BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 160021-EI
FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

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

DIRECT TESTIMONY & EXHIBITS OF:

RENAE B. DEATON

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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DIRECT TESTIMONY OF RENAE B. DEATON

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MARCH 15, 2016

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Renae B. Deaton. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

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

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

A. With regard to retail rates, I am responsible for managing FPL's load research and cost of service activities. In this capacity, my responsibilities include the preparation and filing with the Florida Public Service Commission ("FPSC" or the "Commission") of load research sampling plans and study results, the development of annual energy and demand line loss factors by rate class, and the preparation of jurisdictional separation and retail cost of service studies.

Q. Please describe your educational background and professional experience.

A. I hold a Bachelor of Science in Business Administration and a Master of Business Administration from Charleston Southern University. Since joining FPL in 1998, I have held various positions in the rates and regulatory areas. Prior to my current position, I held the position of Senior Manager of Rate Design, responsible for the retail tariff and rate development. Prior to joining

FPL, I was employed at South Carolina Public Service Authority (d/b/a Santee Cooper) for fourteen years, where I held a variety of positions in the Corporate Forecasting, Rates, and Marketing Department and in generation plant operations.

I am a member of the Edison Electric Institute ("EEI") Rates and Regulatory Affairs Committee, and I have completed the EEI Advanced Rate Design Course. I have been a guest speaker at Public Utility Research Center/World Bank International Training Programs on Utility Regulation and Strategy.

Q. Have you previously testified before this Commission?

A. Yes. I have testified or filed testimony before this Commission in several dockets. I testified as the rate design witness in FPL's last two rate cases in Docket Nos. 080677-EI and 120015-EI. I testified in FPL's Energy Conservation Cost Recovery Clause ("ECCR") Docket No. 140002-EG and the related Docket No. 140226-EI regarding the rate-making issues associated with the ECCR clause opt-out request. I provided testimony in FPL's Fuel and Purchased Power Cost Recovery Clause Docket No. 110001-EI. I also provided testimony and represented FPL before the Federal Energy Regulatory Commission ("FERC") in rate and cost of service matters.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- RBD-1 – MFRs and Schedules Sponsored or Co-Sponsored by Renae B. Deaton

- RBD-2 – Load Research Rate Classes and Related Rate Schedules
- RBD-3 – Rate Class Extrapolation Methodologies
- RBD-4 – Rates of Return and Parity at Present Rates
- RBD-5 – Target Revenue Requirements at Proposed Rates
- RBD-6 – Comparison of FPL Cost of Service Methodologies

Q. Are you sponsoring or co-sponsoring any Minimum Filing Requirements ("MFRs") and schedules filed in this case?

A. Yes. Exhibit RBD-1 contains a listing of the MFRs and schedules that I am sponsoring or co-sponsoring.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address four principal areas:

1. What load research is, how it is used in the jurisdictional separation and cost of service studies, and how the projected load forecast by rate class and energy loss factors were developed;
2. The process used in the development of FPL's jurisdictional separation study and resulting jurisdictional separation factors;
3. FPL's process of preparing a retail cost of service study and the proposed change in methodologies used to allocate production and transmission plant to retail rate classes; and
4. The results of the retail cost of service study for the 2017 Test Year and 2018 Subsequent Year.

Q. Please summarize your testimony.

A. My testimony supports the results of FPL's cost of service study for the projected 2017 Test Year and 2018 Subsequent Year. The cost of service study fairly presents each rate class's cost responsibility, rate of return ("ROR"), and parity position (i.e., rate class ROR relative to system average ROR). The methodologies used to allocate rate base, revenues, and expenses were accurately applied and are consistent with those previously approved by this Commission. FPL's load research sampling plan and studies, which provide the basis for cost allocation, were approved by the Commission and meet the FPSC's precision requirements. The separation study was conducted to allocate rate base, revenues and expenses between retail and wholesale customers. The retail cost of service study allocates the retail jurisdictional rate base, revenues and expenses to the individual rate classes based on the appropriate costs drivers previously approved by this Commission. Finally as discussed later in my testimony, FPL proposes to use a 12 CP and 25% allocation method for production plant and a 12 CP method for transmission plant, except for transmission pull-offs, in order to better align costs and benefits among the customer classes.

The results of the rate class cost of service study show that at present rates, certain rate classes, such as GS(T)-1 and GSCU, are more than 10% above parity, while some of the larger commercial/industrial rate classes, particularly GSLD(T)-1 and GSLD(T)-2, are well below parity. Exhibit RBD-4 lists the ROR and related parity index for each rate class along with the revenue

requirement and percent differential needed to achieve full parity at present rates, before any revenue increase is applied. MFR E-1 provides the details supporting these results.

Finally, the cost of service study provides the target revenue requirements by rate class and the underlying unit costs for each billing determinant, e.g., demand, energy, and customer bills. This information is presented on MFR E-6b, and provides the basis for designing rates that would improve the parity among rate classes and better align FPL's rates and charges with the costs to serve each rate class. Exhibit RBD-5 shows for each rate class the target revenue requirements at proposed rates on an equalized basis, that is, at the retail ROR or at parity.

II. LOAD RESEARCH AND ENERGY LOSSES

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

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

Q. What information is provided by load research?

A. Load research provides, for each rate class, information on the contribution to the system peak (Coincident Peak or "CP"), as well as the class peak (Group

Non-Coincident Peak or "GNCP"), and the customers' Non-Coincident Peak ("NCP"). The contribution to the system peak represents the rate class demand at the time of the system peak. By contrast, the GNCP represents a rate class's maximum demand as a class. The customers' NCP demand is the sum of the individual customer peak demands for all the customers within the rate class, regardless of when they occur. In addition, load research provides load shapes, hourly data, and load factors for each rate class. Load research data reflecting all of the above attributes is developed on a monthly basis for each wholesale and retail rate class. The monthly data is analyzed and reported on an annual basis as well.

Q. Has the Commission reviewed and approved the Company's load research?

A. Yes. Rule 25-6.0437, Florida Administrative Code ("F.A.C."), Cost of Service Load Research, requires that investor-owned utilities serving more than 50,000 retail customers submit a load research sampling plan to the Commission for review and approval every three years. FPL's most recent sampling plan was submitted and approved in May 2014. In addition, the rule requires that utilities submit a complete load research study every three years. FPL's most recent load research study was filed with the Commission in June 2015.

Q. Please describe the information provided and summarize the results achieved in the load research study filed with the Commission in June 2015.

A. This study provided the estimated CP and GNCP demands for the 12 month period ending December 31, 2014, for all rate classes subject to reporting under Rule 25-6.0437, F.A.C. Also included in the report for the sampled rate classes are the 90% confidence intervals around the monthly peak demands and their percent relative accuracy. FPL met the target level of statistical accuracy required by the rule for the estimate of averages of the 12 monthly CP, as well as for the summer and winter peaks of the sampled rate classes.

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

A. In general terms, rate classes are groups of individual rate schedules with like billing attributes (e.g., customer type and load size) and rate design inter-relationships that are treated for rate design purposes on a combined basis. As a result, one or more rate schedules may be combined into a single rate class. For example, residential non-time-of-use, Rate Schedule RS-1, and residential time-of-use rider, Rate Schedule RTR-1, are combined together into the RS(T)-1 rate class. The practice of combining time-of-use rate schedules with their non-time-of-use counterparts is consistent with the practice followed by FPL in the cost of service studies that were filed in the last five rate cases (Docket Nos. 830465-EI, 001148-EI, 050045-EI, 080677-EI and 120015-EI).

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

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

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

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

FPL then uses one of two extrapolation methodologies identified in Exhibit RBD-3 to estimate the load research data for each rate class: the Ratio Extrapolation and the Mean Per Unit Extrapolation. The Ratio Extrapolation methodology is used to expand the historical load research data for sampled rate classes and for 100% metered rate classes with a large number of customers. This methodology estimates the total rate class demand by applying the ratio of demand to billed energy for each interval recorded multiplied by the billed energy for the rate class. The Mean Per Unit Extrapolation methodology is used for rate classes with a small number of customers. The Mean Per Unit Extrapolation methodology estimates the total rate class demand by applying the average demand for each interval recorded multiplied by the number of customers in the rate class. Both extrapolation methodologies are used for 100% metered rate classes as necessary to account for missing interval data resulting from meter, data translation, or communication issues.

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

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

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

A. The monthly load research data for the most recently completed three year annual load research studies was used to project the peak loads by rate class. Load research data for the historical years 2012, 2013, and 2014 is provided in MFR E-11, Attachments 2, 3, and 4, respectively. The historical load research information provided the basis for the projected 2017 Test Year and 2018 Subsequent Year load data shown in MFR E-11, Attachment 1. The methodology for applying historical data to project rate class load is the same as that used in previous FPSC rate cases and cost recovery clause filings. In addition, as stated previously, FPL's load research study for the year 2014 was filed with the Commission in June 2015.

Q. Did the study results filed with the Commission in June 2015 cover the same rate classes as those being presented in this rate case?

A. Yes. The load research study filed in June 2015 covers the same rate classes as those used in this rate case and both are consistent with the load research sampling plan approved by the FPSC Staff in May 2014. Exhibit RBD-2 lists and describes the rate classes used for load research study purposes. Exhibit RBD-2 also shows the rate schedules that comprise each rate class.

Q. Please describe how the projected 2017 Test Year and 2018 Subsequent Year load research data were developed.

A. The historical load research data was used in conjunction with the sales forecast by rate class to develop the CP, GNCP, and NCP demand estimates for the projected 2017 Test Year and 2018 Subsequent Year. Monthly ratios of each rate class's CP, GNCP, and NCP to actual kilowatt hours ("kWh") sales were developed for each of the three years of historical load research data.

Projected 2017 Test Year and 2018 Subsequent Year monthly CP, GNCP, and NCP ratios for each rate class were then developed based on the average of their respective historical ratios. The projected CP, GNCP, and NCP ratios were then applied to the sales forecast by rate class to derive the projected CP, GNCP, and NCP demands for each class. The sales forecast, by rate class, was developed by FPL witness Cohen.

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

A. Yes. The forecasted load research data in FPL's MFR filings in FPSC Docket Nos. 001148-EI, 050045-EI, 080677-EI and 120015-EI utilized this same methodology.

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

A. Yes. The projected load research data is consistent with the forecast of system monthly peak demands for the 2017 Test Year and 2018 Subsequent Year presented in MFR E-18 and with the forecast of system sales for the Test Year and Subsequent Year presented in MFR F-8.

Q. Which MFRs provide additional information on load research?

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

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

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

Q. What are energy losses?

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

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

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

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

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

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

Q. How are the adjustments for energy losses determined?

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

III. JURISDICTIONAL SEPARATION STUDY

Q. What is a jurisdictional separation study?

A. A jurisdictional separation study allocates the Company's total rate base and net operating income ("NOI") 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 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. Because 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 to allocate costs between the two jurisdictions. The jurisdictional separation study develops allocations or jurisdictional separation factors for allocating rate base and NOI items recorded on the Company's accounting books and records to the jurisdictions.

Q. What are the steps in the jurisdictional separation study?

A. Costs are first functionalized, then classified, and finally allocated between the retail and wholesale jurisdictions. The term "functionalization" refers to the assignment of costs into one or more of the major functions of an electric utility (e.g., production, transmission and distribution). The term "classification" refers to the categorization by cost driver, that is, the determination of whether a cost is driven by demand, energy, or number of customers. Finally, each component is "allocated" between jurisdictions using jurisdictional separation factors. The method of allocating a cost should

be consistent with its functionalization and classification. For example, a cost classified as demand-related should not be allocated on the basis of kWh of energy consumed, nor should a cost classified as energy-related be allocated based on peak demand.

Q. What are jurisdictional separation factors?

A. Jurisdictional separation factors are the result of the process just described and are used to allocate rate base and NOI items between retail and wholesale jurisdictions. These factors are expressed as figures between zero and one, with the former indicating no retail responsibility and the latter indicating 100% retail responsibility. The jurisdictional separation factors are primarily based on demand or energy sales for the retail and wholesale jurisdictions. However, other factors that best represent each jurisdiction's cost responsibility are also used. MFR E-10, Attachment 1, outlines the specific methodology used to develop the separation factors by each component of cost.

Q. Are there different types of wholesale sales?

A. Yes. In general, wholesale sales consist of electricity sold to other electric utilities or power marketers for resale. They include power sales to other utilities, which are firm, long-term sales, as well as opportunity sales which are non-firm and of shorter duration. Transmission service between utilities also falls under the wholesale jurisdiction regulated by the FERC.

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

A. It is important to understand the significance of a wholesale sale that is a "separated sale" and a wholesale sale that is a "non-separated sale," because different regulatory treatments apply to the costs and revenues associated with each type of sale. The FPSC has historically made a distinction between separated versus non-separated wholesale power sales. As outlined in Docket No. 970001-EI, Order No. PSC-97-0262-FOF-EI (the "Separated Sales Order"), wholesale sales that are non-firm or less than one year in duration are treated as non-separated sales, and all other sales are treated as separated sales. Non-separated sales are not assigned cost responsibility through the separation process because a utility does not commit long-term capacity to such wholesale customers. Therefore, the revenues and costs associated with non-separated sales are shared by both retail and long-term firm wholesale customers.

Q. How are separated sales treated in the jurisdictional separation study?

A. The FPSC has historically required that, absent a request to deviate from the Separated Sales Order, costs associated with separated sales be allocated on a system average basis and treated as wholesale for jurisdictional separation purposes. In essence, the wholesale sale is separated to remove the production plant and operating expenses (including fuel expenses) associated with the sale from the retail jurisdiction's cost responsibility. FPL's separated wholesale sales for the 2017 Test Year and the 2018 Subsequent Year include Seminole Electric Cooperative, Lee County Electric Cooperative, Florida Keys Electric Cooperative, City of Homestead, City of New Smyrna Beach,

City of Winter Park, and City of Quincy power sales contracts. The jurisdictional separation factors for separated wholesale sales are calculated using the wholesale customers' load forecasts.

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

A. Consistent with the FPSC order in Docket No. 080677-EI, FPL has separated the costs and revenues associated with wholesale transmission service contracts that are firm and longer than one year. These wholesale contracts are separated to remove the transmission plant and operating expenses associated with the transmission service contracts from the retail jurisdiction's cost responsibility. Revenue from short-term, non-firm wholesale transmission service contracts are credited to both retail and wholesale jurisdictions, thereby reducing the costs to serve both jurisdictions. In other words, these contracts are not assigned cost responsibility through a separation process; therefore, the retail and wholesale firm transmission customers support all of the transmission investments and costs. In exchange for supporting the investment, both the retail and wholesale firm transmission customers receive all of the revenues.

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

A. The jurisdictional separation factors are applied on a line item basis to the Company's total utility rate base and NOI to compute jurisdictional or retail rate base and NOI. The jurisdictional results and associated factors are shown

on MFR B-6 and MFR C-4. The jurisdictional separation factors are among the inputs used to calculate the jurisdictional or retail-adjusted rate base and NOI reported in MFRs B-1 and C-1, respectively, sponsored by FPL witness Ousdahl. The jurisdictional or retail-adjusted rate base and NOI are allocated to retail rate classes in the cost of service study.

Q. How does the allocation of rate base and expenses to the wholesale jurisdiction in this case compare to the allocation in the last case?

A. A higher percentage of production plant and expenses is allocated to the wholesale jurisdiction in this case due to the increase in long-term power sales. This higher allocation, in turn, decreases the retail share of revenue requirements. In the last case, the retail separation factor for production demand costs was approximately 98%, and in this case it is 95%.

IV. RETAIL COST OF SERVICE STUDY

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

A. A retail cost of service study is the continuation of the jurisdictional separation study but at the retail rate class level. The cost of service study starts with the jurisdictional-adjusted rate base and NOI. To determine FPL's costs to serve each retail rate class, the various components of the jurisdictional-adjusted rate base and NOI are functionalized, classified, and allocated to the retail rate classes.

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

A. FPL is proposing to utilize a 12 CP and 25% methodology for production plant, rather than the 12 CP and $1/13^{th}$ method used in prior rate cases, to better reflect cost causation. The 12 CP and 25% methodology classifies 75% of costs on the basis of CP demand and 25% of costs on the basis of energy. That portion classified to demand is allocated to the individual rate classes based on their 12 CP contributions, adjusted for losses, while the portion classified to energy is allocated based on their kWh sales, adjusted for losses. Under the 12 CP and 25% methodology, all generating units are treated consistently based on their function (i.e., production), their classification (75% demand and 25% energy), and their allocation (contribution to the system peak and kWh of energy).

Q. Why is FPL proposing a 12 CP and 25% methodology for allocation of production plant?

A. The proposed methodology provides a more appropriate classification and allocation of production plant considering how power plants are planned and operated at FPL in response to customer energy and demand needs. FPL has installed a significant amount of base and intermediate load generation that costs more to construct but is less costly to operate over time than peaking generation. Investment in these generating units that improve system heat rates and lower fuel costs drives the need to use a greater energy allocation (e.g., 25%) for production plant. As discussed by FPL witness Kennedy, these

investments have resulted in approximately $8 billion of fuel savings for customers since 2001.

The Commission has previously recognized the need to reflect in the cost of service study increasing levels of generation installed to reduce fuel costs and has approved varying levels of production plant to be classified and allocated based on energy. In Docket No. 820097-EU, the Commission required that 70% of the FPL St. Lucie Unit 2 plant, equivalent to the estimated fuel savings, be classified and allocated based on energy. In Docket No. 850050-EU, the Commission required the use of the Equivalent Peaker Cost method that allocated all costs in excess of the cost of a peaking plant based on energy, which resulted in approximately 75% of Tampa Electric Company's production plant being allocated based on energy. Subsequently, the Commission approved the use of 12 CP and 25% for all of Tampa Electric's production plant in Docket No. 080317-EI.

Q. Would the adoption of the 12 CP and 25% methodology have implications for other cost recovery mechanisms?

A. Yes. Production plant recovered in the cost recovery clauses should also be allocated on the basis of 12 CP and 25%.

Q. How does FPL's cost of service methodology treat transmission costs?

A. With the exception of transmission pull-offs that are required to connect transmission voltage customers to the grid, transmission costs have been allocated on the basis of 12 CP. All transmission costs classified to demand

are allocated to the individual rate classes based on their 12 CP contributions, adjusted for losses. Costs associated with transmission pull-offs are classified as customer-related and allocated to transmission voltage customers. This approach reflects the treatment of transmission plant approved for Duke Energy Florida, Tampa Electric Company, and Gulf Power in Docket Nos. 000824-EI, 080317-EI, and 010949-EI, respectively.

Q. Has FPL also filed a cost of service study reflecting 12 CP and 1/13th methodology?

A. Yes. As required by MFR E-1, FPL has filed a cost of service study utilizing a 12 CP and $1/13^{th}$ methodology for production and transmission plant. This methodology classifies $12/13^{th}$, or approximately 92%, of costs on the basis of CP demand and $1/13^{th}$, or approximately 8%, of costs on the basis of energy. The portion classified to demand is allocated to the individual rate classes based on their 12 CP contributions, adjusted for losses, while the portion classified to energy is allocated based on their kWh sales, adjusted for losses. Under the 12 CP and $1/13^{th}$ methodology, all generating units and all transmission plant, with the exception of transmission pull-offs, are treated consistently based on their function (i.e., production), their classification ($12/13^{th}$ demand and $1/13^{th}$ energy), and their allocation (contribution to the system peak and kWh of energy).

Q. Have you prepared an exhibit that compares the results of the two methodologies?

A. Yes. Exhibit RBD-6 provides a summary comparison of the class cost of service results of the two methodologies and calculates the difference in class revenue requirements for the rate classes.

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

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

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

Lastly, costs specifically dedicated to lighting customers, including fixtures, poles, and conductors, are directly assigned to those rate classes. FPL's methodology for treating distribution plant just described is consistent with that approved in Docket Nos. 830465-EI, 080677-EI and 120015-EI.

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

A. Yes. MFR E-10 provides details of the methodologies used in the cost of service study to allocate the various components of rate base and NOI.

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

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

V. RETAIL COST OF SERVICE RESULTS

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

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

Q. How do the target revenue requirements compare among demand, energy and customer classifications?

A. Most costs recovered in base rates are fixed costs that do not vary with energy use; therefore, the majority of revenue requirements are classified as either demand or customer-related. As shown on MFR E6b, Attachment 1, $1,277 million out of $6,595 million, or 19%, are classified as energy-related. More than 80% of costs recovered through base rates are fixed costs classified as demand or customer-related, including directly assigned fixed lighting costs.

Q. How is the ROR by rate class determined?

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

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

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

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

A. At present rates, FPL's cost of service shows a projected retail jurisdictional ROR of 4.97% for the 2017 Test Year and 4.65% for the 2018 Subsequent Year, which is the same earned ROR as that reported on Line No. 12 of MFR A-1. The study shows that at present rates, certain rate classes, such as GS(T)-1, are above parity, while other rate classes, such as GSLD(T)-1, and GSLD(T)-2, are below parity. Exhibit RBD-4 lists the ROR and relative parity index for each rate class along with the revenue requirement differential to achieve full parity at present rates for the 2017 Test Year. MFR E-1 provides the details supporting these results.

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

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

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

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

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

Q. Should the Commission approve FPL's cost of service study?

A. Yes, the Commission should approve the jurisdictional separation study and the cost of service study methodology presented in my testimony. The methodologies used to allocate rate base, other operating revenues, and expenses between the retail and wholesale jurisdictions and among the retail rate classes were accurately applied and are consistent with those previously approved by this Commission. The use of 12 CP and 25% for production plant and 12 CP for transmission plant, adjusted for pull-offs, cost of service methodologies should be approved because they better align costs and benefits to the customer classes.

Q. Does this conclude your direct testimony?

A. Yes.

MFRs AND SCHEDULES SPONSORED AND CO-SPONSORED BY RENAE B. DEATON

MFR #	PERIOD	TITLE
SOLE SPONSOR:		
E- 2	Test Subsequent	Explanation of Variations from Cost of Service Study Approved in Company's Last Rate Case
E- 3a	Test Subsequent	Cost of Service Study - Allocation of Rate Base Components to Rate Schedule
E- 3b	Test Subsequent	Cost of Service Study - Allocation of Expense Components to Rate Schedule
E- 4a	Test Subsequent	Cost of Service Study - Functionalization and Classification of Rate Base
E- 4b	Test Subsequent	Cost of Service Study - Functionalization and Classification of Expenses
E- 6a	Test Subsequent	Cost of Service Study - Unit Costs, Present Rates
E- 6b	Test Subsequent	Cost of Service Study - Unit Costs, Proposed Rates
E-10	Test Subsequent	Cost of Service Study - Development of Allocation Factors
E-17	Historic Subsequent	Load Research Data

MFRs AND SCHEDULES SPONSORED OR CO-SPONSORED BY RENAE B. DEATON

MFR #	PERIOD	TITLE
CO-SPONSOR:		
B- 2	Historic Prior Test Subsequent	Rate Base Adjustments
B- 6	Historic Test Subsequent Okeechobee Limited Scope	Jurisdictional Separation Factors - Rate Base
C- 4	Historic Test Subsequent Okeechobee Limited Scope	Jurisdictional Separation Factors - Net Operating Income
C-20	Historic Prior Test Subsequent Okeechobee Limited Scope	Jurisdictional Separation Factors - Taxes Other Than Income Taxes
E-1	Test Subsequent	Cost of Service Studies
E-11	Test Subsequent	Development of Coincident and Non-Coincident Demands for Cost Study
E-9	Test Subsequent	Cost of Service - Load Data
E-16	Prior Test Subsequent	Customers by Voltage Level
E-19a	Test Subsequent	Demand and Energy Losses
E-19b	Test Subsequent	Energy Losses
E-19c	Test Subsequent	Demand Losses
F- 5	Test Subsequent	Forecasting Models

LOAD RESEARCH RATE CLASSES AND RELATED RATE SCHEDULES

RATE CLASS	RATE CLASS DESCRIPTION	RATE SCHEDULE(S)	RATE SCHEDULE DESCRIPTION
RETAIL:			
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	Curtailable 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	Curtailable 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	Curtailable 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, RTR-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
WHOLESALE:	
BLOUNTSTOWN	City of Blountstown
FKEC	Florida Keys Electric Cooperative
HOMESTEAD	City of Homestead
LCEC	Lee County Electric Cooperative
NEW SMRYNA BEACH	City of New Smyrna Beach
QUINCY	City of Quincy
SEMINOLE	City of Seminole
WAUCHULA	City of Wauchula
WINTER PARK	City of Winter Park

RATE CLASS EXTRAPOLATION METHODOLOGIES

RATE CLASS	RATE CLASS DESCRIPTION	EXTRAPOLATION METHODOLOGIES
100% METERED(1)		
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
BLOUNTSTOWN(2)	City of Blountstown	Mean Per Unit
FKEC(2)	Florida Keys Electric Cooperative	Mean Per Unit
HOMESTEAD(2)	City of Homestead, FL	Mean Per Unit
LCEC(2)	Lee County Electric Cooperative	Mean Per Unit
NEW SMRYNA BEACH(2)	City of New Smyrna Beach, FL	Mean Per Unit
QUINCY(2)	City of Quincy, FL	Mean Per Unit
SEMINOLE(2)	City of Seminole, FL	Mean Per Unit
WAUCHULA(2)	City of Wauchula, FL	Mean Per Unit
WINTER PARK(2)	City of Winter Park, FL	Mean Per Unit
MODELED		
OL-1	Outdoor Lighting	Mean Per Unit
SL-1	Street Lighting	Mean Per Unit
SL-2	Traffic Signal Service	Mean Per Unit
SAMPLED		
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

(1) 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.

(2) Wholesale

Proposed 12CP and 25% Cost of Service Study
Rates of Return and Parity at Present Rates
For the Test Year 2017
($ Millions)

(1)	(2)	(3)	(4)	(6)	(7)	(8)
	Revenues from Sales - at Present Rates					
Rate Class	Achieved Revenues [1]	Rate of Return (ROR) [1]	Parity Index [1]	Equalized Revenue Requirements [2]	Revenue Excess/ (Deficiency) (2) - (6)	Percent Difference (7) / (2)
Above Parity -						
SST-TST	$ 4.4	12.11%	243%	$ 2.6	$ 1.8	40.1%
GSCU-1	4.2	7.73%	155%	3.4	0.8	18.8%
OL-1	14.1	7.62%	153%	11.2	2.9	20.4%
SL-2	1.5	7.55%	152%	1.2	0.3	18.8%
GS(T)-1	369.4	5.96%	120%	339.0	30.4	8.2%
SL-1	91.3	5.62%	113%	86.7	4.5	5.0%
RS(T)-1	3,507.0	5.30%	106%	3,405.1	101.9	2.9%
CILC-1G	4.1	5.30%	106%	4.0	0.1	2.9%
MET	4.1	5.18%	104%	4.0	0.1	1.9%
Below Parity -						
SST-DST	0.8	4.96%	100%	0.8	(0.0)	-0.2%
GSD(T)-1	1,138.6	4.74%	95%	1,164.4	(25.8)	-2.3%
GSLD(T)-3	4.6	3.99%	80%	5.0	(0.5)	-10.0%
CILC-1D	87.8	3.68%	74%	99.8	(12.0)	-13.7%
CILC-1T	35.9	3.47%	70%	41.5	(5.7)	-15.8%
GSLD(T)-2	78.4	3.16%	64%	94.3	(16.0)	-20.4%
GSLD(T)-1	381.4	3.08%	62%	463.9	(82.6)	-21.6%
OS-2	1.0	2.82%	57%	1.2	(0.3)	-25.8%
Total Revenue from Sales	**$ 5,728.3**	**4.97%**	100%	**$ 5,728.3**	**$ (0.0)**	
Misc Service Charges	101.0			101.0		
Other Operating Revenues	92.9			92.9		
Total Operating Revenues	**$ 5,922.2**			**$ 5,922.2**		

Notes:
(1) Provided on MFR E-1, Achieved at Present Rates, employing the 12CP and 25% methodology
(2) Provided on MFR E-1, Equalized at Present Rates, employing the 12CP and 25% methodology

Totals may not add due to rounding.

Proposed 12CP and 25% Cost of Service Study
Rates of Return and Parity at Present Rates
For the Subsequent Year 2018
($ Millions)

(1)	(2)	(3)	(4)	(6)	(7)	(8)
	Revenues from Sales - at Present Rates					
Rate Class	Achieved Revenues [1]	Rate of Return (ROR) [1]	Parity Index [1]	Equalized Revenue Requirements [2]	Revenue Excess/ (Deficiency) (2) - (6)	Percent Difference (7) / (2)
Above Parity -						
SST-TST	$ 4.4	12.00%	258%	$ 2.6	$ 1.8	41.4%
OL-1	17.8	10.31%	222%	11.4	6.4	36.1%
GSCU-1	4.2	7.23%	155%	3.5	0.8	18.4%
SL-2	1.5	7.21%	155%	1.2	0.3	19.2%
GS(T)-1	371.5	5.55%	119%	342.6	28.9	7.8%
SL-1	93.8	5.32%	114%	88.9	5.0	5.3%
CILC-1G	4.1	4.98%	107%	4.0	0.1	3.1%
RS(T)-1	3,530.7	4.94%	106%	3,436.6	94.1	2.7%
MET	4.1	4.88%	105%	4.0	0.1	2.1%
Below Parity -						
SST-DST	0.8	4.46%	96%	0.8	(0.0)	-1.9%
GSD(T)-1	1,143.0	4.44%	96%	1,166.3	(23.3)	-2.0%
GSLD(T)-3	4.6	3.91%	84%	5.0	(0.4)	-7.6%
CILC-1D	87.7	3.43%	74%	99.3	(11.6)	-13.3%
CILC-1T	36.2	3.34%	72%	41.2	(5.0)	-13.9%
GSLD(T)-2	78.2	2.95%	63%	93.5	(15.4)	-19.6%
GSLD(T)-1	383.0	2.84%	61%	464.4	(81.5)	-21.3%
OS-2	1.0	2.34%	50%	1.3	(0.3)	-29.7%
Total Revenue from Sales	**$ 5,766.6**	**4.65%**	**100%**	**$ 5,766.6**	**$ (0.0)**	
Misc Service Charges	102.9			102.9		
Other Operating Revenues	98.0			98.0		
Total Operating Revenues	**$ 5,967.5**			**$ 5,967.5**		

Notes:
(1) Provided on MFR E-1, Achieved at Present Rates, employing the 12CP and 25% methodology
(2) Provided on MFR E-1, Equalized at Present Rates, employing the 12CP and 25% methodology

Totals may not add due to rounding.

Proposed 12CP and 25% Cost of Service Study
Target Revenue Requirements at Proposed Rates
For the Test Year 2017
($ Millions)

(1) Rate Class	(2) Achieved Revenues from Sales [1]	(3) Target Revenue Requirements [2]	(4) Revenue Requirements Deficiency (Excess) (3) - (2)	(5) Percent Difference (4) / (2)
RS(T)-1	$ 3,507.0	$ 3,924.2	$ 417.2	11.9%
GSD(T)-1	1,138.6	1,341.9	203.3	17.9%
GSLD(T)-1	381.4	535.1	153.7	40.3%
GS(T)-1	369.4	389.3	19.9	5.4%
CILC-1D	87.8	115.0	27.2	30.9%
SL-1	91.3	98.2	6.9	7.6%
GSLD(T)-2	78.4	108.7	30.3	38.7%
CILC-1T	35.9	47.7	11.8	32.9%
OL-1	14.1	12.9	(1.1)	-7.9%
CILC-1G	4.1	4.6	0.5	11.8%
SST-TST	4.4	3.0	(1.4)	-30.9%
GSLD(T)-3	4.6	5.8	1.2	26.7%
MET	4.1	4.6	0.5	13.0%
GSCU-1	4.2	3.9	(0.3)	-7.7%
SL-2	1.5	1.4	(0.1)	-6.9%
OS-2	1.0	1.4	0.5	45.4%
SST-DST	0.8	0.9	0.1	16.0%
Total Revenue from Sales	**$ 5,728.3**	**$ 6,598.6**	**$ 870.2**	**15.2%**
Misc. Service Charges	101.0	97.1	(3.9)	-3.8%
Other Operating Revenues	92.9	92.9	-	0.0%
Total Operating Revenues	**$ 5,922.2**	**$ 6,788.6**	**$ 866.4** [3]	**14.6%**

Notes:

(1) Provided on MFR E-1, Achieved at Present Rates, employing the 12CP and 25% methodology

(2) Provided on MFR E-1, Equalized at Proposed Rates, employing the 12CP and 25% methodology

(3) Revenue Increase Requested per MFR A-1, Line 16

Totals may not add due to rounding.

Proposed 12CP and 25% Cost of Service Study
Target Revenue Requirements at Proposed Rates
For the Subsequent Year 2018
($ Millions)

(1) Rate Class	(2) Achieved Revenues from Sales [1]	(3) Target Revenue Requirements [2]	(4) Revenue Requirements Deficiency (Excess) (3) - (2)	(5) Percent Difference (4) / (2)
RS(T)-1	$ 3,530.7	$ 4,116.6	$ 585.9	16.6%
GSD(T)-1	1,143.0	1,397.3	254.3	22.2%
GSLD(T)-1	383.0	556.9	174.0	45.4%
GS(T)-1	371.5	408.7	37.2	10.0%
CILC-1D	87.7	118.9	31.2	35.6%
SL-1	93.8	104.1	10.3	10.9%
GSLD(T)-2	78.2	112.0	33.8	43.3%
CILC-1T	36.2	49.1	12.9	35.6%
OL-1	17.8	13.7	(4.1)	-23.1%
CILC-1G	4.1	4.8	0.7	15.9%
SST-TST	4.4	3.1	(1.3)	-29.8%
GSLD(T)-3	4.6	6.0	1.3	28.7%
MET	4.1	4.8	0.7	17.1%
GSCU-1	4.2	4.1	(0.2)	-3.8%
SL-2	1.5	1.5	(0.1)	-3.8%
OS-2	1.0	1.5	0.6	56.0%
SST-DST	0.8	1.0	0.2	22.9%
Total Revenue from Sales	**$ 5,766.6**	**$ 6,904.0**	**$ 1,137.4**	**19.7%**
Misc. Service Charges	102.9	99.1	(3.8)	-3.7%
Other Operating Revenues	98.0	98.0	-	0.0%
Total Operating Revenues	**$ 5,967.5**	**$ 7,101.1**	**$ 1,133.6** [3]	**19.0%**

Notes:
(1) Provided on MFR E-1, Achieved at Present Rates, employing the 12CP and 25% methodology
(2) Provided on MFR E-1, Equalized at Proposed Rates, employing the 12CP and 25% methodology
(3) Revenue Increase Requested per MFR A-1, Line 16

Totals may not add due to rounding.

Comparison of FPL Cost of Service Methodologies
For the Test Year 2017
($ Millions)

(1) Rate Class	(2) 12CP 25% Target Revenue Requirements [1]	(3) 12CP 1/13th Target Revenue Requirements [1]	(4) Increase (Decrease) in Revenue Requirements (2) - (3)	(5) Percent Increase (Decrease) (4) / (3)
RS(T)-1	$3,924.2	$3,948.8	($24.6)	-0.6%
GSD(T)-1	1,341.9	1,331.5	10.4	0.8%
GSLD(T)-1	535.1	530.6	4.5	0.8%
GS(T)-1	389.3	389.4	(0.2)	0.0%
CILC-1D	115.0	112.3	2.7	2.4%
GSLD(T)-2	108.7	106.1	2.6	2.4%
SL-1	98.2	96.2	2.0	2.1%
CILC-1T	47.7	46.0	1.7	3.7%
OL-1	12.9	12.6	0.4	2.8%
GSLD(T)-3	5.8	5.6	0.2	3.0%
MET	4.6	4.6	0.0	0.7%
CILC-1G	4.6	4.5	0.1	2.1%
GSCU-1	3.9	3.8	0.1	2.3%
SST-TST	3.0	2.9	0.1	4.8%
OS-2	1.4	1.4	0.0	0.9%
SL-2	1.4	1.4	0.0	3.0%
SST-DST	0.9	0.9	0.0	0.9%
Total Revenues from Sales	**$6,598.6**	**$6,598.6**	**($0.0)**	**0.0%**
Misc. Service Charges	97.1	97.1	0.0	0.0%
Other Operating Revenues	92.9	92.9	0.0	0.0%
Total Operating Revenues	**$6,788.6**	**$6,788.6**	**($0.0)**	**0.0%**

(1) Provided on E-1, Attachment 1 and 2

Totals may not add due to rounding.

Comparison of FPL Cost of Service Methodologies
For the Subsequent Year 2018
($ Millions)

(1) Rate Class	(2) 12CP 25% Target Revenue Requirements [1]	(3) 12CP 1/13th Target Revenue Requirements [1]	(4) Increase (Decrease) in Revenue Requirements (2) - (3)	(5) Percent Increase (Decrease) (4) / (3)
RS(T)-1	$4,116.6	$4,141.2	($24.6)	-0.6%
GSD(T)-1	1,397.3	1,386.9	10.4	0.7%
GSLD(T)-1	556.9	552.4	4.5	0.8%
GS(T)-1	408.7	408.8	(0.2)	0.0%
CILC-1D	118.9	116.2	2.7	2.3%
GSLD(T)-2	112.0	109.5	2.5	2.3%
SL-1	104.1	102.0	2.0	2.0%
CILC-1T	49.1	47.4	1.7	3.6%
OL-1	13.7	13.3	0.3	2.6%
GSLD(T)-3	6.0	5.8	0.2	2.9%
MET	4.8	4.8	0.0	0.7%
CILC-1G	4.8	4.7	0.1	2.0%
GSCU-1	4.1	4.0	0.1	2.2%
SST-TST	3.1	3.0	0.1	4.7%
OS-2	1.5	1.5	0.0	0.8%
SL-2	1.5	1.4	0.0	2.9%
SST-DST	1.0	1.0	0.0	0.8%
Total Revenues from Sales	**$6,904.0**	**$6,904.0**	**($0.0)**	**0.0%**
Misc. Service Charges	99.1	99.1	0.0	0.0%
Other Operating Revenues	98.0	98.0	0.0	0.0%
Total Operating Revenues	**$7,101.1**	**$7,101.1**	**($0.0)**	**0.0%**

(1) Provided on E-1, Attachment 1 and 2

Totals may not add due to rounding.