

**PORT EVERGLADES MODERNIZATION PROJECT  
 FIRST YEAR REVENUE REQUIREMENTS  
 (\$000)**

Line No.	Revenue Requirement Calculation	Initial GBRA <sup>(1)</sup>	Revised GBRA <sup>(2)</sup>	True-Up
1	Jurisdictional Adjusted Rate Base	\$1,144,824	\$1,097,591	(\$47,233)
2				
3	Rate of Return on Rate Base	8.428%	8.428%	8.428%
4				
5	Required Jurisdictional Net Operating Income	<u>96,489</u>	<u>92,508</u>	<u>(3,981)</u>
6				
7	Jurisdictional Adjusted Net Operating Income (Loss)	(35,618)	(35,618)	-
8				
9	Net Operating Income Deficiency (Excess)	<u>132,107</u>	<u>128,127</u>	<u>(3,981)</u>
10				
11	Net Operating Income Multiplier	1.63188	1.63188	1.63188
12				
13	Revenue Requirement	<u>\$215,584</u>	<u>\$209,087</u>	<u>(\$6,496)</u>
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22 Notes:

23 (1) Represents the revenue requirements used in the initial PEEC GBRA factor provided in the affidavit of Kim Ousdahl filed in  
 24 Docket No. 150001-EI on September 21, 2015.

25 (2) Revised revenue requirements based on actual capital costs presented on page 2 of Exhibit LF-1.

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 (\$000)**

Line No.	Capital Structure	Ratio	Cost Rate	Wtd Cost Rate	Pre Tax COC
1					
2	Long Term Debt	39.031%	5.192%	2.027%	2.027%
3	Common Equity	60.969%	10.500%	6.402%	10.422%
4	Total	100.000%		8.428%	12.449%
5					
6					
7	<b>Assumptions</b>				
8	Income Tax Rate	38.575%			
9	Production Depreciation Rate	3.333%			
10	Transmission Depreciation Rate	2.500%			
11	Rate of Return	8.42829%			
12	Juris Factor - Generation	98.14000%			
13	Juris Factor - Transmission	89.47240%			
14	Juris Factor - Property Insurance	97.92240%			
15					
16					
17	<b>Net Plant</b>	<b>6/01/2016</b>	<b>5/31/2017</b>	<b>Initial GBRA<sup>(1)</sup></b>	<b>Final Capital Costs</b>
18	Other Production Plant	\$ 1,150,606,224	\$ 1,150,606,224	\$ 1,150,606,224	\$ 1,072,776,348
19	Transmission Plant	34,160,608	34,160,608	34,160,608	66,739,878
20	Other Production Reserve	0	(38,353,541)	(19,176,770)	(19,176,770)
21	Transmission Reserve	0	(854,015)	(427,008)	(427,008)
22	Deferred Taxes	12,254,368	(3,557,867)	4,348,251	4,348,251
23	Net Plant	\$ 1,197,021,200	\$ 1,142,001,409	\$ 1,169,511,305	\$ 1,124,260,698
24					
25					
26	<b>Juris Net Plant</b>	<b>6/01/2016</b>	<b>5/31/2017</b>	<b>Initial GBRA<sup>(1)</sup></b>	<b>Final Capital Costs</b>
27	Other Production Plant	\$ 1,129,204,948	\$ 1,129,204,948	\$ 1,129,204,948	\$ 1,052,822,708
28	Transmission Plant	30,564,316	30,564,316	30,564,316	59,713,771
29	Other Production Reserve	0	(37,640,165)	(18,820,082)	(18,820,082)
30	Transmission Reserve	0	(764,108)	(382,054)	(382,054)
31	Deferred Taxes	11,995,811	(3,482,725)	4,256,543	4,256,543
32	Juris Net Plant	\$ 1,171,765,075	\$ 1,117,882,267	\$ 1,144,823,671	\$ 1,097,590,885
33					
34					
35				<b>Initial GBRA<sup>(1)</sup></b>	<b>Final Capital Costs</b>
36	<b>Average Rate Base</b>			\$ 1,169,511,305	\$ 1,124,260,698
37	Juris Factor			0.978891	0.976278
38	<b>Juris Rate Base</b>	Capital		\$ 1,144,823,671	\$ 1,097,590,885
39					
40	<b>Juris Interest Expense</b>			\$ 23,200,200	\$ 23,200,200
41	<b>Income Tax - Interest Expense</b>			(8,949,477)	(8,949,477)
42					
43					
44	<b>Operating Expenses</b>			<b>Initial GBRA<sup>(1)</sup></b>	<b>Final Capital Costs</b>
45	Fixed O&M	Fixed O&M		\$ 10,000,000	\$ 10,000,000
46	Variable O&M	Variable O&M		1,006,787	1,006,787
48	Property Insurance	Capital		563,164	563,164
49	Depreciation - Other Production	Capital		38,353,541	38,353,541
50	Depreciation - Transmission	Capital		854,015	854,015
51	Taxes Other Than Income Taxes - Pro	Capital		21,624,365	21,624,365
52	Total Operating Expenses			\$ 72,401,871	\$ 72,401,871
53					
54					
55	<b>Juris Operating Expenses</b>			<b>Initial GBRA<sup>(1)</sup></b>	<b>Final Capital Costs</b>
56	Fixed O&M			\$ 9,814,000	\$ 9,814,000
57	Variable O&M			988,061	988,061
58	Capital Replacement			0	0
59	Property Insurance			551,463	551,463
60	Depreciation - Other Production			37,640,165	37,640,165
61	Depreciation - Transmission			764,108	764,108
62	Taxes Other Than Income Taxes - Prop Tax			21,167,888	21,167,888
63	Total Juris Operating Expenses			\$ 70,925,685	\$ 70,925,685
64					
65	<b>Juris Operating Expenses</b>			\$ 70,925,685	\$ 70,925,685
66	<b>Income Tax - Operating Expenses</b>			(27,359,583)	(27,359,583)
67					
68	<b>Other Income Taxes</b>			\$ (1,023,452)	\$ (1,023,452)
69	<b>Juris Other Income Taxes</b>			(1,001,848)	(1,001,848)
70					
71					
72	<b>Juris Net Operating Income</b>			<b>Initial GBRA<sup>(1)</sup></b>	<b>Final Capital Costs</b>
73	Operating Expenses			\$ (70,925,685)	\$ (70,925,685)
74	Income Tax - Operating Expenses			27,359,583	27,359,583
75	Income Tax - Interest Expense			8,949,477	8,949,477
76	Other Income Taxes			(1,001,848)	(1,001,848)
77	<b>Juris Net Operating Income</b>			\$ (35,618,472)	\$ (35,618,472)
78					
79	<b>Note:</b>				
80	(1) Represents the revenue requirements used in the initial PEEC GBRA factor provided in the affidavit of Kim Ousdahl in Docket No.				
81	150001-EI on September 21, 2015.				