

11 A. I am responsible for managing FPL’s load research and cost of service  
12 activities. In this capacity, my responsibilities include the preparation and  
13 filing before the Florida Public Service Commission (“FPSC” or the  
14 “Commission”) of load research sampling plans and study results, the  
15 development of annual energy and demand line loss factors by rate class, and  
16 the preparation of jurisdictional separation and retail cost of service studies.

17 **Q. Please describe your educational background and professional  
18 experience.**

19 A. I hold a Bachelor of Business Administration degree in Accounting from  
20 Florida Atlantic University. I received full accreditation for successfully  
21 completing the Certified Public Accountant’s examination. Since joining FPL  
22 in 1979, I have held a variety of positions at FPL and NextEra Energy, Inc. in  
23 the areas of corporate tax, accounting, business development, regulatory

1           affairs and rates. I have held the position of Manager of Cost of Service and  
2           Load Research since joining the Rates and Tariffs Department in 1998.

3   **Q.   Are you sponsoring any exhibits in this case?**

4   A.   Yes. I am sponsoring the following exhibits which are attached to my direct  
5       testimony:

6           •   JAE-1 – MFRs and Schedules Sponsored or Co-Sponsored by Joseph  
7           A. Ender

8           •   JAE-2 – Load Research Rate Classes and Related Rate Schedules

9           •   JAE-3 – Rate Class Extrapolation Techniques

10          •   JAE-4 – Cost of Service Methodology by Component

11          •   JAE-5 – Rates of Return and Parity at Present Rates

12          •   JAE-6 – Target Revenue Requirements at Proposed Rates

13   **Q.   Are you sponsoring or co-sponsoring any Minimum Filing Requirements**  
14       **(“MFRs”) filed in this case?**

15   A.   Yes. Exhibit JAE-1 shows my sponsorship and co-sponsorship of MFRs.

16   **Q.   What is the purpose of your testimony?**

17   A.   The purpose of my testimony is to address four primary areas. First, my  
18       testimony explains in general terms what load research is, how it is used in the  
19       jurisdictional separation and cost of service studies, and how the projected  
20       load forecast by rate class and energy loss factors were developed. Second, I  
21       describe the process used in the development of FPL’s jurisdictional  
22       separation study and resulting jurisdictional separation factors. Third, I  
23       discuss FPL’s process of preparing a retail cost of service study and explain

1 the proposed methodologies to allocate production, transmission, and  
2 distribution plant to retail rate classes. Lastly, I discuss the results of the retail  
3 cost of service study for the 2013 Test Year filed in this docket.

4 **Q. Please summarize your testimony.**

5 A. FPL's cost of service study results for the projected 2013 Test Year are  
6 accurately determined and fairly present each rate class's cost responsibility,  
7 Rate of Return ("ROR"), and parity position relative to FPL's projected retail  
8 jurisdictional ROR. These results reflect the forecast of base revenues for  
9 each rate class, and an equitable allocation of rate base, other operating  
10 revenues, and expenses. The methodologies used to allocate rate base, other  
11 operating revenues, and expenses were appropriately applied and are  
12 consistent with those previously approved by this Commission.

13  
14 FPL's projected retail ROR of 5.50% for the 2013 Test Year is below the  
15 projected Cost of Capital of 7.00% for the test year. This indicates that the  
16 incremental costs and infrastructure investments needed to meet growth and  
17 provide economic and reliability benefits to customers are greater than the  
18 costs supported by FPL's current rates. At the rate class level, this condition  
19 is also generally true. More than half of FPL's rate classes are being charged  
20 rates that are below the levels needed to allow for recovery of FPL's projected  
21 costs.

1 The rate class cost of service study shows that at present rates, certain rate  
2 classes, such as GS(T)-1, and GSD(T)-1, are above parity while some of the  
3 larger commercial/industrial rate classes, particularly GSLD(T)-1 and  
4 GSLD(T)-2, are well below parity. Exhibit JAE-5 lists the ROR and related  
5 parity index for each rate class along with the revenue requirement differential  
6 needed to achieve full parity at present rates for the 2013 Test Year. MFR E-1  
7 provides the details supporting these results.

8  
9 Finally, the cost of service study provides the target revenue requirements by  
10 rate class and underlying unit costs for each billing determinant, that is,  
11 demand, energy, customer, and lighting. This information is presented on  
12 MFR E-6b, and provides the basis for designing rates that would improve the  
13 parity among rate classes and better align FPL's rates and charges with the  
14 costs to serve each rate class. Exhibit JAE-6 shows for each rate class the  
15 target revenue requirements at proposed rates on an equalized basis, that is, at  
16 the retail ROR or at parity.

17  
18 The Commission should approve the jurisdictional separation and cost of  
19 service study methodologies and results presented in my testimony. The cost  
20 of service study results are fair and reasonable, and utilize cost allocation  
21 methodologies that ensure the continued delivery of exceptional value to  
22 customers by properly allocating costs to rate classes. Furthermore, they are  
23 consistent with the methodologies previously approved by this Commission.

## II. LOAD RESEARCH AND ENERGY LOSSES

1

2

3 **Q. What information is provided by load research?**

4 A. Load research provides, for each rate class, information on the contribution to  
5 the system peak (Coincident Peak, “CP”), as well as the class peak (Group  
6 Non-Coincident Peak, “GNCP”), and the customers’ Non-Coincident Peak  
7 (“NCP”). The contribution to the system peak represents the rate class  
8 demand at the time of the system peak. By contrast, the class or group non-  
9 coincident peak represents a rate class’s maximum demand as a class. The  
10 customer’s non-coincident peak demand is the sum of the individual customer  
11 peak demands for all the customers within the rate class, regardless of when  
12 they occur. In addition, load research provides load shapes, hourly data, and  
13 load factors for each rate class. Load research data reflecting all of the above  
14 attributes is developed on a monthly basis for each wholesale and retail rate  
15 class. The monthly data is analyzed and reported on an annual basis as well.

16 **Q. Has the Commission reviewed and approved the company’s load  
17 research?**

18 A. Yes. Florida Administrative Code (“FAC”) Rule 25-6.0437, Cost of Service  
19 Load Research, requires that investor-owned utilities serving more than  
20 50,000 retail customers submit a load research sampling plan to the  
21 Commission for review and approval every three years. FPL’s most recent  
22 sampling plan was submitted in May 2011, and was approved in June 2011.  
23 In addition, the rule requires that utilities submit a complete load research



1 study every three years. FPL's most recent load research study was filed with  
2 the Commission in April 2010.

3 **Q. Please describe the information provided and summarize the results**  
4 **achieved in the load research study filed with the Commission in April**  
5 **2010.**

6 A. This study provided the estimated CP and GNCP demands for the 12 month  
7 period ending December 28, 2009, for all rate classes subject to reporting  
8 under FAC Rule 25-6.0437. Also included in the report for the sampled rate  
9 classes are the 90% confidence intervals around the monthly peak demands  
10 and their percent relative accuracy. FPL met the target level of statistical  
11 accuracy required by the rule for the estimate of averages of the 12 monthly  
12 coincident peaks, as well as the summer and winter peaks for the sampled rate  
13 classes.

14 **Q. Why is load research a necessary input into the jurisdictional separation**  
15 **and cost of service studies?**

16 A. Load research provides information on usage characteristics, which provides  
17 the basis for allocating costs between retail and wholesale jurisdictions and for  
18 allocating costs among retail rate classes.

19 **Q. Please explain what is meant by "rate classes."**

20 A. In general terms, rate classes are groups of individual rate schedules with like  
21 billing attributes (customer type and load size) and rate design inter-  
22 relationships, which are treated for rate design purposes on a combined basis.  
23 As a result, one or more rate schedules may be combined into a single rate

1 class. For example, residential non-time-of-use, Rate Schedule RS-1, and  
2 residential time-of-use, Rate Schedule RST-1, are combined together into the  
3 RS(T)-1 rate class. The practice of combining time-of-use rate schedules with  
4 their non-time-of-use counterparts is consistent with the practice followed by  
5 FPL in the cost of service studies that were filed in the last four rate cases  
6 (Docket Nos. 830465-EI, 001148-EI, 050045-EI, and 080677-EI).

7 **Q. Have you prepared an exhibit that lists the rate classes used for load**  
8 **research purposes?**

9 A. Yes. Exhibit JAE-2 lists and describes the rate classes used for load research  
10 study purposes.

11 **Q. How is load research information developed by rate class?**

12 A. The first step is to collect and analyze load data by rate class. For certain rate  
13 classes, load data is captured by the recording metering devices that are used  
14 for billing purposes (100% metered). Unmetered rate classes, such as street  
15 lights, are modeled based on their equipment usage characteristics. Statistical  
16 samples developed in compliance with FAC Rule 25-6.0437 are used for all  
17 rate classes that are not modeled or 100% metered. Exhibit JAE-3 lists the  
18 rate classes that are 100% metered, modeled, or sampled.

19  
20 FPL then uses extrapolation techniques identified in Exhibit JAE-3 to estimate  
21 the load research data for each rate class: the Ratio Extrapolation and the  
22 Mean Per Unit Extrapolation. The Ratio Extrapolation technique is the  
23 method used to expand the historical load research data for sampled rate

1 classes and for 100% metered rate classes with a large number of customers.  
2 This methodology estimates the total rate class demand by applying the ratio  
3 of demand to billed energy for each interval recorded multiplied by the billed  
4 energy for the rate class. The Mean Per Unit Extrapolation technique is used  
5 for rate classes with a small number of customers. The Mean Per Unit  
6 Extrapolation methodology estimates the total rate class demand by applying  
7 the average demand for each interval recorded multiplied by the number of  
8 customers in the rate class. Both extrapolation techniques are used for 100%  
9 metered rate classes as necessary to account for missing interval data resulting  
10 from meter, data translation, or communication issues.

11  
12 Rate classes SL-1, OL-1, and SL-2 are billed as unmetered rates. The usage  
13 characteristics for the lighting rate classes, SL-1 and OL-1, are modeled based  
14 on the estimated number of burn hours or estimated hours of operation. This  
15 modeling estimates that light fixtures are on approximately 48% of all hours  
16 in a year. The Traffic Signal Service rate class, SL-2, is modeled based on a  
17 100% load factor.

18  
19 The load research sampling methodologies and extrapolation techniques  
20 described above are standard practices that are widely used in the industry.  
21 FPL has applied these techniques on a consistent basis in its load research  
22 filings with the Commission.

1 **Q. Please discuss the historical load research information used in this filing.**

2 A. The monthly load research data for the most recently completed three year  
3 annual load research studies was used. Load research data for the historical  
4 years 2008, 2009, and 2010 is provided in MFR E-11, Attachments 2, 3, and  
5 4, respectively. The load research data for these years has been used in  
6 previous FPSC cost recovery clause filings. In addition, as stated previously,  
7 FPL's load research study for the year 2009 was filed with the Commission in  
8 April 2010. The historical load research information provided the basis for  
9 the projected 2013 Test Year load research data shown in MFR E-11,  
10 Attachment 1.

11 **Q. Did the study results filed with the Commission in April 2010 cover the  
12 same rate classes as those being presented in this rate case?**

13 A. No. Consistent with the Load Research Sampling Plan approved by the FPSC  
14 Staff in June 2011, the load research study results in this rate case reflect the  
15 aggregation of the optional rate schedules and riders such as HLFT-1 and  
16 SDTR-1 with the standard or "parent" rate class. For example, the HLFT-1  
17 and SDTR-1 optional rate schedule and rider were combined with their parent  
18 rate class, GSD(T)-1. Exhibit JAE-2 lists and describes the rate classes used  
19 for load research study purposes. The Exhibit also shows the rate schedules  
20 that comprise each rate class.

21 **Q. Please explain why this change was made.**

22 A. FPL proposed the aggregation of optional rate schedules with their respective  
23 rate classes for load research purposes to remove class data that is not used for

1 rate design. FPL witness Deaton's testimony explains why the cost of service  
2 data at the optional rate schedule level is not used for rate design or for the  
3 allocation of revenue increases.

4 **Q. What changes were made in the load research process to aggregate the**  
5 **optional rate schedules with their parent rate classes?**

6 A. None. FPL's load research process is essentially the same, except that now  
7 the load research results for the parent rate classes include the optional rate  
8 schedules. The unit costs for the parent rate classes, for example, now include  
9 the costs associated with the optional rate schedules, whereas in the past these  
10 costs were determined separately for each optional rate schedule.

11 **Q. Please describe how the projected 2013 Test Year load research data was**  
12 **developed.**

13 A. The historical load research data was used in conjunction with the sales  
14 forecast by rate class to develop the CP, GNCP, and NCP demand estimates  
15 for the projected 2013 Test Year. Monthly ratios of each rate class's CP,  
16 GNCP, and NCP to actual kilowatt hours ("kWh") sales were developed for  
17 each of the three years of historical load research data.

18  
19 Projected 2013 Test Year monthly CP, GNCP, and NCP ratios for each rate  
20 class were then developed based on the average of their respective historical  
21 ratios. The projected CP, GNCP, and NCP ratios were then applied to the  
22 sales forecast by rate class to derive the projected CP, GNCP, and NCP

1 demands for each class. The sales forecast, by rate class, was developed by  
2 FPL witness Deaton.

3 **Q. Has this method of developing projected load research information just**  
4 **described been used previously?**

5 A. Yes. The forecasted load research data in FPL's MFR filings in FPSC Docket  
6 Nos. 050045-EI, 001148-EI, and 080677-EI used this methodology.

7 **Q. Is the projected load research data by rate class consistent with the**  
8 **system load forecast?**

9 A. Yes. The projected load research data is consistent with the forecast of system  
10 monthly peak demands for the 2013 Test Year presented in MFR E-18 and  
11 with the forecast of system sales for the Test Year presented in MFR F-8.

12 **Q. Which MFRs provide additional information on load research?**

13 A. MFR E-9 and MFR E-17 provide additional information on load research.

14 **Q. How is the load research data used in the development of the separation**  
15 **factors and cost of service study?**

16 A. The load research data is used to develop the load-related allocation factors  
17 shown in MFR E-10. These load-related allocation factors, namely CP,  
18 GNCP, and NCP, are then adjusted to account for energy losses.

19 **Q. What are energy losses?**

20 A. Simply stated, energy losses represent the amount of energy produced that is  
21 neither sold nor used by the Company. There are two types of energy losses:  
22 technical and non-technical. Technical losses are inherent to the transmission  
23 and distribution of electricity and occur on generation step-up transformers,

1 transmission lines, distribution station step-down transformers, distribution  
2 lines, distribution transformers, and secondary service to customers. Non-  
3 technical losses include electricity theft and other unaccounted for use of  
4 energy.

5 **Q. Why is it appropriate to adjust the load-related allocation factors for**  
6 **energy losses?**

7 A. As discussed above, the load-related allocation factors are developed based  
8 upon the sales forecasts by rate class, which are then multiplied by the ratios  
9 established through load research to project CP, GNCP, and NCP. However,  
10 the forecasted sales for each rate class are measured at the customer's meter,  
11 which is net of energy losses that occur in delivering electricity to customers  
12 in that class. The peak load that is imposed upon the system by each rate class  
13 is actually more than the amount of energy delivered at the meter.

14  
15 If all rate classes had the same level of energy losses, there would be no need  
16 to adjust for the losses because the relative relationship among the rate classes  
17 would remain the same, regardless of whether the losses were netted out.  
18 However, energy losses are different for rate classes served at transmission,  
19 primary distribution, and secondary distribution voltage levels. Therefore, it  
20 would not be appropriate to assume that the energy losses are the same for the  
21 different rate classes. Electric lines operating at higher voltage levels  
22 experience less energy loss per amount of energy delivered than lower voltage  
23 lines, thus transmission customers incur lower losses as a percent of energy

1 delivered than customers served at lower voltage levels. Primary distribution  
2 voltage losses are higher than transmission voltage losses because they  
3 include transmission losses, as well as distribution station step-down  
4 transformers and distribution line losses. Secondary distribution voltage  
5 customers incur the highest losses per unit delivered because their losses  
6 include losses due to transformers and secondary services in addition to losses  
7 from transmission and primary distribution voltages. Therefore, FPL  
8 develops and applies separate loss adjustments to each rate class so that these  
9 differences in energy losses among the rate classes are recognized.

10 **Q. How are the adjustments for energy losses determined?**

11 A. FPL witness Morley forecasts energy losses on a total FPL system basis. The  
12 forecasted system-wide energy losses are then converted into loss adjustment  
13 factors by voltage level and by rate class. MFRs E-19a, E-19b, and E-19c  
14 provide the details and results of this process. When these energy loss factors  
15 by rate class are applied to the corresponding rate class load-related data, the  
16 resulting values are termed 12 CP, GNCP, and NCP “adjusted for losses.”  
17 Load data by rate class reflecting adjustments for energy losses is summarized  
18 in MFR E-9.



### III. JURISDICTIONAL SEPARATION STUDY

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**Q. What is a jurisdictional separation study?**

A. A jurisdictional separation study allocates the Company’s total rate base and net operating income between different rate-regulated jurisdictions. FPL’s utility business operates under two rate-regulated jurisdictions: retail, regulated by the FPSC; and wholesale, regulated by the Federal Energy Regulatory Commission (“FERC”). FPL must maintain its accounting books and records in accordance with the Uniform System of Accounts as prescribed by the FERC and the FPSC. Compliance with the Uniform System of Accounts requires electric utilities to record costs incurred and investments made at original cost. Since most investments made and costs incurred by a regulated utility serve all of its utility customers, retail and wholesale, it is necessary to prepare a jurisdictional separation study. For example, a power plant is normally constructed to serve the aggregate load requirements of all customers on the Company’s system, not just one customer or group of customers. The jurisdictional separation study develops allocations or jurisdictional separation factors for allocating this power plant investment as well as all other rate base and net operating income items recorded on the Company’s accounting books and records to jurisdictions.

**Q. How are costs separated between the retail and wholesale jurisdictions?**

A. Costs are first functionalized, then classified, and finally allocated between the retail and wholesale jurisdictions. The term “functionalization” refers to the

1 assignment of costs into one or more of the major functions of an electric  
2 utility (e.g., production, transmission and distribution). The term  
3 “classification” refers to the categorization by cost driver, that is, the  
4 determination of whether a cost is driven by demand, energy, or number of  
5 customers. Finally, each component is “allocated” between jurisdictions  
6 using jurisdictional separation factors. The method of allocating a cost should  
7 be consistent with its functionalization and classification. For example, a cost  
8 classified as demand-related should not be allocated on the basis of kWh of  
9 energy consumed, nor should a cost classified as energy-related be allocated  
10 based on peak demand.

11 **Q. What are jurisdictional separation factors?**

12 A. Jurisdictional separation factors are the result of the process just described and  
13 are used to allocate rate base and net operating income items between retail  
14 and wholesale jurisdictions. These factors are expressed as figures between  
15 zero and one, with the former indicating no retail responsibility and the latter  
16 indicating complete retail responsibility. The jurisdictional separation factors  
17 are primarily based on demand or energy sales for the retail and wholesale  
18 jurisdictions. However, other factors that best represent each jurisdiction’s  
19 cost responsibility are also used. MFR E-10, Attachment 1, outlines the  
20 specific methodology used to develop the separation factors by each  
21 component of cost.

1 **Q. What types of transactions are considered wholesale sales?**

2 A. Wholesale sales consist of electricity sold to other electric utilities for resale.  
3 They include requirement power sales to other utilities, which are firm, long  
4 term sales, as well as opportunity sales which are non-firm and of shorter  
5 duration. Transmission service between utilities also falls under the wholesale  
6 jurisdiction regulated by the FERC.

7 **Q. What is the significance of the different types of wholesale transactions in**  
8 **developing separation factors?**

9 A. It is important to understand the significance of a wholesale sale that is a  
10 “separated sale” and a wholesale sale that is a “non-separated sale” because  
11 different regulatory treatments apply to the costs and revenues associated with  
12 each type of sale. The FPSC has historically made a distinction between  
13 separated versus non-separated wholesale power sales. As outlined in Docket  
14 No. 970001-EI, Order No. PSC-97-0262-FOF-EI, wholesale sales that are  
15 non-firm or less than one year in duration are treated as non-separated sales  
16 because a utility does not commit long-term capacity to such wholesale  
17 customers. Non-separated sales are not assigned cost responsibility through  
18 the separation process. Therefore, the revenues and costs associated with non-  
19 separated sales are shared by both retail and long term firm wholesale  
20 customers.

1 **Q. How are separated wholesale sales treated in the jurisdictional separation**  
2 **study?**

3 A. The FPSC has historically required that firm sales of more than one year  
4 (long-term firm sales) be separated and treated as 100% wholesale for  
5 jurisdictional separation purposes. In essence, the wholesale sale is separated  
6 to remove the production plant, operating expenses (including fuel expenses),  
7 and operating revenues associated with the sale from the retail jurisdiction's  
8 cost responsibility. FPL's separated wholesale sales for the 2013 Test Year  
9 include Florida Keys Electric Cooperative, City Electric System of Key West,  
10 City of Wauchula, and Lee County Electric Cooperative power sales  
11 contracts. The jurisdictional separation factors for separated wholesale sales  
12 are calculated using the wholesale customers' loads.

13 **Q. How are wholesale transmission service contracts treated in the**  
14 **jurisdictional separation study?**

15 A. Consistent with the FPSC order in FPL's most recent rate case, Docket No.  
16 080677-EI, FPL has separated the costs and revenues associated with  
17 wholesale transmission service contracts that are firm and longer than one  
18 year. These wholesale contracts are separated to remove the transmission  
19 plant, operating expenses, and operating revenues associated with the service  
20 contracts from the retail jurisdiction's cost responsibility.

21

22 Revenue from short-term, non-firm wholesale transmission service contracts  
23 are credited to both retail and wholesale jurisdictions, thereby reducing the

1 costs to serve both jurisdictions. In other words, these contracts are not  
2 assigned cost responsibility through a separation process; therefore, the retail  
3 and wholesale firm transmission customers support all of the transmission  
4 investments and costs. In exchange for supporting the investment, both the  
5 retail and wholesale firm transmission customers receive all of the revenues.

6 **Q. Please explain how the results of the jurisdictional separation study are**  
7 **incorporated into the cost of service study.**

8 A. The jurisdictional separation factors are applied on a line item basis to the  
9 Company's total utility rate base and Net Operating Income ("NOI") to  
10 compute jurisdictional or retail rate base and net operating income. The  
11 jurisdictional results and associated factors are shown on MFR B-6 and MFR  
12 C-4. The jurisdictional separation factors are among the inputs used to  
13 calculate the jurisdictional or retail-adjusted rate base and NOI reported in  
14 MFRs B-1 and C-1, respectively, sponsored by FPL witness Ousdahl. The  
15 jurisdictional or retail-adjusted rate base and NOI are allocated to retail rate  
16 classes in the cost of service study.

17

#### 18 **IV. RETAIL COST OF SERVICE STUDY**

19

20 **Q. Please provide an overview of a retail cost of service study.**

21 A. A retail cost of service study is the continuation of the jurisdictional  
22 separation study but at the retail rate class level. The cost of service study  
23 starts with the jurisdictional-adjusted rate base and net operating income. To

1 determine FPL's costs to serve each retail rate class, the various components  
2 of the jurisdictional-adjusted rate base and net operating income are  
3 functionalized, classified, and allocated to the retail rate classes.

4 **Q. Please explain the treatment of production plant in FPL's cost of service**  
5 **study.**

6 A. As required by MFR E-1, FPL's cost of service study utilizes a 12 CP and  
7 1/13<sup>th</sup> methodology for production plant. The 12 CP and 1/13<sup>th</sup> methodology  
8 recognizes that the decision to add generating capacity is driven primarily by  
9 peak demands on the system. This methodology classifies 12/13<sup>ths</sup>, or  
10 approximately 92%, of costs on the basis of coincident peak demand and  
11 1/13<sup>th</sup>, or approximately 8%, of costs on the basis of energy. That portion  
12 classified to demand is allocated to the individual rate classes based on their  
13 12 CP contributions, adjusted for losses, while the portion classified to energy  
14 is allocated based on their kWh sales, adjusted for losses. Under the 12 CP  
15 and 1/13<sup>th</sup> methodology, all generating units are treated consistently based on  
16 their function (i.e. production), their classification (12/13<sup>ths</sup> demand and 1/13<sup>th</sup>  
17 energy), and their allocation (contribution to the system peak and kWh of  
18 energy). The 12 CP and 1/13<sup>th</sup> methodology has a significant history of  
19 regulatory acceptance in Florida. The 12 CP and 1/13<sup>th</sup> methodology was used  
20 in Docket No. 830465-EI and Docket No. 080677-EI. Furthermore, the FPSC  
21 has approved the 12 CP and 1/13<sup>th</sup> methodology in rate cases involving other  
22 investor-owned utilities.

1 **Q. How does FPL's cost of service methodology treat transmission plant?**

2 A. With the exception of transmission pull-offs, which are required to connect  
3 transmission voltage customers to the grid, transmission plant has also been  
4 classified on the basis of 12 CP and 1/13<sup>th</sup>. The portion of transmission plant  
5 classified to demand is allocated to the individual rate classes based on their  
6 12 CP contributions, adjusted for losses, while the portion classified to energy  
7 is allocated based on the kWh sales, adjusted for losses. Costs associated with  
8 transmission pull-offs are classified as customer-related and allocated to  
9 transmission voltage customers. This approach mirrors the treatment of  
10 transmission plant approved in Docket No. 830465-EI and Docket No.  
11 080677-EI.

12 **Q. How does FPL's cost of service methodology treat distribution plant?**

13 A. Unlike production and transmission plant, which serve all of FPL's retail rate  
14 classes, distribution plant is often specific to particular rate classes. Metering  
15 costs, for example, are not relevant to lighting classes, such as SL-1 and OL-1,  
16 which are unmetered. Likewise, the cost of secondary lines is not incurred in  
17 providing service to transmission level customers. Thus, the distribution  
18 function is actually a mix of a number of distinct sub-functions, each with its  
19 own allocation methodology. Substations and primary voltage lines are  
20 allocated on the basis of the GNCP of customers served from the distribution  
21 system. Secondary voltage lines are allocated on the basis of the GNCP of  
22 customers served at secondary voltage levels. Transformers are allocated on  
23 the basis of the NCP of customers served at secondary voltage levels.

1 The cost of metering equipment is classified as a customer charge and is  
2 allocated to rate classes based on the fully loaded cost of the meters in service  
3 for each rate class. Service drops and primary voltage pull-offs are also  
4 classified as a customer charge. Primary voltage customers are allocated the  
5 cost of primary pull-offs, and secondary voltage customers are allocated the  
6 cost of service drops.

7  
8 Lastly, costs specifically dedicated to lighting customers, including fixtures,  
9 poles, and conductors, are directly assigned to those rate classes. FPL's  
10 methodology for treating distribution plant just described is consistent with  
11 that approved in Docket No. 830465-EI and Docket No. 080677-EI.

12 **Q. Is additional detail available outlining the methodology used in the**  
13 **retail cost of service study?**

14 A. Yes. Exhibit JAE-4 provides details of the methodologies used in the cost of  
15 service study to allocate the various components of rate base and NOI.

16 **Q. Which MFRs outline the functionalization, classification, and allocation**  
17 **of costs in the cost of service study?**

18 A. MFRs E-4a and E-4b show the functionalization and classification of rate base  
19 and expenses by FERC account. MFRs E-3a and E-3b show the allocation of  
20 rate base and expenses by FERC account to the individual rate classes.



1 **V. RETAIL COST OF SERVICE RESULTS**

2

3 **Q. What results are produced in the cost of service study?**

4 A. The cost of service study produces specific data for each rate class including  
5 rate base, net operating income, ROR, target revenue requirements, and unit  
6 costs for demand, energy, and customer charges. Target revenue requirements  
7 and unit costs serve as the initial basis in the rate design process.

8 **Q. How is the rate of return by rate class determined?**

9 A. ROR is calculated by dividing NOI by rate base. The retail jurisdictional  
10 ROR represents the jurisdictional adjusted net operating income divided by  
11 the jurisdictional adjusted rate base. The ROR for each rate class is calculated  
12 once the various components of jurisdictional adjusted rate base and  
13 jurisdictional adjusted net operating income are allocated to all rate classes.  
14 ROR on a total retail and on an individual rate class level are reported in MFR  
15 E-1.

16 **Q. How are comparisons in ROR by rate class made?**

17 A. A measure of how a rate class's ROR compares to the total retail ROR can be  
18 computed by dividing the class ROR by the retail ROR. The resulting figure  
19 is referred to as the parity index. A rate class with a parity index of 100%  
20 would be earning the same ROR as the retail average, and deemed to be  
21 precisely at parity. A rate class with a parity index of less than 100%, or  
22 below parity, would be earning an ROR that is less than the retail average

1 ROR, while the opposite would be true for a rate class with an index above  
2 100%.

3 **Q. What does FPL's cost of service study show regarding the retail average**  
4 **ROR and the parity indices by rate class?**

5 A. At present rates, FPL's cost of service shows a projected retail jurisdictional  
6 ROR of 5.50% for the 2013 Test Year, which is the same earned rate of return  
7 as that reported on Line No. 12 of MFR A-1. The study shows that at present  
8 rates certain rate classes, such as GS(T)-1 and GSD(T)-1, are above parity,  
9 while other rate classes, such as GSLD(T)-1, and GSLD(T)-2, are below  
10 parity. Exhibit JAE-5 lists the rate of return and relative parity index for each  
11 rate class along with the revenue requirement differential to achieve full parity  
12 at present rates for the 2013 Test Year. MFR E-1 provides the details  
13 supporting these results.

14 **Q. Are there specific factors contributing to the disparities in rates of return**  
15 **among rate classes?**

16 A. Yes. Prior to Docket No. 080677-EI, customer rates were adjusted several  
17 times without regard to parity levels causing significant disparities among rate  
18 classes. For example, the implementation of the FPSC-approved 1999  
19 reduction in base rates resulted in higher percentage reductions in base  
20 revenues for the larger commercial/industrial ("C/I") rate classes. The 1999  
21 rate reduction was implemented by reducing all energy rates by the same rate  
22 factor; therefore, rate classes with lower than average energy rates, such as  
23 large C/I classes, received higher effective percentage reductions in their rates,

1           thereby exacerbating their disparity relative to other classes. In addition,  
2           some of FPL's current rate classes consist of a very limited number of  
3           customers, so customer migration and individual variations in load usage can  
4           be expected to have a larger impact on parity for those rate classes.

5  
6           FPL's current base rates were set in March 2010 in Docket No. 080677-EI.  
7           Parity levels among rate classes were significantly improved as a result of the  
8           order in that docket, Order No. PSC-10-0153-FOF-EI. However, due to the  
9           significant disparities existing prior to this docket and the application of the  
10          FPSC's practice of limiting rate class increases to 1.5 times the system  
11          average, the base rates for each rate class were not set at full parity.

12   **Q.    Please explain the other results produced in the cost of service study.**

13   A.    As previously mentioned, a cost of service study also calculates revenue  
14          requirements or target revenues by rate class. Revenue requirements consist  
15          of a return on rate base plus income taxes and expenses. Thus, revenue  
16          requirements represent the level of revenues required to earn a particular ROR.  
17          Consistent with FPSC filing requirements, three sets of projected revenue  
18          requirements by rate class have been developed. One set of revenue  
19          requirements, shown in MFR E-6a, is based on each rate class's projected  
20          individual ROR. The second set of revenue requirements, also presented in  
21          MFR E-6a, is based on FPL's projected retail ROR applied uniformly to each  
22          class. The third set of revenue requirements, shown in MFR E-6b, is based on  
23          FPL's requested retail ROR applied uniformly to each rate class. MFR E-6b

1 provides the target revenue requirements by rate class and underlying unit  
2 costs for each billing determinant (i.e., demand, energy, and customer) used by  
3 FPL witness Deaton in the rate development process. Exhibit JAE-6 shows  
4 target revenue requirements for each rate class at proposed rates on an  
5 equalized basis, that is, at the retail ROR or at parity. As can be seen on this  
6 Exhibit, the total revenue requirements deficiency shown in Column 4 equals  
7 the amount shown on MFR A-1, line 16. The target revenue requirements  
8 shown in Column 3 are reported on MFR E-1.

9  
10 The unit costs by billing determinant shown in MFRs E-6a and E-6b are  
11 derived by dividing the demand, energy, customer, and lighting-related  
12 revenue requirements by the appropriate billing determinants. Thus, the cost  
13 of service study provides the basis to determine the demand, energy, and  
14 customer unit costs for each rate class. As stated earlier, the rate classes'  
15 target revenue requirements and underlying unit costs at the requested retail  
16 ROR serve as the initial basis in the rate design process, which FPL witness  
17 Deaton addresses.

18  
19 The cost of service study in MFR E-1 also provides the impact of the  
20 proposed revenue increase on the ROR and parity index for each rate class.  
21 The proposed revenue increase by rate class used in this MFR is provided on  
22 MFR E-5, sponsored by FPL witness Deaton.

1 Q. Does this conclude your direct testimony?

2 A. Yes.

**MFRs AND SCHEDULES SPONSORED OR CO-SPONSORED BY  
JOSEPH A. ENDER**

<b>MFR #</b>	<b>PERIOD</b>	<b>TITLE</b>
<b>SOLE SPONSORSHIP:</b>		
E- 2	Test	Explanation of Variations from Cost of Service Study Approved in Company's Last Rate Case
E- 3a	Test	Cost of Service Study - Allocation of Rate Base Components to Rate Schedule
E- 3b	Test	Cost of Service Study - Allocation of Expense Components to Rate Schedule
E- 4a	Test	Cost of Service Study - Functionalization and Classification of Rate Base
E- 4b	Test	Cost of Service Study - Functionalization and Classification of Expenses
E- 6a	Test	Cost of Service Study - Unit Costs, Present Rates
E- 6b	Test	Cost of Service Study - Unit Costs, Proposed Rates
E-10	Test	Cost of Service Study - Development of Allocation Factors
E-17	Historic	Load Research Data
<b>JOINT OR CO-SPONSORSHIP:</b>		
B- 2	Historic Prior Test	Rate Base Adjustments
B- 6	Historic Test CC Adj 2013	Jurisdictional Separation Factors - Rate Base
C- 4	Historic Test CC Adj 2013	Jurisdictional Separation Factors - Net Operating Income
E-1	Test	Cost of Service Studies
E-9	Test	Cost of Service - Load Data
E-11	Test	Development of Coincident and Non-Coincident Demands for Cost Study
E-16	Prior Test	Customers by Voltage Level
E-19a	Test	Demand and Energy Losses
E-19b	Test	Energy Losses
E-19c	Test	Demand Losses
F- 5	Test	Forecasting Models

**LOAD RESEARCH RATE CLASSES AND RELATED RATE SCHEDULES**

RATE CLASS	RATE CLASS DESCRIPTION	RATE SCHEDULE(S)	RATE SCHEDULE DESCRIPTION
<b>RETAIL:</b>			
CILC-1D	Commercial/Industrial Load Control - Distribution	CILC-1D	Commercial/Industrial Load Control Program - Distribution (Closed Schedule)
CILC-1T	Commercial/Industrial Load Control - Transmission	CILC-1T	Commercial/Industrial Load Control Program - Transmission (Closed Schedule)
CILC-1G	Commercial/Industrial Load Control - General	CILC-1G	Commercial/Industrial Load Control Program - General (Closed Schedule)
GS(T)-1	General Service Non-Demand	GS-1, GST-1	General Service Non Demand & Time of Use (0-20 kW)
GSCU-1	General Service Constant Usage	GSCU-1	General Service Constant Usage (0-20 kW)
GSD(T)-1	General Service Demand	GSD-1, GSDT-1	General Service Demand & Time of Use (21-499 kW)
		HLFT-1	High Load Factor - Time of Use (21-499 kW)
		SDTR-1A, SDTR-1B	Seasonal Demand - Time of Use Rider (21-499 kW)
GSLD(T)-1	General Service Large Demand 1	GSLD-1, GSLDT-1	General Service Large Demand & Time of Use (500-1999 kW)
		CS-1, CST-1	Curtable Service & Time of Use (500-1999 kW)
		HLFT-2	High Load Factor - Time of Use (500-1999 kW)
		SDTR-2A, SDTR-2B	Seasonal Demand - Time of Use Rider (500-1999 kW)
GSLD(T)-2	General Service Large Demand 2	GSLD-2, GSLDT-2	General Service Large Demand & Time of Use (2000+ kW)
		CS-2, CST-2	Curtable Service & Time of Use (2000+ kW)
		HLFT-3	High Load Factor - Time of Use (2000+ kW)
		SDTR-3A, SDTR-3B	Seasonal Demand - Time of Use Rider (2000+ kW)
GSLD(T)-3	General Service Large Demand 3	GSLD-3, GSLDT-3	General Service Large Demand & Time of Use - Transmission (2000+ kW)
		CS-3, CST-3	Curtable Service & Time of Use - Transmission (2000+ kW)
METRO	Metropolitan Transit Service	MET	Metropolitan Transit Service
OL-1	Outdoor Lighting	OL-1	Outdoor Lighting
OS-2	Sports Field Service	OS-2	Sports Field Service & Recreational Lighting
RS(T)-1	Residential Service	RS-1, RST-1	Residential Service & Time of Use
SL-1	Street Lighting	SL-1, PL-1	Street Lighting & Premium Lighting
SL-2	Traffic Signal Service	SL-2	Traffic Signal Service
SST-DST	Standby and Supplemental Service - Distribution	SST-1D, SST-2D, SST-3D	Standby and Supplemental Service - Distribution
SST-TST	Standby and Supplemental Service - Transmission	SST-1T	Standby and Supplemental Service - Transmission

**LOAD RESEARCH RATE CLASSES AND RELATED RATE SCHEDULES**

RATE CLASS	RATE CLASS DESCRIPTION
<b>WHOLESALE:</b>	
FKEC	Florida Keys Electric Cooperative
KWEST	City of Key West, FL
MDCSWM	Miami-Dade County Solid Waste Management
LCEC	Lee County Electric Cooperative
WAUCHULA	City of Wauchula, FL



**RATE CLASS EXTRAPOLATION TECHNIQUES**

<b>RATE CLASS</b>	<b>RATE CLASS DESCRIPTION</b>	<b>EXTRAPOLATION TECHNIQUES</b>
<b>100% METERED<sup>(1)</sup></b>		
CILC-1D	Commercial/Industrial Load Control - Distribution	Ratio
CILC-1G	Commercial/Industrial Load Control - General	Ratio
CILC-1T	Commercial/Industrial Load Control - Transmission	Mean Per Unit
GSLD(T)-2	General Service Large Demand 2	Ratio
GSLD(T)-3	General Service Large Demand 3	Mean Per Unit
METRO	Metropolitan Transit Service	Mean Per Unit
SST-DST	Standby and Supplemental Service - Distribution	Mean Per Unit
SST-TST	Standby and Supplemental Service - Transmission	Mean Per Unit
FKEC <sup>(2)</sup>	Florida Keys Electric Cooperative	Mean Per Unit
KWEST <sup>(2)</sup>	City of Key West, FL	Mean Per Unit
MDCSWM <sup>(2)</sup>	Miami-Dade County Solid Waste Management	Mean Per Unit
LCEC <sup>(2)</sup>	Lee County Electric Cooperative	Mean Per Unit
WAUCHULA <sup>(2)</sup>	City of Wauchula, FL	Mean Per Unit
<b>MODELED</b>		
OL-1	Outdoor Lighting	Mean Per Unit
SL-1	Street Lighting	Mean Per Unit
SL-2	Traffic Signal Service	Mean Per Unit
<b>SAMPLED</b>		
GS(T)-1	General Service Non-Demand	Ratio
GSCU-1	General Service Constant Usage	Ratio
GSD(T)-1	General Service Demand	Ratio
GSLD(T)-1	General Service Large Demand 1	Ratio
OS-2	Sports Field Service	Ratio
RS(T)-1	Residential Service	Ratio
<p><sup>(1)</sup> The use of extrapolation techniques (Ratio or Mean Per Unit) for 100% metered rate classes is necessary to account for missing interval data resulting from meter, data translation or communication issues. These two methodologies will extrapolate to the population level and, thus, account for any missing interval data.</p> <p><sup>(2)</sup> Wholesale</p>		

### Cost of Service Methodology by Component

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
<b>BALANCE SHEET - ASSETS:</b>			
<b>PLANT IN SERVICE:</b>			
<b>INTANGIBLE</b>			
BAL001000	PLT IN SERV - INTANGIBLE	Internal	1900 - O & M Labor
<b>PRODUCTION - STEAM</b>			
BAL001100	PLT IN SERV - STEAM	Compound	W310-P - 12CP (Demand) and 1/13 (Energy)
BAL001800	ACQUISITION ADJUSTMENT SCHERER 4	Compound	W310-P - 12CP (Demand) and 1/13 (Energy)
<b>PRODUCTION - NUCLEAR</b>			
BAL001200	PLT IN SERV - NUCLEAR - TURKEY PT	Compound	W320-P - 12CP (Demand) and 1/13 (Energy)
BAL001220	PLT IN SERV - NUCLEAR - ST LUCIE 1	Compound	W320-P - 12CP (Demand) and 1/13 (Energy)
BAL001250	PLT IN SERV - NUCLEAR - ST LUCIE COM	Compound	W320-P - 12CP (Demand) and 1/13 (Energy)
BAL001270	PLT IN SERV - NUCLEAR - ST LUCIE 2	Compound	W320-P - 12CP (Demand) and 1/13 (Energy)
<b>PRODUCTION - OTHER</b>			
BAL001300	PLT IN SERV - OTHER PRODUCTION	Compound	W340-P - 12CP (Demand) and 1/13 (Energy)
<b>TRANSMISSION</b>			
BAL001400	PLT IN SERV - TRANSMISSION	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) - Adjusted for Pull-offs
BAL001401	PLT IN SERV - TRANSMISSION - GSU	Internal	I345T - Production Plant in Service
BAL001402	PLT IN SERV - TRANSMISSION - OTHER	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) - Adjusted for Pull-offs
<b>DISTRIBUTION</b>			
BAL001510	PLT IN SERV - DISTRIB ACCT 360 - LAND	External	FPL104 - Distribution Group Non-Coincident Peak Demand
BAL001511	PLT IN SERV - DISTRIB ACCT 361 - STRUCTURES	External	FPL104 - Distribution Group Non-Coincident Peak Demand
BAL001512	PLT IN SERV - DISTRIB ACCT 362 - STATION EQUIP	External	FPL104 - Distribution Group Non-Coincident Peak Demand
BAL001514	PLT IN SERV - DISTRIB ACCT 364 - POLES, TOWERS & FIXT	Compound	W364-D - Distribution - Poles, Towers & Fixtures - Adj. for Pri. Pull-offs
BAL001515	PLT IN SERV - DISTRIB ACCT 365 - OH CONDUCT & DEVICES	Compound	W365-D - Distribution - OH Conductors - Adjusted for Primary Pull-offs
BAL001516	PLT IN SERV - DISTRIB ACCT 366 - UG CONDUIT	Compound	W366-D - Distribution - UG Conduit
BAL001517	PLT IN SERV - DISTRIB ACCT 367 - UG CONDUCT & DEVICES	Compound	W367-D - Distribution - UG Conductors
BAL001518	PLT IN SERV - DISTRIB ACCT 368 - TRANSFORMERS	Compound	W368-D - Distribution - Transformers
BAL001519	PLT IN SERV - DISTRIB ACCT 369 - SERVICES	External	FPL303 - Average Secondary Customers
BAL001520	PLT IN SERV - DISTRIB ACCT 370 - METERS	External	FPL325 - Meter Costs
BAL001521	PLT IN SERV - DISTRIB ACCT 371 - INSTALL ON CUST PREM	External	FPL509 - Outdoor Lighting
BAL001523	PLT IN SERV - DISTRIB ACCT 373 - ST LIGHT & TRAFFIC SIG	External	FPL508 - Street Lights and Traffic Lights
<b>GENERAL</b>			
BAL001600	PLT IN SERV - GENERAL PLANT TRANSPORTATION EQUIP	Internal	1900 - O & M Labor
BAL001710	PLT IN SERV - GENERAL PLANT STRUCTURES	Internal	1900 - O & M Labor
BAL001720	PLT IN SERV - GENERAL PLANT OTHER	Internal	1900 - O & M Labor

**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
<b>ACCUMULATED PROVISION FOR DEPRECIATION:</b>			
<b>INTANGIBLE</b>			
BAL008000	ACC PROV DEPR - INTANGIBLE	Internal	1900 - O & M Labor
<b>PRODUCTION - STEAM</b>			
BAL008100	ACC PROV DEPR - STEAM	Compound	W310-P - 12CP (Demand) and 1/13th (Energy)
BAL008155	ACC PROV DEPR - FOSSIL DECOM	Compound	W310-P - 12CP (Demand) and 1/13th (Energy)
BAL009180	ACC PROV DEPR - AMORT ELECT PLANT	Compound	W310-P - 12CP (Demand) and 1/13th (Energy)
<b>PRODUCTION - NUCLEAR</b>			
BAL008200	ACC PROV DEPR - TURKEY POINT	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
BAL008220	ACC PROV DEPR - ST LUCIE 1	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
BAL008250	ACC PROV DEPR - ST LUCIE COM	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
BAL008270	ACC PROV DEPR - ST LUCIE 2	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
<b>PRODUCTION - OTHER</b>			
BAL008300	ACC PROV DEPR - OTH PRODUCTION	Compound	W340-P - 12CP (Demand) and 1/13th (Energy)
BAL008350	ACC PROV DEPR - DISMANTLEMENT - OTHER	Compound	W340-P - 12CP (Demand) and 1/13th (Energy)
<b>TRANSMISSION</b>			
BAL008400	ACC PROV DEPR - TRANSMISSION	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
BAL008401	ACC PROV DEPR - TRANSMISSION - GSU	Internal	13451 - Production Plant in Service
BAL008402	ACC PROV DEPR - TRANSMISSION - OTHER	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
<b>DISTRIBUTION</b>			
BAL008511	ACC PROV DEPR - DIST ACCT 361 - STRUCTURES	External	FPL104 - Distribution Group Non-Coincident Peak Demand
BAL008512	ACC PROV DEPR - DIST ACCT 362 - STATION EQUIP	External	FPL104 - Distribution Group Non-Coincident Peak Demand
BAL008514	ACC PROV DEPR - DIST ACCT 364 - POLES, TWRS & FIXT	Compound	W364-D - Distribution - Poles, Towers & Fixtures - Adj. for Pri. Pull-offs
BAL008515	ACC PROV DEPR - DIST ACCT 365 - OH COND & DEV	Compound	W365-D - Distribution - OH Conductors - Adjusted for Primary Pull-offs
BAL008516	ACC PROV DEPR - DIST ACCT 366 - UG CONDUIT	Compound	W366-D - Distribution - UG Conduit
BAL008517	ACC PROV DEPR - DIST ACCT 367 - UG COND & DEV	Compound	W367-D - Distribution - UG Conductors
BAL008518	ACC PROV DEPR - DIST ACCT 368 - TRANSFORMERS	Compound	W368-D - Distribution - Transformers
BAL008519	ACC PROV DEPR - DIST ACCT 369 - SERVICES	External	FPL303 - Average Secondary Customers
BAL008520	ACC PROV DEPR - DIST ACCT 370 - METERS	External	FPL325 - Meter Costs
BAL008521	ACC PROV DEPR - DIST ACCT 371 - INSTALL ON CUST PREM	External	FPL509 - Outdoor Lighting
BAL008523	ACC PROV DEPR - DIST ACCT 373 - LIGHT & TRAFF	External	FPL508 - Street Lights and Traffic Lights
<b>GENERAL</b>			
BAL008600	ACC PROV DEPR - GENERAL PLT TRANSPORT EQUIP	Internal	1900 - O & M Labor
BAL008710	ACC PROV DEPR - GENERAL PLT STRUCTURES	Internal	1900 - O & M Labor
BAL008720	ACC PROV DEPR - GENERAL PLT OTHER	Internal	1900 - O & M Labor

**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
<b><u>FUTURE USE PROPERTY:</u></b>			
BAL005100	PLT FUTURE USE - STEAM	Compound	W310-P - 12CP (Demand) and 1/13 (Energy)
BAL005200	PLT FUTURE USE - NUCLEAR	Compound	W320-P - 12CP (Demand) and 1/13 (Energy)
BAL005300	PLT FUTURE USE - OTHER PRODUCTION	Compound	W340-P - 12CP (Demand) and 1/13 (Energy)
BAL005400	PLT FUTURE USE - TRANSMISSION	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) - Adjusted for Pull-offs
BAL005500	PLT FUTURE USE - DISTRIBUTION	External	FPL104 - Distribution Group Non-Coincident Peak Demand
BAL005700	PLT FUTURE USE - GENERAL	Internal	1900 - O & M Labor
<b><u>CWIP:</u></b>			
BAL007000	CWIP - INTANGIBLE	Internal	1900 - O & M Labor
BAL007100	CWIP - STEAM	Compound	W310-P - 12CP (Demand) and 1/13th (Energy)
BAL007200	CWIP - NUCLEAR	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
BAL007300	CWIP - OTHER PRODUCTION	Compound	W340-P - 12CP (Demand) and 1/13th (Energy)
BAL007400	CWIP - TRANSMISSION	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) - Adjusted for Pull-offs
BAL007500	CWIP - DISTRIBUTION	Internal	I375T - Distribution Plan in Service - Excluding Meters
BAL007600	CWIP - GENERAL - TRANSPORTATION EQUIP	Internal	1900 - O & M Labor
<b><u>NUCLEAR FUEL:</u></b>			
BAL020100	NUCLEAR FUEL IN PROCESS	External	FPL201 - MWH Sales
BAL020200	NUCLEAR FUEL MATERIALS & ASSEMBLIES	External	FPL201 - MWH Sales
BAL020300	NUCLEAR FUEL ASSEMBLIES IN REACTOR	External	FPL201 - MWH Sales
BAL020400	SPENT NUCLEAR FUEL	External	FPL201 - MWH Sales
BAL020500	ACCUM PROV FOR AMORT OF NUCLEAR FUEL ASSEMBLIES	External	FPL201 - MWH Sales
<b><u>WORKING CAPITAL - ASSETS:</u></b>			
<b><u>CURRENT AND ACCRUED</u></b>			
BAL244000	ACCUM PROVISION FR UNCOLLECTIBLE ACCTS	External	FPL205 - Uncollectible Accounts
BAL251000	FUEL STOCK	External	FPL201 - MWH Sales
BAL254100	PLANT MATERIALS & OPERATING SUPPLIES	Internal	I399T - Gross Plant in Service
BAL263000	STORES EXPENSE	Internal	I399T - Gross Plant in Service
BAL275000	MISC CUR & ACC ASSTS - DERIVATIVE ASSETS	External	FPL201 - MWH Sales
ALL OTHER		Internal	I599T - O & M Total
<b><u>DEFERRED DEBITS</u></b>			
BAL382321	OTHER REG ASSETS - DERIVATIVES	External	FPL201 - MWH Sales
BAL382340	OTHER REG ASSETS - GLADES POWER PARK	Internal	I310 - Production - Steam Plant in Service
BAL386180	MISC DEFD DEB - STORM MAINT	Internal	I399T - Gross Plant in Service
BAL386181	MISC DEFD DEB - STORM MAINT - OFFSET	Internal	I399T - Gross Plant in Service
BAL386190	MISC DEFD DEB - DEFD PENSION DEBIT	Internal	1900 - O & M Labor
BAL386415	MISC DEFD DEB - SJRPP	Internal	I310 - Production - Steam Plant in Service
ALL OTHER		Internal	I599T - O & M Total

**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
<b>BALANCE SHEET - LIABILITIES:</b>			
<b>PROPRIETARY CAPITAL, LONG-TERM DEBT &amp; OTHER NON-CURRENT LIABILITIES:</b>			
BAL628200	ACCUM PROV INJURIES & DAMAGES - WORKERS COMPENSATION	Internal	1900 - O & M Labor
BAL628370	ACCUM PROV PEN/BENFS-POST RETIREMENT BENEFITS	Internal	1900 - O & M Labor
BAL628410	ACC MISC OPER PROV - MISCELLANEOUS OPER RESERVES	Internal	1599T - O & M Total
BAL628411	ACC MISC OPER PROV - NUCLEAR MAINT RSV	Internal	1320 - Production - Nuclear Plant in Service
BAL628430	ACC MISC OPER PROV - DEFERRED COMPENSATION	Internal	1900 - O & M Labor
BAL730200	OTHER NON CURRENT LIABILITY - OTHER	Internal	1599T - O & M Total
<b>WORKING CAPITAL LIABILITIES:</b>			
<b>CURRENT AND ACCRUED LIABILITIES</b>			
BAL736205	TAXES ACCRUED - CITY & COUNTY REAL & PERSONAL PROPERTY	Internal	1409T - Net Plant in Service
BAL737151	INTEREST ACCRUED ON LTD - STORM SECURITIZATION	Internal	1379T - Transmission and Distribution Plant in Service
BAL742101	MISC CURR & ACC LIAB - STORM LIABILITIES	Internal	1399T - Gross Plant in Service
BAL742800	MISC CURR & ACC LIAB - POLE ATTACHMENT RENTALS	Compound	W364-D - Distribution - Poles, Towers & Fixtures - Adj. for Pri. Pull-offs
BAL744000	MISC CURRENT LIAB - DERIVATIVES LIABILITY	External	FPL201 - MWH Sales
ALL OTHER		Internal	1599T - O & M Total
<b>DEFERRED CREDITS</b>			
BAL853182	OTHER DEFD CREDITS - STORM LIABILITIES	Internal	1399T - Gross Plant in Service
BAL853250	OTHER DEFD CREDITS - DEFERRED SJRPP INTEREST	Internal	1310 - Production - Steam Plant in Service
BAL854401	OTHER REG LIAB - NUCLEAR AMORT	Internal	1320 - Production - Nuclear Plant in Service
ALL OTHER		Internal	1599T - O & M Total
<b>INCOME STATEMENT:</b>			

**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
<b>OPERATING REVENUES:</b>			
<b>SALES OF ELECTRICITY</b>			
INC054000	RETAIL SALES - BASE REVENUES	External	FPL401 - Base Revenues
INC040420	CILC INCENTIVES OFFSET	External	FPL402 - Load Control Incentive Offset
INC056920	OTH ELECTRIC REVENUES - UNBILLED REVENUES - FPSC	External	FPL206 - MWH Sales at Meter (Retail Only)
<b>OTHER OPERATING REVENUES</b>			
INC050400	FIELD COLLECTION LATE PAYMENT CHARGES	External	FPL311 - Misc. Serv. Revs. - Late Payment Charges (Retail Only)
INC051010	MISC SERVICE REVENUES - INITIAL CONNECTION	External	FPL312 - Misc. Serv. Revs. - Initial Connection Charges (Retail Only)
INC051020	MISC SERVICE REVENUES - RECONNECT AFTER NON PAYMENT	External	FPL313 - Misc. Serv. Revs - Reconnect. After Nonpayment (Retail Only)
INC051030	MISC SERVICE REVENUES - CONNECT / DISCONNECT	External	FPL314 - Misc. Serv. Revs. - Connect. of Existing Accounts (Retail Only)
INC051040	MISC SERVICE REVENUES - RETURNED CUSTOMER CHECKS	External	FPL315 - Misc. Serv. Revs. - Returned Check Charges (Retail Only)
INC051050	MISC SERVICE REVENUES - CURRENT DIVERSION PENALTY	External	FPL316 - Misc. Serv. Revs. - Current Diversion Charges (Retail Only)
INC051060	MISC SERVICE REVENUES - OTHER BILLINGS	External	FPL356 - Average Customers
INC054000	RENT FROM ELECTRIC PROPERTY - GENERAL	Compound	W454-RENT - Rent from Electric Property
INC054100	RENT FROM ELEC PROP - FUT USE & PLT IN SERV & STORAGE TANKS	Internal	I409T - Net Plant in Service
INC054400	RENT FROM ELECTRIC PROPERTY - POLE ATTACHMENTS	Compound	W364-D - Distribution - Poles, Towers & Fixtures - Adj. for Pri. Pull-offs
INC056213	OTH ELEC REVS - TRANS SERV (ST FIRM & NON-FIRM)	Compound	W351-T - 12CP (Demand) & 1/13 (Energy)
INC056224	OTH ELEC REVS - ANCILLARY SERVICES (REG, SPINNING & SUPP)	Internal	I310 - Production - Steam Plant in Service
INC056249	OTH ELECTRIC REVENUES - WHOLESALE DISTRIBUTION WHEELING	Internal	I375T - Distribution Plant in Service - Excluding Meters
INC056700	OTH ELECTRIC REVENUES - MISC	Internal	I599T - O & M Total
<b>OPERATION AND MAINTENANCE EXPENSES:</b>			
<b>POWER PRODUCTION EXPENSES - STEAM O&amp;M GENERATION</b>			
INC100000	STEAM O&M - OPERATION SUPERVISION & ENGINEERING	Compound	W500-P - Production - Steam - 500 - Operating Superv. and Eng.
INC101210	STEAM O&M - FUEL - NON RECV EXP	External	FPL201 - MWH Sales
INC102000	STEAM O&M - STEAM EXPENSES	Compound	W502-P - Production - Steam - 502 - Steam Expenses
INC105000	STEAM O&M - ELECTRIC EXPENSES	Compound	W505-P - Production - Steam - 505 - Electric Expenses
INC106000	STEAM O&M - MISCELLANEOUS STEAM O&M EXPENSES	External	FPL101 - Average of 12CP Demand
INC107000	STEAM O&M - RENTS	External	FPL101 - Average of 12CP Demand
INC110000	STEAM O&M - MAINT SUPERVISION & ENGINEERING	Compound	W510-P - Production - Steam - 510 - Maintenance Superv. and Eng.
INC111000	STEAM O&M - MAINT OF STRUCTURES	External	FPL101 - Average of 12CP Demand
INC112000	STEAM O&M - MAINT OF BOILER PLANT	External	FPL201 - MWH Sales
INC113000	STEAM O&M - MAINT OF ELECTRIC PLANT	External	FPL201 - MWH Sales
INC114000	STEAM O&M - MAINT OF MISCELLANEOUS STEAM PLT	External	FPL201 - MWH Sales
<b>POWER PRODUCTION EXPENSES - NUCLEAR O&amp;M GENERATION</b>			
INC117000	NUCLEAR O&M - OPERATION SUPERVISION & ENGINEERING	Compound	W517-P - Production - Nuclear - 517 - Operating Superv. and Eng.
INC118210	NUCLEAR O&M - NUCL FUEL EXP - NON RECOV FUEL EXP	External	FPL201 - MWH Sales
INC119000	NUCLEAR O&M - COOLANTS AND WATER	Compound	W519-P - Production - Nuclear - 519 - Coolants and Water
INC120000	NUCLEAR O&M - STEAM EXPENSES	Compound	W520-P - Production - Nuclear - 520 - Steam Expenses
INC123000	NUCLEAR O&M - ELECTRIC EXPENSES	Compound	W523-P - Production - Nuclear - 523 - Electric Expenses
INC124000	NUCLEAR O&M - MISCELLANEOUS NUCLEAR O&M EXPENSES	External	FPL101 - Average of 12CP Demand
INC128000	NUCLEAR O&M - MAINT SUPERVISION & ENGINEERING	Compound	W528-P - Production - Nuclear - 528 - Maintenance Superv. and Eng.
INC129000	NUCLEAR O&M - MAINT OF STRUCTURES	External	FPL101 - Average of 12CP Demand

**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
INC130000	NUCLEAR O&M - MAINT OF REACTOR PLANT	External	FPL201 - MWH Sales
INC131000	NUCLEAR O&M - MAINT OF ELECTRIC PLANT	External	FPL201 - MWH Sales
INC132000	NUCLEAR O&M - MAINT OF MISC NUCLEAR PLANT	External	FPL201 - MWH Sales
<b>POWER PRODUCTION EXPENSES - OTHER POWER GENERATION</b>			
INC146000	OTHER POWER - OPERATION SUPERVISION & ENGINEERING	External	FPL101 - Average of 12CP Demand
INC147200	OTHER POWER - FUEL -NON RECOV ANNUAL EMISSIONS FEE	External	FPL201 - MWH Sales
INC148000	OTHER POWER - GENERATION EXPENSES	External	FPL101 - Average of 12CP Demand
INC149000	OTHER POWER - MISC OTHER POWER GENERATION EXPENSES	External	FPL101 - Average of 12CP Demand
INC151000	OTHER POWER - MAINT SUPERVISION & ENGINEERING	External	FPL201 - MWH Sales
INC152000	OTHER POWER - MAINT OF STRUCTURES	External	FPL101 - Average of 12CP Demand
INC153000	OTHER POWER - MAINT GENERATING & ELECTRIC PLANT	External	FPL201 - MWH Sales
INC154000	OTHER POWER - MAINT MISC OTHER POWER GENERATION	External	FPL201 - MWH Sales
<b>POWER PRODUCTION EXPENSES - OTHER POWER SUPPLY</b>			
INC156000	OTHER POWER - SYSTEM CONTROL AND LOAD DISPATCHING	External	FPL101 - Average of 12CP Demand
INC157000	OTHER POWER - OTHER EXPENSES	External	FPL101 - Average of 12CP Demand
<b>TRANSMISSION EXPENSES</b>			
INC260010	TRANS EXP - OPERATION SUPERV & ENGINEERING	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
INC261000	TRANS EXP - LOAD DISPATCHING	Compound	W351-T - 12CP (Demand) & 1/13 (Energy)
INC262000	TRANS EXP - STATION EXPENSES	Compound	W351-T - 12CP (Demand) & 1/13 (Energy)
INC263000	TRANS EXP - OVERHEAD LINE EXPENSES	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
INC265000	TRANS EXP - TRANSMISSION OF ELECTRICITY BY OTHERS	Compound	W351-T - 12CP (Demand) & 1/13 (Energy)
INC266000	TRANS EXP - MISC TRANSMISSION EXPENSES	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
INC268010	TRANS EXP - MAINT SUPERV & ENGINEERING	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
INC269000	TRANS EXP - MAINT OF STRUCTURES	Compound	W351-T - 12CP (Demand) & 1/13 (Energy)
INC270000	TRANS EXP - MAINT OF STATION EQUIPMENT	Compound	W351-T - 12CP (Demand) & 1/13 (Energy)
INC271000	TRANS EXP - MAINT OF OVERHEAD LINES	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
INC272000	TRANS EXP - MAINT OF UNDERGROUND LINES	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
INC273000	TRANS EXP - MAINT OF MISC TRANS PLANT	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
<b>DISTRIBUTION EXPENSES</b>			
INC380000	DIST EXP - OPERATION SUPERVISION AND ENGINEERING	Internal	I378T - Distribution Plant in Service
INC381000	DIST EXP - LOAD DISPATCHING	External	FPL104 - Distribution Group Non-Coincident Peak Demand
INC382000	DIST EXP - SUBSTATION EXPENSES	External	FPL104 - Distribution Group Non-Coincident Peak Demand
INC383000	DIST EXP - OVERHEAD LINE EXPENSES	Compound	W583-D - Distribution – Accounts 583 & 593 – OH Distribution Lines
INC384000	DIST EXP - UNDERGROUND LINE EXPENSES	Compound	W584-D - Distribution – Accounts 584 & 594 – UG Distribution Lines
INC385000	DIST EXP - STREET LIGHTING AND SIGNAL SYSTEM EXPENSES	External	FPL508 - Street Lights and Traffic Signals
INC386000	DIST EXP - METER EXPENSES	External	FPL325 - Meter Costs
INC387000	DIST EXP - CUSTOMER INSTALLATIONS EXPENSES	Compound	W587-D - Distribution – 587 – Customer Installation Expense
INC388000	DIST EXP - MISCELLANEOUS DISTRIBUTION EXPENSES	Internal	I378T - Distribution Plant in Service
INC389000	DIST EXP - RENTS	Internal	I378T - Distribution Plant in Service
INC390000	DIST EXP - MAINT SUPERVISION AND ENGINEERING	Internal	I378T - Distribution Plant in Service
INC392000	DIST EXP - MAINT OF STATION EQUIPMENT	External	FPL104 - Distribution Group Non-Coincident Peak Demand

**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
INC393000	DIST EXP - MAINT OF OVERHEAD LINES	Compound	W583-D - Distribution – Accounts 583 & 593 – OH Distribution Lines
INC394000	DIST EXP - MAINT OF UNDERGROUND LINES	Compound	W584-D - Distribution – Accounts 584 & 594 – UG Distribution Lines
INC395000	DIST EXP - MAINT OF LINE TRANSFORMERS	Compound	W368-D - Distribution - Transformers
INC396000	DIST EXP - MAINT OF STREET LIGHTING & SIGNAL SYSTEMS	External	FPL508 - Street Lights and Traffic Signals
INC397000	DIST EXP - MAINT OF METERS	External	FPL325 - Meter Costs
INC398000	DIST EXP - MAINT OF MISC DISTRIBUTION PLANT	Compound	W598-D - Distribution – 598 – Maintenance of Misc. Distribution Plant
<b>CUSTOMER ACCOUNTS EXPENSES</b>			
INC401000	CUST ACCT EXP - SUPERVISION	Internal	I540 - O & M – Customer Accounts Excluding Supervisio
INC402000	CUST ACCT EXP - METER READING EXPENSES	External	FPL330 - Meter Reading Expenses
INC403000	CUST ACCT EXP - CUSTOMER RECORDS AND COLLECTION EXP	External	FPL356 - Average Customers
INC404000	CUST ACCT EXP - UNCOLLECTIBLE ACCOUNTS	External	FPL205 - Uncollectible Expense
<b>CUSTOMER SERVICE &amp; INFORMATIONAL EXPENSES</b>			
INC407000	CUST SERV & INFO - SUPERVISION	External	FPL356 - Average Customers
INC408000	CUST SERV & INFO - CUST ASSISTANCE EXP	External	FPL356 - Average Customers
INC409000	CUST SERV & INFO - INFO & INST ADV - GENERAL	External	FPL356 - Average Customers
INC410000	CUST SERV & INFO - MISC CUST SERV & INFO EXP	External	FPL356 - Average Customers
<b>SALES EXPENSES</b>			
INC516000	MISCELLANEOUS AND SELLING EXPENSES	External	FPL356 - Average Customers
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>			
INC520010	A&G EXP - ADMINISTRATIVE & GENERAL SALARIES	Internal	1900 - O & M Labor
INC521000	A&G EXP - OFFICE SUPPLIES AND EXPENSES	Internal	1900 - O & M Labor
INC522000	A&G EXP - ADMINISTRATIVE EXPENSES TRANSFERRED CR.	Internal	1900 - O & M Labor
INC523000	A&G EXP - OUTSIDE SERVICES EMPLOYED	Internal	1900 - O & M Labor
INC524000	A&G EXP - PROPERTY INSURANCE	Internal	1399T-GROSS-PLANT
INC524100	A&G EXP - PROPERTY INSURANCE - NUCLEAR OUTAGE	Internal	1320 - Production – Nuclear Plant in Service
INC525000	A&G EXP - INJURIES AND DAMAGES	Internal	1900 - O & M Labor
INC526100	A&G EXP - EMP PENSIONS & BENEFITS	Internal	1900 - O & M Labor
INC528010	A&G EXP - REGULATORY COMMISSION EXPENSE - FPSC	Internal	1900 - O & M Labor
INC530000	A&G EXP - MISC GENERAL EXPENSES	Internal	1900 - O & M Labor
INC531000	A&G EXP - RENTS	Internal	1900 - O & M Labor
INC535000	A&G EXP - MAINT OF GENERAL PLANT	Internal	1389 - General Plant in Service
<b>DEPRECIATION EXPENSES:</b>			
<b>INTANGIBLE</b>			
INC603000	DEPR & AMORT EXP - INTANGIBLE	Internal	1900 - O & M Labor
INC603001	DEPR & AMORT EXP - INTANGIBLE ARO	Internal	1900 - O & M Labor
<b>PRODUCTION - STEAM</b>			
INC603010	DEPR & AMORT EXP - STEAM (EXC COAL )	Compound	W310-P - I2CP (Demand) and I/13 (Energy)
INC603011	DEPR & AMORT EXP - FOSSIL DECOMM	Compound	W310-P - I2CP (Demand) and I/13 (Energy)
INC603980	DEPR EXP - AMORT ELECT PLT - ACQUI ADJ	Compound	W310-P - I2CP (Demand) and I/13 (Energy)



**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
<b>PRODUCTION - NUCLEAR</b>			
INC603020	DEPR & AMORT EXP - TURKEY POINT	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
INC603022	DEPR & AMORT EXP - ST LUCIE 1	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
INC603024	DEPR & AMORT EXP - ST LUCIE COMMON	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
INC603026	DEPR & AMORT EXP - ST LUCIE 2	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
<b>PRODUCTION - OTHER</b>			
INC603030	DEPR & AMORT EXP - OTH PROD - GT	Compound	W340-P - 12CP (Demand) and 1/13th (Energy)
INC603036	DEPR & AMORT EXP - DISMANTLEMENT - OTHER PROD	Compound	W340-P - 12CP (Demand) and 1/13th (Energy)
<b>TRANSMISSION</b>			
INC603041	DEPR & AMORT EXP - TRANSMISSION	Compound	W350-T - 12CP (Demand) & 1/13 (Energy) – Adjusted for Pull-offs
INC603047	DEPR & AMORT EXP - TRANSMISSION - GSU	Internal	1345T - Production Plant in Service
INC603048	DEPR & AMORT EXP - TRANSMISSION - OTHER	Internal	1345T - Production Plant in Service
<b>DISTRIBUTION</b>			
INC603051	DEPR & AMORT EXP - DIST ACCT 361 - STRUCTURES	External	FPL104 - Distribution Group Non-Coincident Peak Demand
INC603052	DEPR & AMORT EXP - DIST ACCT 362 - STATION EQUIPMENT	External	FPL104 - Distribution Group Non-Coincident Peak Demand
INC603054	DEPR & AMORT EXP - DIST ACCT 364 - POLES, TOWERS & FIXTURES	Compound	W364-D - Distribution - Poles, Towers & Fixtures - Adj. for Pri. Pull-offs
INC603055	DEPR & AMORT EXP - DIST ACCT 365 - OH CONDUCTORS & DEVICES	Compound	W365-D - Distribution - OH Conductors - Adjusted for Primary Pull-offs
INC603056	DEPR & AMORT EXP - DIST ACCT 366 - UNDERGROUND CONDUIT	Compound	W366-D - Distribution - U G Conduit
INC603057	DEPR & AMORT EXP - DIST ACCT 367 - UG CONDUCT & DEVICES	Compound	W367-D - Distribution - U G Conductors
INC603058	DEPR & AMORT EXP - DIST ACCT 368 - LINE TRANSFORMERS	Compound	W368-D - Distribution - Transformers
INC603059	DEPR & AMORT EXP - DIST ACCT 369 - SERVICES	External	FPL303 - Average Secondary Customers
INC603060	DEPR & AMORT EXP - DIST ACCT 370 - METERS	External	FPL325 - Meter Costs
INC603061	DEPR & AMORT EXP - DIST ACCT 371 - INSTAL ON CUSTOMER PREMISES	External	FPL509 - Outdoor Lighting
INC603063	DEPR & AMORT EXP - DIST ACCT 373 - STREET LIGHTING & SIGNAL EQUIP	External	FPL508 - Street Lights and Traffic Lights
<b>GENERAL</b>			
INC603091	DEPR & AMORT EXP - GENERAL STRUCTURES	Internal	1900 - O & M Labor
INC603093	DEPR & AMORT EXP - GENERAL OTHER (EXC ECCR & FERC)	Internal	1900 - O & M Labor
<b><u>AMORTIZATION OF PROPERTY LOSSES, UNRECOVERED PLANT &amp; REGULATORY STUDY COSTS:</u></b>			
INC605000	ACCRETION EXPENSE - ARO REG DEBIT	Internal	1900 - O & M Labor
INC607000	AMORT OF PROP LOSSES, UNRECOV PLT & REGUL STUDY COSTS	Internal	1409T - Net Plant in Service
INC607143	REGULATORY CREDIT - ASSET RET OBLIGATION	Internal	1900 - O & M Labor
INC607340	AMORT OF GLADES POWER PARK	Internal	1310 - Production – Steam Plant in Service
INC607360	AMORTIZATION OF NUCLEAR RESERVE	Compound	W320-P - 12CP (Demand) and 1/13th (Energy)
<b><u>TAXES OTHER THAN INCOME TAXES:</u></b>			
INC608100	TAX OTH TH INC TAX - UTILITY OPERAT INCOME CLEARING	Internal	1409T - Net Plant in Service
INC608105	TAX OTH TH INC TAX - REAL & PERS PROPERTY TAX	Internal	1409T - Net Plant in Service
INC608115	TAX OTH TH INC TAX - FEDERAL UNEMPLOYMENT TAXES	Internal	1900 - O & M Labor
INC608120	TAX OTH TH INC TAX - STATE UNEMPLOYMENT TAXES	Internal	1900 - O & M Labor

**Cost of Service Methodology by Component**

COSS ID	DESCRIPTION	ALLOCATOR TYPE	ALLOCATOR
INC608125	TAX OTH TH INC TAX - FICA (SOCIAL SECURITY)	Internal	1900 - O & M Labor
INC608135	TAX OTH TH INC TAX - REG ASSESS FEE - RETAIL BASE	External	FPL401 - Base Revenues
INC608150	TAX OTH TH INC TAX - OCCUPATIONAL LICENCES	Internal	1900 - O & M Labor
<b><u>INVESTMENT TAX CREDIT:</u></b>			
INC611450	AMORTIZATION OF ITC	Internal	1409T - Net Plant in Service
<b><u>GAINS (LOSSES) FROM DISPOSITIONS:</u></b>			
INC611600	GAIN FROM DISP OF UTILITY PLANT - FUTURE USE	External	FPL104 - Distribution Group Non-Coincident Peak Demand

**Rates of Return and Parity at Present Rates**  
**For the Test Year 2013**  
(\$ Millions)

(1)	(2)	(3)	(4)	(6)	(7)	(8)
<b>Revenues from Sales - at Present Rates</b>						
<b>Rate Class</b>	<b>Achieved Revenues <sup>(1)</sup></b>	<b>Rate of Return (ROR) <sup>(1)</sup></b>	<b>Parity Index <sup>(1)</sup></b>	<b>Equalized Revenue Requirements <sup>(2)</sup></b>	<b>Revenue Excess/ (Deficiency) (2) - (6)</b>	<b>Percent Difference (7) / (2)</b>
<b>Above Parity -</b>						
RS(T)-1	\$ 2,532.4	5.5%	100%	\$ 2,527.3	\$ 5.1	0.2%
GSD(T)-1	860.8	5.8%	105%	841.3	19.5	2.3%
GS(T)-1	304.7	7.4%	134%	266.7	38.0	12.5%
CILC-1G	5.5	6.3%	114%	5.1	0.3	6.0%
SST-TST	4.3	16.3%	296%	2.4	1.9	44.7%
GSCU-1	1.7	6.6%	121%	1.6	0.1	6.8%
SL-2	1.3	11.3%	206%	0.8	0.4	32.2%
SST-DST	0.4	6.3%	114%	0.3	0.0	6.3%
<b>Below Parity -</b>						
GSLD(T)-1	\$ 311.8	3.9%	71%	\$ 360.0	\$ (48.2)	-15.5%
CILC-1D	73.1	5.0%	91%	76.2	(3.1)	-4.2%
SL-1	70.7	5.3%	96%	72.1	(1.4)	-2.0%
GSLD(T)-2	57.4	3.7%	68%	67.3	(9.9)	-17.2%
CILC-1I	23.4	4.4%	79%	25.7	(2.2)	-9.6%
OL-1	11.5	5.3%	96%	11.7	(0.2)	-1.5%
GSLD(T)-3	4.0	5.3%	96%	4.1	(0.1)	-1.5%
MET	2.9	4.5%	82%	3.2	(0.3)	-9.2%
OS-2	0.9	4.0%	73%	1.0	(0.1)	-15.5%
<b>Total Revenue from Retail Sales</b>	<b>\$ 4,266.6</b>	<b>5.5%</b>	<b>100%</b>	<b>\$ 4,266.6</b>	<b>\$ (0.0)</b>	<b>100%</b>
Misc Service Charges	67.3			67.3		
Other Operating Revenues	73.4			73.4		
<b>Total Operating Revenues</b>	<b>\$ 4,407.3</b>			<b>\$ 4,407.3</b>		

**Notes:**

- (1) Provided on MFR E-1, Achieved at Present Rates.
- (2) Provided on MFR E-1, Equalized at Present Rates.

Totals may not add due to rounding

**Target Revenue Requirements at Proposed Rates**  
**For the Test Year 2013**  
 (\$ Millions)

(1)	(2)	(3)	(4)	(5)
Rate Class	Achieved Revenues from Sales <sup>(1)</sup>	Target Revenue Requirements <sup>(2)</sup>	Revenue Requirements Deficiency (Excess) (3) - (2)	Percent Difference (4) / (2)
RS(T)-1	\$ 2,532.4	\$ 2,804.2	\$ 271.8	10.7%
GSD(T)-1	860.8	941.0	80.1	9.3%
GSLD(T)-1	311.8	404.8	93.0	29.8%
GS(T)-1	304.7	294.5	(10.2)	-3.3%
CILC-1D	73.1	85.5	12.3	16.9%
SL-1	70.7	80.6	9.9	14.0%
GSLD(T)-2	57.4	75.5	18.1	31.6%
CILC-1T	23.4	28.6	5.2	22.2%
OL-1	11.5	12.9	1.5	12.7%
CILC-1G	5.5	5.8	0.3	5.4%
SST-TST	4.3	2.6	(1.7)	-38.8%
GSLD(T)-3	4.0	4.6	0.5	13.2%
MET	2.9	3.5	0.7	23.1%
GSCU-1	1.7	1.7	0.0	2.1%
SL-2	1.3	0.9	(0.4)	-29.5%
OS-2	0.9	1.1	0.3	31.0%
SST-DST	0.4	0.4	0.0	6.2%
<b>Total Revenue from Retail Sales</b>	<b>\$ 4,266.6</b>	<b>\$ 4,748.1</b>	<b>\$ 481.5</b>	<b>11.3%</b>
Misc. Service Charges	67.3	102.3	35.0	52.0%
Other Operating Revenues	73.4	73.4	-	0.0%
<b>Total Operating Revenues</b>	<b>\$ 4,407.3</b>	<b>\$ 4,923.8</b>	<b>\$ 516.5</b> <sup>(3)</sup>	<b>11.7%</b>

**Notes:**

- (1) Provided on MFR E-1, Achieved at Present Rates.
- (2) Provided on MFR E-1, Equalized at Proposed Rates.
- (3) Revenue Increase Requested per MFR A-1, Line 16.

Totals may not add due to rounding.