BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for Florida Power & Light Company.	DOCKET NO. 20180046-EI FILED: February 22, 2019

CITIZENS' INITIAL BRIEF ON ISSUES 18 AND 19

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2018-0209-PCO-EI, issued April 25, 2018, Order No. PSC-2018-0278-PCO-EI issued June 01, 2018, and Order No. PSC-2019-0050-PHO-EI issued January 29, 2019, hereby submit this Initial Brief.

STATEMENT OF BASIC POSITION

The parties to this case have stipulated to $649.6 million as the amount of annual tax savings Florida Power & Light Company ("FPL" or "Company") realized as a result of the Tax Cuts and Jobs Act ("TCJA"). The issue of how to properly and fairly dispose of these savings for the benefit of FPL's ratepayers remains. This determination is controlled by the latest of three sets of settlements between FPL and intervening parties and the subsequent orders entered by the Florida Public Services Commission ("Commission"). The orders each adopted the corresponding settlement provisions as Commission policy. These settlements and orders were finalized in 2010, 2012, and 2016. These documents will be referred to respectively as the "2010 Settlement" and "2010 Order," the "2012 Settlement" and "2012 Order," and the "2016 Settlement" and "2016 Order."

In the current docket, FPL wants to bank or retain the TCJA savings in a special purpose segment of the depreciation reserve (the "Reserve Amount")[1] instead of returning the overpaid corporate income tax expense to its rightful owners—the FPL ratepayers. The Reserve Amount FPL wishes to use to retain the tax savings no longer exists because the Company improvidently extinguished it to pay for nearly all of the costs related to Hurricane Irma. Prior to January 16, 2018, without approval from the Commission or notice to or input from the parties to the 2016 Settlement, FPL unilaterally made all decisions and accounting entries necessary to execute its plan. On January 22, 2018, in PSC Docket No. 20180013 FPL filed FPL's Answer to Office of Public Counsel's Petition to Establish Generic Docket to Investigate and Adjust Rates for 2018 Tax Savings. In it, FPL told the Commission what it had already done and that it had already announced publicly what it decided to do with the customers' tax savings. FPL further informed the Commission that the Commission did not

[1] The OPC will use the term "Reserve Amount" throughout this brief to refer to the "Amortization Reserve" as used in Issue 18 since the phrase "Amortization Reserve" does not appear in the 2016 Settlement, the 2016 Order, or their predecessors. In the 2016 Settlement, the parties refined the naming convention used in prior settlements to specify the discrete dollar amounts available for use with the policy referred to in this brief as Amortization Reserve Mechanism ("ARM"). The Storm Cost Recovery Mechanism ("SCRM") policy provisions in the 2010 Settlement and the 2012 Settlement used the more general term "theoretical depreciation reserve" when identifying the analogous reserve as a forbidden offset to full recovery under the SCRM . *See* Section 5 of the 2012 Settlement and Section 3 of the 2010 Settlement. What is now generally described in Issue 18 as the "Amortization Reserve" was referred to in Section 10(b) of the 2012 Settlement as the "theoretical depreciation reserve surplus," or "Total Depreciation Reserve Surplus," and when combined in 2012 with the designated portion of the fossil dismantlement reserve, was referred to as the "Reserve Amount." The same "Reserve Amount" terminology was used in the 2016 Settlement policy provisions contained in Paragraphs 6 and 12. The change in nomenclature with respect to the operation of the SCRM policy was non-substantive and since 2011, *i.e.* since the approval of the 2010 Settlement, the policy of the Commission has been that recovery under the SCRM could not be offset by the specially designated discretionary depreciation reserve surplus amount mechanism that was created by the parties' stipulations and settlement agreements. *In re* Petition for Increase in Rates by Florida Power & Light Company, Docket No. 20080677-EI, Order No. PSC-2011-0089-S-EI, at 14 (F.P.S.C., Feb. 1, 2011) (paragraph 3); *In re* Petition for Increase in Rates by Florida Power & Light Company Order, Docket No. 20120015-EI, Order No. PSC-2013-0023-S-EI, at 14 (F.P.S.C., Jan. 14, 2015) (paragraph 5).

need to place revenues subject to refund, since FPL had designed its own informal process to address both tax savings and Hurricane Irma cost recovery. Contrary to the mandate of the 2016 Order, FPL chose to not utilize the SCRM to replace incremental costs associated with Hurricane Irma. FPL did not seek—nor could it have sought—prior approval from the Commission to modify the 2016 Settlement and the 2016 Order to use the ARM to charge the Hurricane Irma costs against the Reserve Amount (which is defined in paragraph 12(c) on page 19 of the 2016 Settlement) to reimburse itself for its Hurricane Irma restoration costs. Having exhausted and extinguished the entire Reserve Amount, FPL does not have any right or authority to unilaterally create a successor amortization reserve. FPL only had the right to amortize an extant amount in the Reserve Amount. When the remainder reached $0, no amount was available to amortize and $0 cannot be amortized. Since the Reserve Amount has been extinguished, the ARM is no longer available. FPL realized this fact too late and is seeking the Commission's *post hoc* approval of an option that no longer exists.

The 2017 TCJA represents a $649.6 million annual windfall that was a complete surprise to the parties who settled an FPL base rate case in the 2016 Settlement over a year prior to December 22, 2017, when the TCJA became law. Most importantly, the 2016 Settlement is dated October 6, 2016, and was executed a full month before the 2016 presidential election. On November 29, 2016, the Commission voted to approve the 2016 Settlement, after considering the entire record of the August and October Hearings, as being in the public interest, stating at 4-5:

> Having carefully reviewed all briefs filed and evidence presented, we find that taken as a whole the settlement provides a reasonable resolution of all the issues raised in the consolidated dockets. We find, therefore, that the Settlement Agreement establishes rates that are fair, just, and reasonable and is in the public interest.

The Commission approved the 2016 Settlement in Order No. PSC-2016-0560-AS-EI, the previously defined "2016 Order," issued on December 15, 2016.[2] One of the specific requirements of the order was based on the Commission's understanding and contemporaneous interpretation of the 2016 Settlement. With regard to the SCRM the Commission stated at page 3 of the 2016 Order:

> The current storm damage cost recovery mechanism will continue which allows FPL to collect up to a $4 per 1,000 kWh charge beginning 60 days after filing a cost recovery petition and tariff based on a 12 month recovery period if costs do not exceed $800 million. This charge ***will be used*** to replace incremental costs associated with the named storm as well as to replenish the storm reserve to the level in effect as of August 31, 2016. If costs exceed $800 million, including restoration of the reserve, FPL may petition to increase the charge beyond $4 per 1,000 kWh.

(Emphasis added).

Neither the 2016 Settlement nor the 2016 Order contemplated the possibility of the TCJA or similar law being enacted. The 2016 Settlement is also silent as to how impacts from the TCJA or a similarly unanticipated, material change in circumstances are to be treated. FPL's actions in wiping out the Reserve Amount, which was created only by mutual agreement of the parties, also removed the ARM as a vehicle to retain or stash the TCJA surplus. Consequently, the Commission has no option at this juncture but to order the annual TCJA savings of $649.6 million to be credited to income which by FPL's own sworn evidence currently yields an overearnings of $540 million annually.[3] Accordingly, after making such a finding, the Commission should close this docket and take up the resulting FPL overearnings issue in Docket 20180224-EI.

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[2] The 2016 Order (including the 2016 Settlement) was upheld on appeal as being properly evaluated and approved as being in the public interest. *Sierra Club v. Brown,* 243 So. 3d 903, 907 (Fla. 2018).

[3] **Appendix, Exhibit 8** is the December 2018 projected Earnings Surveillance Report ("ESR") that FPL filed in March 2018 under penalty of perjury projecting $301 million in overearnings that it proposed to stash in the Reserve Amount it hoped to resurrect. On February 15, 2019, FPL filed, also under penalty of perjury, its December 31, 2018, ESR that the Commission can observe demonstrates FPL underestimated the actual overearnings which turned out to be $540 million—

The OPC recognizes that elements of the argument in this Initial Brief are contained in the Joint Petition filed in Docket No. 20180224-EI; however, this brief and this docket are not substitutes for the arguments made jointly with other parties in Docket No. 20180224-EI nor do the arguments here waive any rights or positions taken in that docket which are more encompassing than the issue of tax savings disposition.

ISSUES

ISSUE 18: Does the 2016 Settlement Agreement allow FPL to credit the Amortization Reserve with the tax savings resulting from the Tax Cuts and Jobs Act of 2017?

OPC: *No. FPL exhausted the Reserve Amount and thus there is no ARM available through which to receive credits. The Reserve Amount was created for a special purpose by the Parties. It was not used for that purpose. It was extinguished and the evidence is overwhelming that, had there been as much as $200 million more in the Reserve Amount, it too would have been exhausted. Prior to the public interest determination that the Florida Supreme Court approved in affirming the 2016 Order, FPL had committed to the Commission to using the SCRM that was set forth in the 2016 Settlement for any storm cost recovery. Likewise, FPL also agreed to use the ARM and the Reserve Amount to manage earnings fluctuations while focusing on running its business operations related to "the risk of weather, inflation, rising interest rates, mandated cost increases and other factors affecting FPL's earnings that largely are beyond the Company's control." The Company expressly testified that storm cost recovery was not affected by earnings and was to be accomplished as a pass-through, and the Company also informed investors of this plan. The 2016 Settlement further provided that storm cost recovery must be accomplished without regard to the availability of any amount remaining in the Reserve Amount. The intent of the Parties expressed in the 2016 Settlement was that the ARM and the SCRM had two distinct and wholly separate functions expressly designed to operate independently **and without regard to the existence of the other.***

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all entirely attributable to the TCJA windfall. The OPC has included the ESR as **Appendix, Exhibit 8**. The Commission can take official recognition of the December 31, 2018, ESR. § 120.569(2)(i), Fla. Stat. (2018).

<u>ISSUE 19</u>: How should the savings associated with the Tax Cuts and Jobs Act of 2017 be treated?

OPC: *The TCJA significantly reduced the corporate tax rate, from 35% to 21%, which for FPL is an annual and ongoing revenue requirement reduction of $649.6 million presuming the inability to make credits to the depreciation reserve after December 31, 2017. There is no question this reduction is a benefit to FPL created entirely by customer overpayments and this benefit should be returned to customers in the form of a $649.6 million credit in the income statement with any earnings above 11.6% disposed of in Docket No. 20180224-EI.*

ARGUMENT SUMMARY

Contrary to the plain meaning of the language in the 2016 Settlement, FPL is attempting to unilaterally, unlawfully, and improperly resurrect the now extinguished Reserve Amount in order to retain all of the tax savings primarily for the benefit of its shareholder, NextEra Energy, Inc., rather than returning these windfall savings to the rightful owners—its customers. The Commission established binding policies when it adopted the terms of the 2016 Settlement, which settled a comprehensive rate case, into its final order. Now, the Commission must honor the terms of the settlement and cannot deviate from the policies it established in approving the 2016 Settlement.[4] FPL is not the sole arbiter of the 2016 Settlement. FPL is not allowed to regulate itself. The Commission is the regulator and must apply the established policies and current issues through the same public interest lens through which it initially adopted the policies. The Commission, in fact, contemporaneously construed the SCRM policy to specifically require the use of the SCRM to recover costs of a catastrophic storm. *See* 2016 Order at 3. This process should be controlled by the plain meaning of the relevant policy provisions of the 2016 Settlement, ensuring that all of these policy provisions are harmonized.

[4] *Citizens of Fla. v. Graham*, 213 So. 3d 703, 720 (Fla. 2017).

FPL's course of dealing over the past six years further supports OPC's position that FPL is now attempting to misuse the extinguished ARM. The plain meaning of the 2016 Settlement makes clear that the ARM is nonexistent and that FPL is improperly attempting to re-establish it. To the extent there appears to be any ambiguity in the 2016 Settlement, the Commission should rely on the statements FPL made under oath or penalty of perjury to discern FPL's understanding of the intended and expected operation of the policies embedded in the 2016 Settlement. These policies do not allow FPL to manipulate essential but distinct elements of the 2016 Settlement to improperly retain the $649.6 million in annual tax savings for its shareholder. For this reason, the Commission should find in Issue 18 that the Reserve Amount and the ARM no longer exist. No additional credits from any source can be made to this non-existent account segment.

Furthermore, in response to Issue 19 the Commission should order FPL to disgorge the stipulated annual $649.6 million in tax savings by ordering FPL to reflect the annual tax savings as a credit in the income statement. Then, the Commission should dispose of all remaining issues by promptly taking up the Joint Petition For Rate Reductions Or Alternative Reverse Make-Whole Rate Case Against Florida Power & Light Company, filed in Docket No. 20180224-EI.

ARGUMENT

The TCJA Creates a Tax Savings Windfall Not Contemplated By the Parties

The TCJA became law on December 22, 2017. As applicable to the issues addressed by this Initial Brief, the most important provision of the TCJA is the reduction in the federal corporate income tax rate from 35 percent to 21 percent. Just as it applies to many corporate entities, this tax rate reduction applies to FPL and to other investor-owned public utilities in Florida.

By order dated February 26, 2018, the Commission asserted jurisdiction over the TCJA cost reductions realized by public utilities that are not parties to stipulations or settlements addressing tax reform and expressly "put utilities on notice that all revenue requirement adjustments ultimately imposed by this Commission due to the Act's provisions will be calculated as of February 6, 2018," the date of the Commission's vote. *In re* Petition to Establish a Generic Docket to Investigate and Adjust Rates for 2018 Tax Savings, by Office of Public Counsel, Order No. PSC-2018-0104-PCO-PU at 4-5 (F.P.S.C., Feb. 26, 2018). As noted, *infra*, January 22, 2018, FPL filed a response to the Petition filed by the OPC that stated its intent to retain the tax savings in an informal way that implicated the storm cost recovery and amortization mechanisms contained in the 2016 Settlement. The circumstances of the TCJA savings and FPL's informal self-help necessitates that the Commission construe and apply the policies contained in the 2016 Settlement it adopted in the 2016 Order.

Evolution of the Key 2016 Settlement Polices and Their Plain Meaning

FPL and other Florida public utilities have regularly entered into, and the Commission has approved, stipulations and settlements with consumer parties that govern rate-setting during their stated effective terms. Upon approval by the Commission, these stipulations and settlements become the official policy of the Commission, and the Commission is obligated to enforce them. *Citizens of Fla. v. Graham*, 213 So. 3d 703, 706, 713-4, 720 (Fla. 2017). In 2012, the Commission issued the 2012 Order, approving and adopting an ARM as set forth in the 2012 Settlement—a negotiated settlement between and among FPL and certain consumer parties.[5] The $400 million Reserve Amount created in the 2012 Settlement and the 2012 Order operated much like the ARM that would be established in the 2016 Order. On October 6, 2016, FPL, OPC, the FRF, and the SFHHA entered into the 2016 Settlement, which was approved by the 2016 Order on December 15, 2016.

[5] *In re* Petition for Increase in Rates by Florida Power & Light Co., Docket No. 20120015-EI, Order No. PSC-2013-0023-S-EI (F.P.S.C., Jan. 14, 2015).

The 2016 Order and the 2016 Settlement also provide for FPL to use the defined Reserve Amount, to manage FPL's earnings and requires FPL to use the SCRM established therein to recover extraordinary storm restoration costs. Together, the 2016 Settlement and the 2016 Order generally govern FPL's base rate levels and authorized base rate-generated earnings levels for the period January 1, 2017, through December 31, 2020.

Establishment of the Reserve Amortization Policy

Section 12 of the 2016 Settlement and section 10 of the predecessor 2012 Settlement include Reserve Amount provisions that were specifically created by mutual agreement of the signatories to establish separately defined Reserve Amounts.[6] The Commission adopted these provisions as its policy. Each settlement allowed FPL to use the defined and limited Reserve Amount to effectively manage factors affecting FPL's earnings within an established range of rates of return on equity ("ROE"). The maximum Reserve Amount authorized in the 2012 Settlement and the 2012 Order was $400 million.[7] The maximum Reserve Amount authorized by the 2016 Settlement and the 2016 Order was approximately $1.25 billion, consisting of the remaining unamortized Reserve Amount from the 2012 Order plus $1 billion of a Reserve Amount resulting

[6] FPL, FIPUG, the FEA, and the SFHHA entered into the 2012 Settlement on August 15, 2012. As referenced above, the 2012 Settlement created, and authorized FPL to use, the 2012 ARM up to the therein defined Reserve Amount to manage the risk factors in FPL's earnings and authorized FPL to use the SCRM established therein to recover extraordinary storm restoration costs.

[7] The 2012 Settlement Reserve's $400 million amount (later reduced to $370 million) was comprised of $191 million of unused theoretical depreciation reserve surplus from the 2010 Settlement and $209 million of surplus dismantlement reserve. Order No PSC-2013-0023-S-EI at 20. The $191 million in the 2010 Settlement Reserve and a resulting leftover amount in the 2012 Settlement Reserve would have expired and reverted to the otherwise inaccessible Depreciation reserve in Accounts 228.1 and 228.2, absent a mutually agreed carryforward into the subsequent Settlement's Reserve. *See* **Appendix, Exhibit 3 –** Excerpts from August 3, 2016, Robert Barrett Deposition Transcript at 22-26 and 60-61; *see also* Commission Rule 25-6.0436(2)(b), F.A.C. (stating that no utility shall reallocate accumulated depreciation reserves among any primary accounts and sub-accounts without prior Commission approval).

from depreciation rates described in the 2016 Settlement and the 2016 Order. 2016 Order at 24-25. A similar discretionary reserve amortization policy was initially established in the 2010 Settlement. Order PSC-2011-0089-S-EI.

Establishment of the Earnings-Neutral Storm Cost Recovery Mechanism Policy

Additionally, section 6 of the 2016 Settlement and section 5 of the 2012 Settlement each separately provide for the SCRM through which FPL could seek recovery of extraordinary storm restoration costs through rate surcharges that may be implemented soon after any named hurricane or tropical storm impacts FPL's system, with ultimate recovery of costs based on the Commission's final determination of FPL's reasonable and prudent restoration costs. The SCRM provisions in both the 2012 Settlement and the 2016 Settlement are substantively identical. Pursuant to the 2012 Settlement, FPL used the SCRM in 2017 and 2018 to recover approximately $295 million in restoration costs incurred following Hurricane Matthew's impacts on FPL's system in 2016. *In re* Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricane Matthew by Florida Power & Light Company, Docket No. 20160251-EI, Order Nos. PSC-2018-0359-FOF-EI and PSC-2018-0359A-FOF-EI (F.P.S.C., July 24, 2018). A similar SCRM policy was initially created in the 2010 Settlement. *In re* Petition for Increase in Rates by Florida Power & Light Co., Docket No. 080677-EI, Order PSC-2011-0089-S-EI (F.P.S.C., Feb. 1, 2011).

Central to the resolution of Issue 18 in this Docket are two key policy provisions—the ARM and SCRM provisions—that have existed in parallel in the three successive FPL rate case settlements approved by the Commission over the preceding decade.[8] These provisions, discussed

[8] Neither the Reserve Amount nor the ARM is an ongoing, permanent reserve account such as those contained in the FERC Uniform System of Accounts, Accounts 228.1 and 228.2.

in further detail below, constitute established policy of the Commission to govern the fairness, justness, and reasonableness of FPL's rates during the negotiated settlement term and rate freeze. The 2010, 2012, and 2016 Settlements are negotiated policies that have been adopted by the Commission as in the public interest. These orders constitute the Commission's policies with the full force and effect of law in the same way as if the rate cases had proceeded after litigated hearings to final determination. The policies underlying the ARM and SCRM were forged from the adoption and recognition of practices and a course of dealing by and between FPL, the Commission, and the signatories to the settlements. The Commission can and should look to the plain meaning in applying these policies, which have been developed through the parties' understanding of what the various relevant provisions in the 2016 Settlement mean and how they are to be interpreted. The Commission has already firmly established the SCRM policy as a required method of recovery. A review of testimony offered by FPL, in advance of the Commission's approval of the 2016 Settlement, further explains the intended uses of the provisions. Together, they reveal that the Reserve Amount and ARM are now gone. It is not available for any purpose, especially not as a reservoir to absorb the tax savings identified in this Docket.

In establishing the Commission-adopted general base rates and earnings regulation policy for FPL for the years 2017-20 through the 2016 Settlement, the 2016 Order approved and included the ARM and SCRM policy provisions that are relevant to this Initial Brief. These provisions are key, not only in how they plainly are designed to operate, but also in how they are purposefully separate and independent. The SCRM policy contemplates that it will be used in the face of an historic $1.3 billion in claimed damages from a single storm. The phrase "nothing in this agreement shall preclude FPL from seeking recovery [of storm costs]" is clearly framed to insure that the base rate freeze contained elsewhere is not a bar to the absolute right to recover severe storm damage costs. The intent and expectation of the signatories and the requirement of the Commission was that, if a catastrophic storm event occurred, FPL would with absolute certainty use this method to recover storm damage costs. When seeking the Commission's approval of the SCRM, FPL provided testimony of officials from the Company's highest level explaining the importance of the SCRM and the intent to use it in the future. As discussed *infra*, the plain language of the SCRM prohibits use of the Reserve Amount or the ARM to avoid collecting catastrophic storm restoration costs on a dollar-for-dollar basis. Moreover, FPL implemented the identical SCRM for Hurricane Matthew without resort to the 2012 Reserve Amount, even though 80% of the storm costs could have been recovered if FPL had similarly wiped out the 2012 Reserve Amount as it did with the Hurricane Irma costs. This execution of the SCRM policy provision of the 2012 Settlement occurred before the 2016 Order was final (for either reconsideration or appeal purposes), yet no change was made to the ARM or SCRM in the 2016 Settlement and 20016 Order.

Additionally, the 2016 ARM and Reserve Amount provision clearly speaks of FPL's ability to amortize the Reserve Amount. It provides that "amounts to be amortized in each year of the Term [are] left to FPL's discretion." It is clear that the ARM was designed to have available amounts in ***each year*** the 2016 Settlement is operative and that only the Reserve Amount can be amortized. Nothing in this language allows for the Reserve Amount to be re-established at FPL's discretion after FPL wiped out the remaining Reserve Amount in the first 365 days of the 2016 Settlement.[9]

[9] FPL cannot assert that, after extinguishing the Reserve Amount, it could have credited back any amount above its approved ROE of 11.6% to restore the previous Reserve Amount. For the period ending December 31, 2017, and after offsetting the costs of Hurricane Irma with the entire Reserve Amount, FPL reported earnings of an 11.08% ROE. Under historical capitalization relationships, this 52 basis point deficiency from the required restoration point of 11.6% was approximately $133

The Implementation and Operation of the Reserve Amount Policy

As discussed above, the 2016 Order approved the 2016 Settlement including the base rate freeze period and the ARM. The ARM, contained in Section 12 of the 2016 Settlement, has as its central feature the 2016 Reserve Amount, which was specifically identified, segregated, and established in the 2016 Settlement by mutual agreement of the signatories. While the plain meaning of the language of the 2016 Settlement is clear, the application of this language is re-enforced by FPL's implementation and utilization of identical provision(s) in similar situations.

The reserve amortization provisions in the 2010 and 2012 Settlements implemented during the first six years of the agreements bear this out with those reserves returning surplus amounts at the end of each term. Having admitted that it wiped out the entire $1.148 billion 2016 Reserve Amount with a single journal entry in December 2017 to write off nearly all the costs of an event that it had the right to fully collect in a completely earnings neutral manner, FPL now effectively highlights its error by seeking to re-establish a Reserve Amount so that it can return to using the ARM for the sole, specific purpose for which it was designed—to address earnings-affecting risk factors.

At the end of the first of the four years in the 2016 Settlement term, FPL had only utilized $106 million or just 9.2% of the $1.25 billion of the original Reserve Amount. Furthermore, $191 million of $776 million or 25% of the original 2010 Reserve Amount and $250 million of $370 million or 67.5% of the available 2012 Reserve Amount was unused and carried forward to the respective succeeding Reserve Amount by agreement. The first six years' implementation of the amortization reserve policy had yielded an aggregate utilization rate of only 61.6% of the total

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million. Given that FPL fell approximately the same amount short of offsetting the entire claimed Hurricane Irma cost with the Reserve Amount, FPL was not in a position to leave any Reserve Amount. Regardless, FPL did not do so and the Reserve Amount was extinguished.

dollars specifically set aside for amortization to income. Clearly, there was an expectation in the course of dealing that each Reserve Amount was to be used ***over the life of the settlement*** to address fluctuations in earnings-affecting factors and NOT for the recovery in one fell swoop of an historic catastrophic hurricane which the Company had a legal right to collect in a pure pass-through that did not affect its earnings

The purpose of the ARM was to provide FPL flexibility to manage its business operations to address fluctuations in costs and other general or cyclical risks affecting earnings. FPL was allowed to use the Reserve Amount to increase reported achieved earnings to the top of its authorized range (11.6% ROE) by debiting the existing Reserve Amount and crediting depreciation expense in an amount that would not cause earnings to exceed 11.6% ROE. To the extent FPL would otherwise have reported earnings above 11.6% ROE, it was required under the ARM to debit expense (and correspondingly credit the remaining Reserve Amount) in an amount necessary to bring achieved earnings to no more than 11.6% ROE.

The intended use of the ARM was described in testimony presented at the Commission's hearing in its consideration of the 2016 Settlement as a predicate to issuing its 2016 Order. There FPL, through its Vice-President of Finance, Bob Barrett, provided sworn testimony to the Commission at the October 27, 2016, settlement hearing regarding the purpose of the ARM as follows:

> [t]he settlement agreement, itself -- this four-year term provides a period of time where we can really focus on running the business, allowing this reserve mechanism to offset some of the fluctuations in the business.

Appendix, Exhibit 2 – Excerpts from October 27, 2016, Hearing Transcript at 000144-000145. Mr. Barrett additionally explained how this would work and how, in FPL's view and understanding, it was integral to the agreement being successful.

Q. Is this provision critical to the settlement?

A. Yes. The reserve amortization mechanism provides the Company the flexibility necessary to achieve reasonable financial results during the four-year settlement period while also agreeing to substantially lower base revenue increases compared to those requested in the 2016 Rate Petition. Without this flexibility, base rates could not be held constant for such an extended period due to the risk of weather, inflation, rising interest rates, mandated cost increases **and other factors affecting FPL's earnings** that largely are beyond the Company's control.

Q. What are the benefits of allowing FPL to amortize the Reserve Amount during the settlement term?

A. The amortization of the Reserve Amount provides rate certainty and avoids the need for expensive and disruptive base rate proceedings over the four-year settlement period. The Commission approved a similar mechanism in Order No. PSC-13-0023-S-EI, so the Proposed Settlement Agreement provides nothing new in that regard. Specifically, the reserve amortization mechanism allows the Company to forgo a portion of the cash revenue increases it petitioned for, providing significant benefit to customers through lower rates over the four-year period.

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The reserve amortization mechanism in the proposed settlement agreement helps make it possible for FPL to accept the substantial reduction in cash-based revenue increases compared to the filed request while maintaining the flexibility FPL needs to achieve reasonable financial results over the four-year minimum term.
The reserve amortization mechanism provides confidence to customers and the Commission that FPL will be able to avoid the need for expensive and disruptive base rate proceedings over the four-year settlement period.

Appendix, Exhibit 2 at 79-80 and 89 (emphasis added).[10]

It is significant that, as a part of the evolution of the reserve amortization policy, in 2010 and 2012, the Commission adopted stipulations and settlements between FPL and customer parties, including the parties petitioning the Commission in Docket No. 20180224-EI, each of which contained

[10] The testimony filed in October 2016 preceded the unexpected outcome of the 2016 U.S. presidential election, the TCJA, and the resulting $649.6 million in FPL's annual tax savings. Therefore, the tax savings windfall was not and could not have been factored into the negotiation or outcome of the 2016 Settlement or the 2016 Order, including the Commission's decision to approve that Settlement.

both SCRMs and ARMs.[11] The 2010 Settlement included an ARM and recognized limited amortization flexibility with a depreciation reserve surplus of $894 million. At the effective end of the 2010 Settlement in 2012, there was a projected unamortized remainder in the depreciation reserve surplus that was retained and carried forward for use in the Reserve Amount and amortization mechanism contained in the 2012 Settlement. This carryforward was only available through the mutual agreement of the parties to the 2012 Settlement. Mr. Barrett testified in August 2016 that, without the mutual agreement to save it, the functionally equivalent reserve mechanism in the 2012 Settlement would expire at the conclusion of that agreement. *See* **Appendix, Exhibit 3 –** Excerpts from August 3, 2016, Robert Barrett Deposition Transcript at 22-26 and 60-61. This sworn testimony illustrates that the ARM has been, and continues to be, a creature of the mutual agreement of the parties and not something that FPL could unilaterally create, resurrect, or re-create.

FPL Demonstrates Its Intentions Regarding the Operation and Implementation of the Storm Cost Recovery Policy

Additionally, in both the 2012 Settlement and the 2016 Settlement, the parties created in a separate and independent section, and the Commission approved as its policy, a SCRM to provide specifically for the timely, expedited recovery of material restoration costs following hurricanes and tropical storms. As demonstrated by FPL's testimony, the SCRM described in Section 6 of the 2016 Settlement can be considered either an exception to the base rate freeze or an *ad hoc* clause or rider (and thus outside the scope of the base rate freeze) by authorizing and requiring FPL to implement an expedited, temporary interim cost-recovery rate element, via a surcharge, that is to be determined without regard to the Company's achieved ROE or the availability of any amortization mechanism, and thus is expressly designed to have no impact on FPL's achieved

[11] *In re* Petition for Increase in Rates by Florida Power & Light Company, Docket No. 20080677-EI, Order No. PSC-2011-0089-S-EI (F.P.S.C., Feb. 1, 2011).

ROE. FPL has confirmed its own understanding of the SCRM by describing the SCRM as a "pass-through" in filings with the United States Securities and Exchange Commission ("SEC") and investors. *See* **Appendix, Exhibit 4 –** Excerpts from NextEra Energy, Inc./Florida Power & Light Company's Reports Filed with the United States Securities and Exchange Commission at 0007. These acts and representations by FPL conclusively demonstrate the SCRM was designed to allow for the separate recovery of storm costs in a way that would explicitly not depend on fluctuations in the business cycle.[12] FPL and NextEra Senior Vice-President Moray Dewhurst also reinforced this point in sworn testimony, as more fully discussed below. This understanding is consistent with the 2016 Order's policy requirement that it be used to recover catastrophic storm costs.

The design of the SCRM is to allow the Company to quickly recover storm restoration costs without consideration of earnings or Reserve Amounts, as explained and confirmed in the August 4, 2016, deposition testimony of FPL witness Moray Dewhurst at pp. 55-59, and in the testimony at the hearing conducted August 12 – September 1, 2016, in Docket No. 20160021-EI (general rate case) at TR 2450-53 and 2477-78.

In sworn deposition testimony, FPL, through Mr. Dewhurst, stated FPL's intent[13] to utilize the SCRM, and further stated that it would be implemented without regard to earnings

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[12] Any reference to "weather risk" in FPL testimony relating to the availability and intended purposes of the ARM is to the weather (hot or cold) that affects energy sales and is entirely unrelated to repair and restoration costs incurred to restore service following named tropical storms and hurricanes. Any lost revenue caused by a storm is not recoverable under the SCRM per the 2016 Settlement's incorporation of Commission Rule 25-6.0143, F.A.C.

[13] This intent was officially confirmed in the stated position of the Company reflected in Order No. PSC-2016-0341-PHO-EI at 23. The order memorializes FPL's official position thus:

> **FPL proposes to continue to recover prudently incurred storm costs under the framework prescribed by the 2012 Rate Settlement.** Specifically, if FPL incurs storm costs related to a named tropical storm, the Company may begin collecting up to $4 per 1,000 kWh (roughly $400 million annually) beginning 60 days after filing a

considerations (as was done in the 2012 Settlement, which also included a provision that forbade access to the available reserve amount):

> **Q Okay. Let me move away from that background information. I just want to touch on the storm-recovery aspect of your testimony. You answered some questions earlier about named storms to staff counsel. And I want to ask you, if the named-storms restriction that is in the intent of the settlement agreement provision is brought forward and approved by the Commission as a stand-alone provision in this rate case, you would not object to the Commission making clear that that was a requirement of the storm-recovery mechanism, would you?**
>
> A No. That was our intent. That's our – that's what we thought we were agreeing to at the time. That's what we intend to live by.
>
> **Q Okay. Very good. And I know in your rebuttal testimony, you addressed some of the concerns that were raised by OPC Witness Schultz; is that right?**
>
> A I believe I did, yes. I'm trying to find the exact pages. I believe on 62 and 63 of my rebuttal –
>
> **Q Correct**.
>
> A -- I address the concerns that Mr. Schultz identified.
>
> **Q Okay. And I think that you -- you stated -- well, Mr. Schultz commented in his testimony that the prohibition in the settlement storm-recovery mechanism against rate-case-type inquiries and to the consideration of storm-restoration costs did not mean or should not mean that legitimate inquiry into the prudence, reasonableness, method of recovery of the submitted storm-restoration costs could not occur; is that correct?**
>
> A That's correct.
>
> **Q Okay.**

> petition for recovery with the FPSC. If costs to FPL related to named storms exceed $800 million in any one year, the Company also can request that the Commission increase the $4 per 1,000 kWh charge accordingly.

(Emphasis added).

A And I agree that the prudence is a separate issue. In 2006, we had discussions about the prudence of restoration costs that had been incurred in 2004 and 2005, but there was no application of what I would call any earnings test or consideration of where FPL, then, was in its earnings band. And what's what the provision in the settlement agreement was designed to prevent.

Q Okay. And that's what I wanted to make sure I understood. If there was an assertion that the Commission or the parties were wanting to test that -- that you were submitting, hypothetically, employee costs for double recovery, i.e., they got it in their payroll and it was recovered in rates and then, they asked for it separately, that -- that hypothetical situation -- that would be fair game, if you will, in a regulatory proceeding dealing with the appropriate level of restoration-costs recovery. Would that be right?

MS. CANO: I'm going to object to the form. Just ambiguous, hard to follow.

A Okay. I think I can answer that by way of saying that, I think, the example that you're giving of, you know, how employees' time is recorded was a specific issue in 2006 and was debated at that time. And so, no, we are not precluding that kind of discussion.

Q Okay.

A But again -- excuse me.

Q Yes, sir.

A That -- that discussion should not be conditioned upon where FPL is at that point in time in its earnings band. It should be a function of FPL demonstrating or failing to demonstrate that the costs incurred were prudently incurred in achieving the restoration of the service to our customers.

Q And to follow up on that, I -- I -- I think the intent of the provision, if you can agree with me, is that the -- if there are offsetting costs, for example, maybe you had an efficiency measure that saved $30 million unrelated to storm costs, that would not be allowed as an offset to consideration about whether you were -- to get recovery of, you know, say $410 million of storm damage, right?

A Yes, I agree with that. Those would be separate issues and the discussion of the -- in your instance, 400 some million should be limited to the prudence of the activities that led to the incurring of those costs.

> **Q Okay. And I -- so, that's your understanding of how the mechanism should work and the -- the kind of the bright line, if you will, about what can and can't be addressed in a storm-restoration mechanism proceeding?**
>
> A Correct.
>
> **Q Okay. So, if the Commission were to clarify or to put some bounds around that, if they were to approve the storm-recovery mechanism, you would not find that offensive, correct?**
>
> A Not if it had the intent that I just described, no.

Appendix, Exhibit 5 – Excerpts from August 4, 2016, Moray Dewhurst Deposition Transcript at 55-59. Thus, the clear point and intent of FPL's effort to import the virtually identical 2012 SCRM language into the 2016 adjudicated rate case proceeding (and, as it would turn out, ultimately into the 2016 Settlement) was that the Company intended to use the SCRM to recover storm costs without any external offsets such as earnings. Further, the 2012 Settlement's depreciation reserve offset prohibition language was, through the 2016 Settlement, imported into Commission policy along with the earnings offset prohibition language discussed in sworn testimony.

Shortly thereafter, on August 25, 2016, in the hearing on its 2016 petition for rate increases, FPL continued to commit to using the SCRM to recover storm costs and the existing 59.6% equity ratio together to manage storm cost recovery risk and maintain liquidity in funding repairs. The SCRM and that unusually high equity ratio were cited by FPL as being part of "successful policies of the past" that FPL hoped to continue and ultimately did succeed in including in the 2016 Settlement. Witness Dewhurst stated:

> In addition, my testimony supports the adoption of an ROE performance adder of 50 basis points ("bps") for setting rates and the continued use of the Company's current storm cost recovery mechanism.
>
> ***
>
> One important aspect of FPL's strategy has been the consistent maintenance of a core set of financial policies, which have ensured that the Company has access to

> the financial resources it needs at very competitive prices to execute its capital programs, to manage its liquidity needs, and to maintain the flexibility to respond rapidly to unexpected changes in the external environment - all of which are necessary to deliver superior customer value. FPL's principal financial policies have focused on maintaining:
>
> - A strong overall financial position;
> - A balanced capital structure;
> - Ready access to sufficient liquidity to support fluctuations in cash flow;
> - Competitive returns to investors to compensate them for the use of their capital; and
> - A mechanism for managing the financial impacts of storm restoration efforts.
>
> ***
>
> Given the demonstrated success of both FPL's overall strategy and the financial policies that have underpinned it, there is no reason to make major changes at this time. ***FPL's filing proposes a continuation of the successful policies of the past***, updated to reflect today's market conditions, to support a continued strategy of improving the customer value proposition. Specifically, (i) the continued use of FPL's historical capital structure, (ii) the provision of an allowed ROE consistent with current capital market conditions, and (iii) the provision of a suitable mechanism for the prompt recovery of prudently incurred storm restoration costs are three major elements that will continue to support FPL's ability to improve its already excellent customer value proposition.

Appendix, Exhibit 6 – Excerpts from August 25, 2016, Hearing Transcript at 2450-53 (emphasis added). As noted, *supra* Footnote 13, FPL affirmatively stated and confirmed this intent in its official prehearing position. Order No. PSC-2016-0341-PHO-EI at 23.

When the 2016 Settlement was considered by the Commission, under questioning from the Chair, Mr. Dewhurst further explained the intended use of the SCRM as follows:

> CHAIRMAN BROWN: The storm reserve, on the storm reserve, because it's no longer accruing and you're going to be coming in for a request for a surcharge. But really the reserve level under the settlement agreement can only go up to 112 million.
>
> THE WITNESS: Yeah. It's actually 117, which is what it was as of January 1st, 2017. So -- sorry, 2013.
>
> No, you know, I don't see it as an impediment in terms of it's the mechanism that's been in place since the 2012 settlement agreement and, you know, has kind of, you

> know, served us well. While fortunately we haven't had significant major storms until this year, you know, I think it's a mechanism that's -- that works.
>
> CHAIRMAN BROWN: So after the surcharge, FPL intends, though, to get that reserve level up to -- is it the 117 or the –
>
> THE WITNESS: That's correct, yeah.

Appendix, Exhibit 2 at 56. Again, in testimony about the 2016 Settlement and the SCRM, FPL gave the Commission reason to believe that after January 1, 2017, the Company would continue to follow the storm cost recovery mechanism policy identical to the one included in the 2012 Settlement, which was tantamount to indicating that it would follow the SCRM policy on a going-forward basis. The Commission acted in reliance upon this evidence in requiring the SCRM as a part of its policy. *See* 2016 Order at 3.

FPL Tells Investors How It Intends to Follow the SCRM and ARM Policies of the Commission

In the December 31, 2015, Form 10-K of NextEra Energy, Inc. and Florida Power & Light Company, which was the last one filed before the Commission voted to approve the 2016 Settlement, the Company made this representation on page 47: "The drivers of FPL's net income **not reflected in the reserve amortization calculation** typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC—equity and costs not allowed to be recovered from retail customers by the FPSC." On page 48 of that same Form 10-K, FPL discusses and classifies storm-related surcharges under the general heading "Cost Recovery Clauses," thus cementing FPL's representation to investors and regulators alike that the SCRM and ARM were established for distinctly separate purposes. **Appendix, Exhibit 4** at 0006 and 0007 (emphasis added).

This identical language is found at pages 41 and 42 of the December 31, 2016, Form 10-K which was the next such report filed after approval of the 2016 Settlement. *Id.* at 0010-0011.[14]

In summary, FPL provided sworn testimony to the Commission and statements to investors under threat of liability and prosecution that (a) it intended to use the SCRM to recover restoration costs incurred due to major storms; (b) the SCRM provided and provides for recovery of significant storm costs and does so without regard to the level of earnings; and (c) use of the SCRM is expressly intended to exclude consideration of earnings or the availability of a remainder in the Reserve Amount. These statements are bolstered by the fact that FPL made similar representations to investors and to financial and utility regulators. The only available conclusion for the Commission's policy determination and reliance is and was that the Reserve Amount and the ARM were not intended under the plain language in the 2016 Settlement to be utilized to offset the costs resulting from a major storm when an earnings-neutral cost recovery mechanism was available to the Company. The specific language of Section 6(c) of the 2016 Settlement contemplates that storm costs will be recovered in a PSC proceeding, without regard to earnings or resort to the Reserve Amount to reduce the SCRM recovery from customers. The 2016 Order requires this.

FPL Follows the SCRM Policy Contemporaneously with Commission Adoption of the 2016 Settlement in the Public Interest as Its Policy

During the time that reconsideration or appeal of the 2016 Order was still available, FPL utilized the policy contained in the SCRM in real time by filing a petition to recover approximately $300 million of restoration costs from Hurricane Matthew, only 14 days after the 2016 Order was

[14] The statements FPL and NextEra made to investors in official SEC filings cannot be ignored as they are legally binding on the Company and expose them to liability and sanctions if they are material and false. The Commission has every right to rely on them and in fact cannot ignore them. *Gulf Power Co. v. Bevis*, 289 So. 2d 401, 404 (Fla. 1974) ("A rate making body such as Florida's PSC cannot ignore an existing fact that admittedly will affect the future rates, such as the corporate tax here.").

issued. At the time, there was a $250 million Reserve Amount.[15] FPL utilized the SCRM and recovered its Hurricane Matthew restoration costs from March 2017 through February 2018 via a surcharge without regard to earnings or reserve surplus availability. Order No. 2018-0359-FOF-EI at 1. Through Commission approval of the 2016 Order, the leftover $250 million amount in the Reserve Amount created by section 12(c) of the 2012 Settlement and adopted by the 2012 Order was added to the newly created 2016 Reserve Amount instead of expiring as it otherwise would have.

FPL Wipes Out the Reserve Amount in an Effort to Keep the TCJA Windfall and Avoid Reducing Rates

Hurricane Irma impacted FPL's system on September 10 and 11, 2017. FPL claims to have spent $1.321 billion on storm restoration costs for Hurricane Irma. *In re* Evaluation of Storm Restoration Costs for Florida Power & Light Company Related to Hurricane Irma, Docket No. 20180049-EI, Testimony of Manuel B. Miranda at 25.[16] As noted *supra*, FPL paid its Hurricane Irma-related storm restoration costs from available funds and, without first seeking or obtaining

[15] This proportion of the available Reserve Amount in the Reserve to the total claimed Matthew costs was 80%, which is the strikingly similar to the same proportion (89%) of the 2016 Reserve Amount utilized to offset the cost of Hurricane Irma in December 2017. The only variable is that the recurring, unanticipated TCJA tax savings windfall was suddenly available in December 2017 and, if only used to pay off the costs of Hurricane Irma, it would likely quickly overflow the nearly full amortizable Reserve Amount in the Reserve, triggering overearnings and rate reductions. FPL chose to try to keep the tax savings windfall by first wiping out the Reserve with Hurricane Irma costs and then attempting to re-establish the Reserve amount without reducing rates.

[16] Duke Energy Florida ("DEF") claims to have spent $513 Million restoring service following the impacts of Hurricane Irma and Hurricane Nate on its system in 2017. *In re* Application for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricanes Irma and Nate, by Duke Energy Florida, LLC, Docket No. 20170272-EI, DEF's Petition at 1 (PSC Document No. 10933-2017, Dec. 28, 2017). Tampa Electric Company claims to have spent $102.7 Million on storm restoration costs in 2015, 2016, and 2017, the bulk of those costs due to Hurricane Irma in 2017. *In re* Petition for Recovery of Costs Associated with Named Tropical Systems During the 2015, 2016, and 2017 Hurricane Seasons and Replenishment of Storm Reserve Subject to Final True-up, Tampa Electric Company, Docket No. 20170271-EI, Tampa Electric's Amended Petition at 1 (PSC Document No. 00787-2018, Jan. 30, 2018). Both DEF and Tampa Electric sought recovery utilizing the substantively identical SCRM provisions the Commission adopted as its official policy.

Commission approval (and without consulting with any of the signatories to the 2016 Settlement), recorded its Hurricane Irma restoration costs as a base operation and maintenance expense and made an accounting entry to effectively charge off those expenditures against the Reserve Amount created by the 2016 Settlement. FPL now claims, again with no approval from the Commission, to be making accounting entries that will "partially restore" the Reserve Amount with additional net income credits that it is realizing through the federal corporate income tax reductions resulting from the TCJA. **Appendix, Exhibit 4** at 0003. This was inconsistent with the design of the Reserve Amount. The Reserve Amount was extinguished, imprudently or not, and cannot now be resurrected.

FPL is Acting Contrary to Other Florida and Out-of-State Utilities.

According to numerous press reports and other sources, the regulatory authorities in 48 states have taken and are taking action to reduce the rates of more than 100 investor-owned utilities to reflect the cost reductions realized as a result of the TCJA. In Florida, DEF agreed—and the Commission has approved—to apply the substantial majority of savings realized due to the TCJA to offset its storm restoration costs due to Hurricanes Irma and Nate, with DEF's express agreement with parties representing DEF's customers that when its storm costs are fully paid off, DEF will implement a permanent reduction of $150.9 million per year in its base rates. *In Re* Consideration of the Tax Impacts Associated with Tax Cuts and Jobs Act of 2017 for Duke Energy Florida, LLC, ("DEF Tax Docket"), Docket No. 20180047-EI, Joint Motion by Duke Energy Florida LLC, and Citizens of Florida to Approve Stipulated Positions and Suspend Procedural Dates, Exhibit A at 4-5 (PSC Document No. 06974-2018, filed Nov. 2, 2018).

Similar to DEF, Tampa Electric is applying the savings it realized due to the TCJA to offset its storm restoration costs, and Tampa Electric has further agreed to—and the Commission has approved—a permanent base rate reduction to flow those savings back to TECO's customers effective January 1, 2019, after TECO's storm costs are fully paid off. *In Re* Consideration of the Tax Impacts Associated with Tax Cuts and Jobs Act of 2017 for Tampa Electric Company ("TECO Tax Docket"), Docket No. 20180045-EI, Order No. PSC-2018-0457-FOF-EI at 3 (F.P.S.C., Sept. 10, 2018).

Similarly, Gulf Power Company, although not impacted by storms in 2017, has agreed to—and the Commission has approved—base rate reductions to ensure that Gulf's customers promptly realize the savings resulting from the TCJA. *In re* Consideration of the Stipulation and Settlement Agreement Between Gulf Power Company, the Office of Public Counsel, Florida Industrial Power Users Group, and Southern Alliance for Clean Energy Regarding the Tax Cuts and Jobs Act of 2017 ("Gulf Tax Docket"), Docket No. 20180039-EI, Order No. PSC-2018-0180-FOF-EI at 1, 4; *see also* Order No. 2018-0548-S-EI at 2-3, 7-8 (F.P.S.C., Nov. 19, 2018) (approving Gulf's agreement to implement an additional permanent base rate decrease to flow back to customers additional amounts flowing from the TCJA on January 1, 2019).

FPL Extinguished the Reserve Amount and Can No Longer Utilize It for Any Purpose

On January 26, 2018, FPL made public statements, including statements in filings with the SEC that it had recorded the entire estimated Hurricane Irma costs as an expense on its books in December 2017. **Appendix, Exhibit 7** at 2-3. Further, FPL told investors in its December 31, 2017, SEC Form 10-K that "At December 31, 2017, no amounts remain in accrued asset removal costs related to reserve amortization." **Appendix, Exhibit 4** at 0017. Further, FPL told the Commission that it had debited the entire remaining Reserve Amount of approximately $1,148,000,000 and credited its income statement (depreciation expense) in the same amount—effectively wiping out the Reserve Amount and the ARM. This is evidenced by the sworn filing FPL made with the Commission in its

December 2017 ESR (*see* last page of the ESR, entitled 'ATTACHMENT 1'), where FPL reported under oath that the remaining Reserve Amount was $0 at December 31, 2017, representing an elimination of the Reserve Amount and the resulting extinguishment of the ARM. **Appendix, Exhibit 8** – February 26, 2018, Cover Letter and FPL's Rate of Return Surveillance Report for December 2017. Despite these unilateral public pronouncements, there is, however, no provision in the 2016 Settlement or in the 2016 Order authorizing the resurrection or unilateral re-establishment of the Reserve Amount or the ARM by FPL once it was fully exhausted and extinguished when FPL applied the entire Reserve Amount to write off its Hurricane Irma storm restoration costs

By charging the Hurricane Irma costs against the Reserve Amount, FPL extinguished the Reserve Amount which had been created for a specific and entirely different purpose by the 2016 Settlement and adopted as ratemaking policy by the Commission. The Reserve Amount and associated ARM are no longer available to be used as a reservoir to "bank" the TCJA savings, which appropriately belong to the customers. FPL does not have any right or authority to unilaterally re-establish the Reserve Amount which does not exist and thus cannot accept credits from the regulatory liability FPL established to shelter the surplus accumulated deferred income taxes or earnings above 11.6%.

The Commission Must Order the $649.6 Million TCJA Annual Windfall to Be Credited to Income

Since the Reserve Amount and the ARM are not available options, as discussed in the above analysis, the only option available to FPL and the Commission is to record the full annual impact of the TCJA in the final 2018 surveillance report and dispose of any overearnings in Docket No. 20180224-EI.

CONCLUSION

The Commission cannot ignore the plain language of the 2016 Settlement nor can it re-interpret the 2016 Settlement in a manner that is contrary to the public interest determination that it made in reliance on the unchallenged evidence it considered in such a determination. The policies established and approved in the public interest in the 2016 Settlement fundamentally concern the SCRM, the Reserve Amount, and the associated ARM. Not only were the Reserve Amount and the associated ARM creatures of the 2016 settlement, they only exist as a part of policies that have been approved by the Commission as in the public interest since 2011. Having been extinguished by FPL's unilateral actions, Reserve Amount and the ARM are forever unavailable within the context of the 2016 Settlement and the 2016 Order. Customers are entitled to the tax savings and to have these savings credited to their direct benefit.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Citizen's Initial Brief has been furnished by electronic mail on this 22nd day of February, 2019, to the following:

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OPC INITIAL BRIEF APPENDIX

EXHIBIT 1

FPL's Answer to Office of Public Counsel's Petition to Establish Generic Docket to Investigate and Adjust Rates for 2018 Tax Savings

In Re: Petition the Commission to establish a generic docket to investigate and adjust rates for all investor owned utilities related to the reduction in the federal corporate income tax rate as a result of the passage of the Tax Cuts and Jobs Act (G.L.c.164, §94)	Docket No.: 20180013 Filed: January 22, 2018

FPL'S ANSWER TO OFFICE OF PUBLIC COUNSEL'S PETITION TO ESTABLISH GENERIC DOCKET TO INVESTIGATE AND ADJUST RATES FOR 2018 TAX SAVINGS

Florida Power & Light Company ("FPL" or "the Company") hereby responds to the Office of Public Counsel's ("OPC") Petition To Establish Generic Docket To Investigate and Adjust Rates for 2018 Tax Savings. FPL agrees that the passage of the Tax Cuts and Jobs Act ("Tax Act") benefits customers, and that the Commission could attach jurisdiction over the resulting federal tax savings on February 6, 2018 when it votes on OPC's Petition. However, FPL does not believe that the generic proceeding contemplated by OPC's Petition is necessary or warranted at this time. As FPL announced publicly on January 16, 2018, by taking advantage of both federal tax savings and the flexible framework included in FPL's 2016 base rate settlement agreement ("Settlement Agreement"), FPL already has taken action to save customers nearly \$1.3 billion in Hurricane Irma restoration costs. Further, as a result of this action and the flexibility afforded under the Settlement Agreement, FPL expects to be positioned to avoid a general base rate increase beyond the minimum term of the Settlement Agreement.

The Settlement Agreement

FPL's Settlement Agreement, approved by the Commission in Order No. PSC-16-0560-AS-EI, contains mechanisms that provide FPL flexibility to address unexpected changes in costs or expenses resulting from operating conditions, weather, market forces or even new laws, while maintaining its earnings within the range authorized by the Settlement Agreement. The change resulting from the Tax Act categorically falls within this framework. Under the Settlement Agreement:

- FPL's authorized return on equity ("ROE") shall be a range of 9.6% to 11.6%. FPL is prohibited from requesting a further rate increase through 2020 unless its earnings fall beneath 9.6%. Conversely, the other parties to the Settlement Agreement, including OPC, are not permitted to challenge the rates authorized under the Agreement unless FPL's earned ROE exceeds 11.6%. Settlement Agreement, ¶ 11.
- FPL may amortize approximately $1.25 billion of depreciation and dismantlement reserve surplus through at least the end of 2020 to address impacts on its earnings from factors such as those listed above, with the amount to be amortized in each year left to FPL's discretion. Settlement Agreement, ¶ 12(a), (c).
- FPL must amortize reserve surplus in amounts needed to stay within the 9.6% to 11.6% range. That is, FPL can neither debit nor credit amounts from the reserve which would cause FPL to exceed 11.6% ROE or fall below 9.6%. Settlement Agreement, ¶ 2, 12(c).
- During each year of the settlement, FPL must attach to its December monthly surveillance the amount of amortization credit or debit that it made to the reserve on monthly and year-end total bases. Settlement Agreement, ¶ 12(c).

These terms provide rate stability to customers and grant FPL flexibility to manage its business within the authorized range and to avoid or defer the need for additional increases. There are no limitations stated in the Settlement Agreement on the types of impacts (whether positive or negative) on FPL's earnings that FPL is authorized to address through the flexible amortization of reserve surplus. Thus, although the Settlement Agreement does not expressly contain the term "tax reform," it contemplates that FPL will account for unexpected changes in its business – no matter how they arise – within the framework of the Settlement Agreement. To alter that framework is to alter the terms of the Settlement Agreement itself.

FPL's Use of Surplus To Offset Hurricane Irma Expense

In September 2017, FPL's service territory was significantly impacted by Hurricane Irma. Restoration efforts lasted several weeks, costing approximately $1.4 billion. FPL is authorized by Rule 25-6.0143 to charge the incremental portion of such costs (nearly $1.3 billion) to the Storm Reserve (Account 228.1) rather than treat them as a current expense. That is what FPL did initially, leaving the Storm Reserve in a substantial deficit position. The Settlement Agreement also authorizes FPL, upon request, to recover such deficits and replenish the Storm Reserve through a surcharge to customers' electric bills. Settlement Agreement, ¶ 6. The federal tax savings and the Settlement Agreement's flexibility have given FPL the ability to charge the Hurricane Irma restoration costs as an expense in 2017 and reverse the earlier charge made to the Storm Reserve, rather than collecting a surcharge from customers. Had FPL instead availed itself of the surcharge mechanism to recover the deficit and replenish the Storm Reserve, it would have petitioned to implement a surcharge beginning on March 1, 2018 and continuing through the end of 2020. The initial charge would have started at $4.00 per month on a 1,000-kWh residential bill, escalating to more than $5.00 per month in 2019 for recovery over a 34-month period.

Pursuant to the Settlement Agreement, FPL was able to offset most but not all of the Hurricane Irma restoration expense by amortizing the full amount of reserve surplus then available under the Settlement Agreement. Over subsequent years of the Settlement Agreement, FPL will be able to use tax savings resulting from the Tax Act to replenish partially the reserve surplus through amortization of debits, as permitted under Paragraph 12(c) of the Settlement Agreement. That action, in turn, is expected to position FPL to defer the next general base rate increase for up to two additional years beyond the end of the minimum term of the Settlement Agreement (December 31, 2020).

Continued Use of the Reserve To Postpone Future Base Rate Increases

As noted above, FPL is authorized to continue to access the accumulated reserve even after the minimum term of the Settlement Agreement if it provides notice by March 31, 2020 that it does not intend to seek a general base rate increase to be effective any earlier than January 1, 2022. FPL anticipates that tax savings generated over the next few years will enable it to replenish to some degree the reserve FPL used for the benefit of customers in avoiding an Irma restoration surcharge. Absent a marked change in business conditions, therefore, FPL would expect to be positioned to remain under the Commission-approved Settlement Agreement for up to two additional years.[1] This would be a significant benefit for customers, preserving FPL's already low rates along with other rate concessions and maintaining overall rate stability potentially through the end of 2022.

The Commission's Earnings Surveillance

The Commission has ongoing jurisdiction to review FPL's earnings on a monthly basis. And, under the terms of the Settlement Agreement, FPL must disclose the amounts credited and debited to the reserve surplus, which will provide the Commission, OPC and any other interested person a clear view of the balance of the reserve and how FPL manages it within the structure of the Settlement Agreement. This process allows for full transparency regarding the basis for FPL's calculation of tax impacts under the Tax Act, and FPL will work collaboratively with the

[1] Accordingly, FPL would provide notice pursuant to Paragraph 12(c) of the Settlement Agreement on or before March 31 2020.

Commission's Staff and with OPC to that end. Thus, in FPL's view, a formal proceeding at this time is not necessarily required to accomplish this goal. Instead, FPL commits to support the efforts of the Commission's Staff and OPC to understand the impacts of the Tax Act on FPL, including through the exchange of data and information. The Commission could hold a duly noticed meeting, open to all interested persons, at which FPL would make a detailed presentation as to its calculation of taxes under the Tax Act.[2] A period of informal discovery would follow, during which time FPL would respond to data requests from the Commission Staff and OPC. If it became clear through this informal process that there was a genuine, substantive dispute over FPL's tax calculations or resulting deferred tax impacts, the Commission certainly could initiate a formal proceeding.

Conclusion

In summary, using the flexibility embodied in the Settlement Agreement, FPL developed and already has begun executing an approach that provides a total of nearly $1.3 billion in relief to customers, with typical residential customer savings of at least $4.00 monthly beginning March 2018, with those savings increasing to more than $5.00 monthly in 2019 and 2020. In fact, with the completion of Hurricane Matthew cost recovery, FPL customers will benefit from a net bill decrease beginning March 1. Beyond 2020, FPL anticipates that federal tax savings, combined with reserve amortization that it has been able to replenish to that point, will enable it to remain under the current Settlement Agreement for up to two additional years, thus avoiding a general base rate increase potentially until January 2023. The Commission can, through an open and informal process, explore and confirm FPL's calculation of tax savings and address any related regulatory accounting issues resulting from the Tax Act.

---

[2] FPL expects that there will be a separate process to review its Hurricane Irma restoration expenses.

WHEREFORE, FPL respectfully requests that the Commission deny without prejudice or, alternatively suspend, OPC's Petition To Establish Generic Docket To Investigate and Adjust Rates for 2018 Tax Savings with respect to FPL, to allow for the previously described informal process to occur.

Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket 20180013-PU

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery on the 22nd day of January 2018 to the following:

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s/ Maria Jose Moncada
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OPC INITIAL BRIEF APPENDIX

EXHIBIT 2

Excerpts from October 27, 2016, Hearing Transcript

FILED NOV 02, 2016
DOCUMENT NO. 08615-16
FPSC - COMMISSION CLERK

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

PROCEEDINGS: HEARING

COMMISSIONERS PARTICIPATING:
CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Thursday, October 27, 2016

TIME: Commenced at 9:30 a.m.
Concluded at 1:12 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

-and-

ANDREA KOMARIDIS
Premier Reporting
(850)894-0828

APPEARANCES:

JOHN T. BUTLER, R. WADE LITCHFIELD, and MARIA MONCADA, ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, appearing on behalf of Florida Power & Light Company.

J.R. KELLY, PUBLIC COUNSEL; CHARLES REHWINKEL; and PATRICIA A. CHRISTENSEN, ESQUIRES, Office of Public Counsel, c/o the Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida.

MARK F. SUNDBACK, KENNETH L. WISEMAN, and WILLIAM M. RAPPOLT, ESQUIRES, Andrews Kurth, LLP, 1350 I Street NW, Suite 1100, Washington, DC 20005, appearing on behalf of South Florida Hospital and Healthcare Association.

MAJOR ANDREW UNSICKER, ESQUIRE, USAF Utility Law Field Support Center, Air Force Legal Operations Agency, 139 Barnes Drive, Suite 1, Tyndall Air Force Base, Florida 32403, appearing on behalf of Federal Executive Agencies.

DIANA CSANK, ESQUIRE, 50 F Street, NW, 8th Floor, Washington, DC 20001, appearing on behalf of Sierra Club.

APPEARANCES (Continued):

STEPHANIE EATON, 110 Oakwood Drive, Suite 500, Winston-Salem, North Carolina 27103, appearing on behalf of Wal-Mart Stores East, LP, and Sam's East, Inc.

ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III, ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive, Tallahassee, Florida 32308, appearing on behalf of the Florida Retail Federation.

JACK MCRAY, 200 West College Avenue, #304, Tallahassee, Florida, 32301, appearing on behalf of AARP.

SERENA MOYLE, JON C. MOYLE, JR., and KAREN PUTNAL, ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Florida Industrial Power Users Group.

SUZANNE BROWNLESS, KYESHA MAPP, ADRIA HARPER, DANIJELA JANJIC, and MARGO LEATHERS, ESQUIRES, General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the staff of the Florida Public Service Commission.

KEITH HETRICK, ESQUIRE, General Counsel, and MARY ANNE HELTON, ESQUIRE, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing as advisors to the Florida Public Service Commission.

I N D E X

WITNESSES

EXHIBITS

NUMBER:		ID.	ADMTD.
807	Comprehensive Exhibit List	12	12
808	As identified on Comprehensive Exhibit List	12	39
809	As identified on Comprehensive Exhibit List	12	39
810	As identified on Comprehensive Exhibit List	12	39
811	As identified on Comprehensive Exhibit List	12	58
812	FPL's Response to Staff's 43rd Interrogatories Nos. 507 and 508 and FPL's Response to Staff's 22nd Request for POD No. 101	32	123

Ms. Brownless, you asked all my storm reserve questions, all of them. I could come up with one.

Mr. Ferguson, do you foresee the cessation of an accrual, though, being an impediment moving forward under the settlement agreement?

THE WITNESS: The accrual of -- I'm sorry.

CHAIRMAN BROWN: The storm reserve, on the storm reserve, because it's no longer accruing and you're going to be coming in for a request for a surcharge. But really the reserve level under the settlement agreement can only go up to 112 million.

THE WITNESS: Yeah. It's actually 117, which is what it was as of January 1st, 2017. So -- sorry, 2013.

No, you know, I don't see it as an impediment in terms of it's the mechanism that's been in place since the 2012 settlement agreement and, you know, has kind of, you know, served us well. While fortunately we haven't had significant major storms until this year, you know, I think it's a mechanism that's -- that works.

CHAIRMAN BROWN: So after the surcharge, FPL intends, though, to get that reserve level up to -- is it the 117 or the --

THE WITNESS: That's correct, yeah.

Q. **What does the Proposed Settlement Agreement provide as it relates to amortization of the Reserve Amount?**

A. Paragraph 12 of the Proposed Settlement Agreement provides FPL with the ability to amortize the Reserve Amount, at its discretion, during the settlement term conditioned by the following: (1) for any period in which FPL's actual FPSC adjusted return on equity ("ROE") would otherwise fall below 9.6%, FPL must amortize any remaining Reserve Amount to at least increase the ROE to 9.6%; and, (2) FPL may not amortize the Reserve Amount in an amount that results in FPL achieving an FPSC adjusted ROE greater than 11.6%.

Q. **Is this provision critical to the settlement?**

A. Yes. The reserve amortization mechanism provides the Company the flexibility necessary to achieve reasonable financial results during the four-year settlement period while also agreeing to substantially lower base revenue increases compared to those requested in the 2016 Rate Petition. Without this flexibility, base rates could not be held constant for such an extended period due to the risk of weather, inflation, rising interest rates, mandated cost increases and other factors affecting FPL's earnings that largely are beyond the Company's control.

Q. **What are the benefits of allowing FPL to amortize the Reserve Amount during the settlement term?**

A. The amortization of the Reserve Amount provides rate certainty and avoids the need for expensive and disruptive base rate proceedings over the four-year settlement period. The Commission approved a similar mechanism in Order No. PSC-13-0023-S-EI, so the Proposed Settlement Agreement provides nothing new in that regard. Specifically, the reserve amortization mechanism allows the Company to forgo a portion of the cash revenue increases it petitioned for, providing significant benefit to customers through lower rates over the four-year period.

IV. SOLAR BASE RATE ADJUSTMENT

Q. Please provide an overview of the SoBRA included in the Proposed Settlement Agreement.

A. The SoBRA is very similar to the generation base rate adjustment ("GBRA") mechanism the Commission has approved in the past. For purposes of SoBRA cost recovery pursuant to the Proposed Settlement Agreement, FPL may construct approximately 300 MW of solar generating capacity per calendar year, projected to go into service no later than 2021. The cost of the components, engineering and construction for any solar project undertaken pursuant to the Proposed Settlement Agreement will be reasonable and will not exceed $1,750 kWac. Through the SoBRA mechanism, FPL will be allowed to recover the annual base revenue requirements reflecting the first twelve months of operations of each solar generation project.

demand-side management opt-out program.

The reserve amortization mechanism in the proposed settlement agreement helps make it possible for FPL to accept the substantial reduction in cash-based revenue increases compared to the filed request while maintaining the flexibility FPL needs to achieve reasonable financial results over the four-year minimum term.

The reserve amortization mechanism provides confidence to customers and the Commission that FPL will be able to avoid the need for expensive and disruptive base rate proceedings over the four-year settlement period. The SoBRA mechanism will allow FPL to recover costs for up to 300 megawatts of solar generating capacity for each calendar year during the settlement term. The cost for each utility under SoBRA must be reasonable and not exceed $1,750 per kilowatt. These solar facilities will also be subjected to Commission review and approval to ensure cost-effectiveness, which will be determined by whether the solar facility results in lower projected costs for customers over the life of the facility.

Upon approval by the Commission, the SoBRA for each facility will become effective once the facility is placed in service. At that time, FPL's fuel charges company's incentive to continue to look for efficiency improvements during the term of the proposed settlement agreement. Do you recall hearing that testimony?

A I do.

Q Would you please respond to that.

A Yes, I would. Frankly, I found it a little bit offensive that he would make those comments regarding our incentive to continue to improve the business. And I guess, upon reflection, it just shows that he doesn't really know much about our company and culture.

We have a proven track record of looking for cost-improvement opportunities. In fact, if we look back just over the last four years, where we've been under a settlement agreement that's very similar to this one in terms of a range of ROE and reserve amortization mechanism, we have substantially improved our cost position to the benefit of customers. In fact, the 2017 O&M that is in our test year is lower than our 2010 O&M.

So, despite the comments that we heard earlier regarding kind of gutting the incentive for us to continue to improve the business -- that's just patently not true. And it's -- our track record would prove otherwise.

The settlement agreement, itself -- this four-year term provides a period of time where we can really focus on running the business, allowing this reserve mechanism to offset some of the fluctuations in the business. And we've demonstrated that we can do that.

Q Does FPL expect to continue -- during the term of this proposed settlement agreement, if approved -- continue looking for ways to improve the way it delivers services and find efficiencies?

A Absolutely. I would fully expect that, over the next four years, we're going to continue to look for opportunities to increase our efficiency and improve productivity in the business.

MR. LITCHFIELD: Madam Chair, those are the only questions I have for Mr. Barrett.

CHAIRMAN BROWN: Okay. Thank you.

And I just want to confirm that we've got Commissioner Edgar with us. Yes? Okay. Thank you.

All right. Moving on to cross -- AARP, any cross?

MR. McRAY: No questions.

CHAIRMAN BROWN: Okay.

FIPUG?

MS. MOYLE: No questions.

CHAIRMAN BROWN: Walmart?

MS. EATON: No questions.

OPC INITIAL BRIEF APPENDIX

EXHIBIT 3

Excerpts from August 3, 2016, Robert Barrett Deposition Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM, BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

TELEPHONIC DEPOSITION OF:	ROBERT E. BARRETT, JR.
TAKEN AT THE INSTANCE OF:	The Staff of the Florida Public Service Commission
PLACE:	Room 382D Gerald L. Gunter Building 2540 Shumard Oak Boulevard Tallahassee, Florida
TIME:	Commenced at 8:30 a.m. Concluded at 5:18 p.m.
DATE:	Wednesday, August 3, 2016
REPORTED BY:	LINDA BOLES, CRR, RPR Official FPSC Reporter (850) 413-6734

in planned amortizations to effect changes in net income is removed and allows for related tax impacts. The assumption impacts the adjustment to net income without weather and reserve amortization is shown on line 6. Do you agree that the mathematical calculation is correct here to show the assumption of a non-changing plan reserve amortization?

MR. BUTLER: Adria, before he answers, just to clarify the record, you're referring to page 1 of staff's Exhibit 2?

MS. HARPER: Yes, the Tab 1.

MR. BUTLER: Okay.

MS. HARPER: Page 1, yes.

THE WITNESS: Yes, I will agree that the math appears to be right, with the caveat that you guys rounded the effective tax rate.

BY MS. HARPER:

Q Yes, that's correct. We did.

Okay. Under this scenario, the percentage difference in actual to planned net income is 8.63 percent. Can you accept, subject to check, that the mathematical calculations to arrive at this percentage is correct?

A Subject to check, I can accept that the math is right, although obviously disagreeing with the premise or the predicate of the actual scenario.

Q Okay. Again, another subject to check, do you agree that the calculated percentage difference in actual to planned net income for 2015, which is 8.63 percent, is the error in FPL's three-year ahead net income forecast, assuming weather had been equal to normal weather and adjustments to planned reserve amortizations were not at the company's disposal?

A Can you repeat that, please?

Q Sure. Again subject to check, do you agree that the calculated percentage difference in actual to planned net income for 2015, which is 8.63 percent, is the error in FPL's three-year ahead net income forecast, assuming weather had been equal to normal and adjustments to planned reserve amortizations were not at the company's disposal?

A No.

Q Okay. Why not?

A Well, first of all, this was just one year ahead. Each of these plans were done one year ahead of that plan year. And also I would not characterize the impact of weather as an error in the forecast. I would characterize it as a variance, but I would not agree to the characterization of it being an error.

Q Okay. Okay.

A Hold on one second, if you would, please.

Q Yeah. No problem.

(Pause.)

A There's just one other clarification I would make, that the 8.63, as you noted here, assumes that the $61 million of reserve amortization that was in the plan was also in the actuals, as you phrased it. It was not at the company's discretion to change that number. That's not the same as saying that we did not have any reserve amortization mechanism available to use, and that's just a matter of math.

Q Okay. So I just want to clarify, so your REB-6, is this not a three-year ahead forecast? In other words --

A It is not.

Q Okay. Let me pause here for just a second.

(Pause.)

All right. Mr. Barrett, please turn to page 21 of your testimony, lines 19 through 22. Here you state that under the 2012 rate settlement, one factor, the amortization of the reserve amount, tends to mitigate the variability in many of the underlying components of the forecast, primarily weather; is this correct?

A Yes.

Q Okay. Assuming the subsequent test year 2018 is approved, what offsetting factor or factors does FPL believe could be available to the company to allow it to control its variances in net income in 2016, 2017, and 2018 compared to planned net income?

A Let me just kind of bisect the question a little bit.

Q Okay.

A Because you're asking about 2018, but then you threw in 2016 and 2017. Can you clarify that for me, please?

Q Sure. What offsetting factor or factors do you believe -- or does FPL believe could be available to the company to allow it to control its variances compared to planned net income?

A In which year? Are you just saying in the absence of having this mechanism?

Q Yes.

A Okay. So if I could just rephrase the question, make sure I heard it right before I answer it, and you tell me if I've got it right.

Q Okay.

A So this mechanism expires at the end of '16. It expires with the settlement agreement. If something like it is not available to us in '17 and '18 --

Q Yes.

A -- you're asking what is available to us to mitigate variances in the underlying forecast, you know, evasions from plan, if you will.

Q Yes. That's what I'm asking.

A Okay. Well, typically, about the only thing available to us to control the business, if you will, if we have underlying variances in things like weather, are to adjust the timing of expenses, adjust the level of expenses, and some things we can't mitigate. For instance, if we look at 2015, $220 million pre-tax of extra revenues from weather, it would, you know, largely just flow through to income. Correspondingly, if we had had a 100- or 200 million decrease in revenues due to whatever reasons, weather or just lack of customer growth or whatever, you know, something of that magnitude is very hard to respond to.

Minor variations that kind of go up and down can be managed with the timing of expenses and capital investments and such as long as it doesn't compromise the operating plans of the company.

Q Okay. Thank you. Okay. Mr. Barrett, on line 7 of REB-6, your REB-6, FPL's, was the planned net income established as part of the budget plan in 2012 for 20 -- through 2015?

A That's correct.

Q So when you talk about base rate -- just so I understand, right now you're in a file or suspend MFR filing general base rate rate case; correct?

A Yes.

Q Okay. It is possible to get base rate relief through other means, one of which is a limited proceeding. Do you understand that concept?

A I do.

Q Okay.

A What you're referring to there is sort of what we're pursuing for Okeechobee.

Q Okay. Yeah. So you would be foreclosed under your commitment from filing for a limited proceeding base rate relief; is that right?

A Yes.

Q Okay.

A And, you know, I'm not kind of bound up in the legal of it, but it's my understanding that it's our intention to not have an increase in base rates in '19 and '20 other than Okeechobee if we get everything that we filed.

Q Okay. Now you're familiar with the 2012 settlement agreement; correct?

A Yes.

Q And you're familiar with the provision in paragraph 6, I think it is, that is intended to prevent the company from getting clause relief or recovery for investments that are traditionally recovered through base rates?

A Specifically it says, "Traditionally and historically."

Q Okay. So you're familiar with that provision; right?

A I am.

Q Okay. Now would that provision or would that concept apply in this commitment to not increase base rates or would it not?

A Well, if I understand your question, you're asking if we would -- if we're committing to paragraph 6 of the settlement agreement, and I think that goes beyond what is contained in my testimony as the commitment.

Q Okay. It's just not in there. And that provision would assumedly expire at the end of 2016 with the settlement agreement except for those provisions that live on; right?

A Correct.

Q Okay. Okay. On page 8, lines 12 and 13, you make reference to 2013 as a test year last used for

CERTIFICATE OF OATH

STATE OF FLORIDA

COUNTY OF PALM BEACH

I, the undersigned authority, certify that Robert E Barrett, Jr. personally appeared before me at 700 Universe Blvd., Juno Beach, FL 33408, and was duly sworn by me to tell the truth.

WITNESS my hand and official seal in the City of Juno Beach, County of Palm Beach, State of Florida on this 3rd day of August, 2016.

LeeAnn R B

Notary Public, State of Florida at Large

My commission Expires:

LEEANN R. BREHM
Commission # FF 092442
Expires February 12, 2018
Bonded Thru Troy Fain Insurance 800-385-7019

OPC INITIAL BRIEF APPENDIX

EXHIBIT 4

Excerpts from NextEra Energy, Inc./Florida Power & Light Company's Reports Filed with the United States Securities and Exchange Commission*

*Highlighting Added by Petitioners

10-Q 1 nee10q3q2018singlesource.htm 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2018**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY**	59-0247775
	700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	

State or other jurisdiction of incorporation or organization: Florida

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding at September 30, 2018: 477,945,257

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at September 30, 2018, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

This combined Form 10-Q represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction H.(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
AFUDC	allowance for funds used during construction
AFUDC - equity	equity component of AFUDC
AOCI	accumulated other comprehensive income
capacity clause	capacity cost recovery clause, as established by the FPSC
Duane Arnold	Duane Arnold Energy Center
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly owned NEER subsidiary
FPL	Florida Power & Light Company
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles in the U.S.
ISO	independent system operator
ITC	investment tax credit
kWh	kilowatt-hour(s)
Management's Discussion	Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBtu	One million British thermal units
MW	megawatt(s)
MWh	megawatt-hour(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEER	NextEra Energy Resources, LLC
NEET	NextEra Energy Transmission, LLC
NEP	NextEra Energy Partners, LP
NEP OpCo	NextEra Energy Operating Partners, LP
Note __	Note __ to condensed consolidated financial statements
NRC	U.S. Nuclear Regulatory Commission
O&M expenses	other operations and maintenance expenses in the condensed consolidated statements of income
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PTC	production tax credit
PV	photovoltaic
Recovery Act	American Recovery and Reinvestment Act of 2009, as amended
regulatory ROE	return on common equity as determined for regulatory purposes
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a wholly owned NEER subsidiary has a 42.5% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
tax reform	Tax Cuts and Jobs Act
U.S.	United States of America

NEE, FPL, NEECH and NEER each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, NextEra, FPL Group, FPL Group Capital, FPL Energy, FPLE, NEP and similar references. For convenience and simplicity, in this report the terms NEE, FPL, NEECH and NEER are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

The use of reserve amortization is permitted by a December 2016 FPSC final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2016 rate agreement). In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and revenue and costs not recoverable from retail customers by the FPSC. During both the three and nine months ended September 30, 2018, FPL recorded the reversal of reserve amortization of approximately $301 million, partially restoring the reserve amortization used in December 2017 as discussed below. During the three and nine months ended September 30, 2017, FPL recorded the reversal of reserve amortization of approximately $124 million and reserve amortization of $104 million, respectively.

In September 2017, Hurricane Irma passed through Florida causing damage to much of FPL's service territory. In December 2017, following the enactment of tax reform, FPL determined that it would not seek recovery of Hurricane Irma storm restoration costs through a storm surcharge from customers and, as a result, the regulatory asset associated with Hurricane Irma was written off in December 2017 as storm restoration costs. The FPSC has scheduled a hearing in February 2019 to evaluate FPL's Hurricane Irma storm restoration costs. As allowed under the 2016 rate agreement, FPL used available reserve amortization to offset nearly all of the expense, and plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. In February 2018, the FPSC opened separate dockets for FPL and several other utilities in Florida to address the impacts of tax reform. FPL's hearing before the FPSC to address tax reform has been scheduled for February 2019. FPL believes that the benefits of tax reform will be realized by FPL's customers in accordance with the 2016 rate agreement as discussed above.

In July 2018, the FPSC approved a settlement agreement between FPL and the Office of Public Counsel regarding the recovery of storm costs related to Hurricane Matthew. As part of the settlement agreement, FPL issued a one-time refund to customers totaling approximately $28 million in August 2018.

Operating Revenues
During the three and nine months ended September 30, 2018, FPL's operating revenues decreased $78 million and $168 million, respectively. Retail base revenues increased approximately $127 million and $266 million for the three and nine months ended September 30, 2018, respectively, reflecting additional revenues of approximately $92 million and $237 million, respectively, related to new retail base rates under the 2016 rate agreement. Retail base revenues during the three and nine months ended September 30, 2018 were also impacted by an increase of 1.4% and a decrease of 0.5%, respectively, in the average usage per retail customer and increases of 1.2% and 1.1% in the average number of customer accounts for the respective periods. In September 2017, Hurricane Irma contributed to lower retail usage, resulting in an approximately $60 million reduction in retail base revenues for the three and nine months ended September 30, 2017. In addition, for the three and nine months ended September 30, 2018, FPL's operating revenues decreased by approximately $79 million and $212 million, respectively, due to a decrease in fuel cost recovery revenues primarily as a result of lower average fuel factors and decreased $122 million and $174 million, respectively, due to lower storm-related revenues primarily as a result of the conclusion of the Hurricane Matthew surcharge in February 2018.

Fuel, Purchased Power and Interchange Expense
Fuel, purchased power and interchange expense decreased $95 million and $278 million for the three and nine months ended September 30, 2018, respectively, reflecting lower fuel charges of approximately $33 million and $66 million, respectively, primarily due to lower fuel prices. The decreases also reflect the deferral of approximately $19 million and $83 million of retail fuel costs for the three and nine months ended September 30, 2018, respectively, compared to the recognition of approximately $16 million and $35 million of deferred retail fuel costs in the respective prior year periods. Fuel, purchased power and interchange expense also reflects decreases of approximately $26 million and $93 million during the three and nine months ended September 30, 2018, respectively, primarily as a result of the shutdown of SJRPP in January 2018, which had the effect of terminating a 375 MW take-or-pay purchased power contract. See Note 12 - Contracts.

Depreciation and Amortization Expense
Depreciation and amortization expense increased $100 million and $346 million during the three and nine months ended September 30, 2018, respectively. FPL recorded a reversal of $301 million reserve amortization in the three and nine months ended September 30, 2018 compared to a reversal of $124 million in the three months ended September 30, 2017 and reserve amortization of $104 million in the nine months ended September 30, 2017. Reserve amortization reflects adjustments to accrued asset removal costs provided under the 2016 rate agreement in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to accrued asset removal costs which is included in noncurrent regulatory liabilities on the condensed consolidated balance sheets. At September 30, 2018, there were approximately $301 million of accrued asset removal costs related to reserve amortization. The increase in depreciation and amortization expense during the three and nine months ended September 30, 2018 was partially offset by lower storm-recovery cost amortization as a result of the conclusion of the Hurricane Matthew surcharge in February 2018.

Income Taxes
During the three and nine months ended September 30, 2018, FPL's income taxes decreased $204 million and $493 million, respectively, primarily related to the decrease in federal corporate income tax rates.

NEER: Results of Operations

NEER's net income less net loss attributable to noncontrolling interests decreased $78 million and increased $3,345 million for the three and nine months ended September 30, 2018, respectively. The primary drivers, on an after-tax basis, of the changes are in the following table.

	Increase (Decrease) From Prior Year Period	
	Three Months Ended September 30, 2018	**Nine Months Ended September 30, 2018**
	(millions)	
New investments[(a)]	$ 1	$ (57)
Existing assets[(a)]	6	65
Gas infrastructure[(a)]	21	66
Customer supply and proprietary power and gas trading[(b)]	1	(18)
Asset sales	—	22
Interest and other general and administrative expenses[(c)]	(22)	(112)
Income taxes, primarily due to corporate federal income tax rate reduction	56	180
Other	(7)	(5)
Change in non-qualifying hedge activity[(d)]	(93)	(104)
Tax reform-related[(d)]	(36)	412
NEP investment gains, net[(d)]	(18)	2,892
Change in unrealized losses on securities held in NEER's nuclear decommissioning funds and OTTI, net	18	17
Operating results of the solar projects in Spain	(5)	(13)
Increase (decrease) in net income less net loss attributable to noncontrolling interests	$ (78)	$ 3,345

(a) Reflects after-tax project contributions, including PTCs, ITCs and deferred income taxes and other benefits associated with convertible ITCs for wind and solar projects, as applicable, but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects and pipelines are included in new investments during the first twelve months of operation or ownership. Project results are included in existing assets and pipeline results are included in gas infrastructure beginning with the thirteenth month of operation or ownership.
(b) Excludes allocation of interest expense and corporate general and administrative expenses.
(c) Includes differential membership interest costs. Excludes unrealized mark-to-market gains and losses related to interest rate derivative contracts, which are included in change in non-qualifying hedge activity.
(d) See Overview - Adjusted Earnings for additional information.

Supplemental to the primary drivers of the changes in NEER's net income less net loss attributable to noncontrolling interests discussed above, the discussion below describes changes in certain line items set forth in NEE's condensed consolidated statements of income as they relate to NEER.

Operating Revenues
Operating revenues for the three months ended September 30, 2018 decreased $313 million primarily due to:
- higher losses from non-qualifying commodity hedges ($226 million for the three months ended September 30, 2018 compared to $24 million for the comparable period in 2017), and
- lower revenues of approximately $173 million related to the deconsolidation of NEP,

partly offset by,
- other increases in revenues of $62 million, primarily related to the gas infrastructure business and new investments.

Operating revenues for the nine months ended September 30, 2018 decreased $623 million primarily due to:
- lower revenues of approximately $544 million related to the deconsolidation of NEP, and
- the impact of losses from non-qualifying commodity hedges ($231 million of losses for the nine months ended September 30, 2018 compared to $117 million of gains for the comparable period in 2017),

partly offset by,
- other increases in revenues of $269 million, primarily related to the gas infrastructure business and new investments.

Operating Expenses - net
Operating expenses - net for the three months ended September 30, 2018 decreased $40 million primarily due to:
- the absence of approximately $100 million of operating expenses related to NEP which is no longer consolidated,

partly offset by,

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2015**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:

		Name of exchange on which registered
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	5.799% Corporate Units	New York Stock Exchange
	6.371% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Yes ☐ No ☑ Florida Power & Light Company Yes ☐ No ☑

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates as of June 30, 2015 (based on the closing market price on the Composite Tape on June 30, 2015) was $44,190,491,194.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 30, 2015.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding as of January 31, 2016: 460,599,691

Number of shares of Florida Power & Light Company common stock, without par value, outstanding as of January 31, 2016, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2016 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

NEE's effective income tax rate for all periods presented reflects the benefit of PTCs for NEER's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs for solar and certain wind projects at NEER. PTCs, ITCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs on certain wind projects after ten years of production (PTC roll off). In addition, NEE's effective income tax rate for 2014 was unfavorably affected by a noncash income tax charge of approximately $45 million associated with structuring Canadian assets in connection with the creation of NEP and for 2013 was unfavorably affected by the establishment of a full valuation allowance on the deferred tax assets associated with the Spain solar projects. See Note 1 - Income Taxes and - Sale of Differential Membership Interests, Note 4 - Nonrecurring Fair Value Measurements and Note 5. Also see Item 1. Business - NEER - Generation and Other Operations - NEER Fuel/Technology Mix - Policy Incentives for Renewable Energy Projects.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2015, 2014 and 2013 was $1,648 million, $1,517 million and $1,349 million, respectively, representing an increase in 2015 of $131 million and an increase in 2014 of $168 million.

The use of reserve amortization is permitted under the 2012 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 rate agreement. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2012 rate agreement, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization to earn a targeted regulatory ROE. In certain periods, reserve amortization must be reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered from retail customers by the FPSC. In 2015 and 2014, FPL recorded the reversal of reserve amortization of approximately $15 million and $33 million, respectively, and, in 2013, FPL recorded reserve amortization of $155 million.

FPL's regulatory ROE for 2015 and 2014 was 11.50%, compared to 10.96% in 2013. The 2013 regulatory ROE of 10.96% reflects approximately $32 million of after-tax charges associated with the cost savings initiative. These charges were not offset by additional reserve amortization. Excluding the impact of these charges, FPL's regulatory ROE for 2013 would have been approximately 11.25%.

In 2015, the growth in earnings for FPL was primarily driven by the following:

- higher earnings on investment in plant in service of approximately $77 million. Investment in plant in service grew FPL's average retail rate base in 2015 by approximately $1.0 billion reflecting, among other things, ongoing transmission and distribution additions and the modernized Riviera Beach power plant placed in service in April 2014,
- higher AFUDC - equity of $32 million primarily related to the modernization project at Port Everglades and other investments,
- higher earnings of approximately $22 million due to increased use of equity to finance investments, and
- higher cost recovery clause earnings of $10 million primarily related to earnings associated with the incentive mechanism,

partly offset by,

- higher nonrecoverable expenses.

In 2014, the growth in earnings for FPL was primarily driven by the following:

- higher earnings on investment in plant in service of approximately $105 million. Investment in plant in service grew FPL's average retail rate base in 2014 by approximately $2.3 billion reflecting, among other things, the modernized Riviera Beach power plant and ongoing transmission and distribution additions,
- growth in wholesale services provided which increased earnings by $47 million,
- the absence of $32 million of after-tax charges associated with the cost savings initiative recorded in 2013, and
- higher earnings of $30 million related to the increase in the targeted regulatory ROE from 11.25% to 11.50%,

partly offset by,

- lower cost recovery clause results of $22 million primarily due to the transfer of new nuclear capacity to retail rate base as discussed below under Retail Base, Cost Recovery Clauses and Interest Expense, and
- lower AFUDC - equity of $19 million primarily related to the Riviera Beach and Cape Canaveral power plants being placed in service in April 2014 and April 2013, respectively.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2015	2014	2013
		(millions)	
Retail base	$ 5,653	$ 5,347	$ 4,951
Fuel cost recovery	3,875	3,876	3,334
Net deferral of retail fuel revenues	(1)	—	—
Net recognition of previously deferred retail fuel revenues	—	—	44
Other cost recovery clauses and pass-through costs, net of any deferrals	1,645	1,766	1,837
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	479	432	279
Total	$ 11,651	$ 11,421	$ 10,445

Retail Base

FPSC Rate Orders
FPL's retail base revenues for all years presented reflect the 2012 rate agreement as retail base rates and charges were designed to increase retail base revenues approximately $350 million on an annualized basis. In addition, retail base revenues increased in 2015 and 2014 through a $234 million annualized retail base rate increase associated with the Riviera Beach power plant and, in 2014, a $164 million annualized retail base rate increase associated with the Cape Canaveral power plant. The 2012 rate agreement:

- remains in effect until December 2016,
- establishes FPL's allowed regulatory ROE at 10.50%, with a range of plus or minus 100 basis points, and
- allows for an additional retail base rate increase as the modernized Port Everglades project becomes operational (which is expected by April 2016).

In January 2016, FPL filed a formal notification with the FPSC indicating its intent to initiate a base rate proceeding. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 rate agreement and details of FPL's formal notification.

In 2015 and 2014, retail base revenues increased approximately $43 million and $192 million, respectively, related to the modernized Riviera Beach power plant being placed in service in April 2014. Additionally, 2014 included approximately $53 million of additional retail base revenues related to the Cape Canaveral power plant being placed in service in April 2013. Additional retail base revenues of approximately $115 million were recorded in 2014, primarily related to new nuclear capacity which was placed in service in 2013 as permitted by the FPSC's nuclear cost recovery rule. See Cost Recovery Clauses below for discussion of the nuclear cost recovery rule.

Retail Customer Usage and Growth
In 2015 and 2014, FPL experienced a 1.4% and 1.8% increase, respectively, in the average number of customer accounts and a 4.2% increase and 0.4% decrease, respectively, in the average usage per retail customer, which collectively, together with other factors, increased revenues by approximately $263 million and $36 million, respectively. The increase in 2015 usage per retail customer is due to favorable weather. An improvement in the Florida economy contributed to the increased revenues for both periods. FPL expects year over year weather-normalized usage per customer to be between flat and 0.5% negative.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to solar and environmental projects, natural gas reserves and nuclear capacity. See Item 1. - I. FPL - FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses. Fluctuations in fuel cost recovery revenues are primarily driven by changes in fuel and energy charges which are included in fuel, purchased power and interchange expense in the consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity until such capacity goes into service and is recovered in base rates, pre-construction costs associated with the development of two additional nuclear units at the Turkey Point site and changes in energy sales. Capacity charges are included in fuel, purchased power and interchange expense and franchise fee costs are included in taxes other than income taxes and other in the consolidated statements of income. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2015 net overrecovery was approximately $176 million and positively affected NEE's and FPL's cash flows from operating activities in 2015, while the 2014 net underrecovery was approximately $67 million and negatively affected NEE's and FPL's cash flows from operating activities in 2014.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2016**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:		Name of exchange on which registered
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	6.371% Corporate Units	New York Stock Exchange
	6.123% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Yes ☐ No ☑ Florida Power & Light Company Yes ☐ No ☑

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates as of June 30, 2016 (based on the closing market price on the Composite Tape on June 30, 2016) was $60,089,366,330.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 30, 2016.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding as of January 31, 2017: 467,581,899

Number of shares of Florida Power & Light Company common stock, without par value, outstanding as of January 31, 2017, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2017 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

The following table provides details of the after-tax adjustments to net income considered in computing NEE's adjusted earnings discussed above.

	Years Ended December 31,		
	2016	2015	2014
		(millions)	
Net unrealized mark-to-market gains (losses) from non-qualifying hedge activity[(a)]	$ (92)	$ 183	$ 153
Merger-related expenses - Corporate and Other	$ (92)	$ (20)	$ —
Operating results of solar projects in Spain - NEER	$ (11)	$ 5	$ (32)
Losses from OTTI on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals[(b)]	$ (1)	$ (15)	$ (2)
Gain associated with Maine fossil - NEER	$ —	$ —	$ 12
Gains on sale of natural gas generation facilities[(c)]	$ 219	$ —	$ —
Resolution of contingencies related to a previous asset sale - NEER	$ 5	$ —	$ —

(a) For 2016, 2015 and 2014, approximately $233 million of losses, $175 million of gains and $171 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(b) For 2016, 2015 and 2014, approximately $2 million of losses, $14 million of losses and $1 million of income, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(c) Approximately $276 million of the gains is included in NEER's net income; the balance is included in Corporate and Other. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale and Note 5.

The change in unrealized mark-to-market activity from non-qualifying hedges is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

2016 Summary

Net income attributable to NEE for 2016 was higher than 2015 by $160 million, or $0.19 per share, assuming dilution, due to higher results at FPL, NEER and Corporate and Other.

FPL's increase in net income in 2016 was primarily driven by continued investments in plant in service while earning an 11.50% regulatory ROE on its retail rate base.

NEER's results increased in 2016 primarily reflecting earnings from new investments, gains from the sales of natural gas generation facilities and fair value adjustments related to contingent consideration, partly offset by net unrealized losses from non-qualifying hedge activity compared to gains from such hedges in 2015, higher growth-related interest and general and administrative expenses and lower earnings on gas infrastructure and existing assets. In 2016, NEER added approximately 1,465 MW of wind capacity and 980 MW of solar capacity in the U.S., completed the sales of its ownership interests in certain natural gas generation facilities with total generating capacity of 3,724 MW and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2016 increased primarily reflecting net unrealized gains from non-qualifying hedge activity primarily associated with interest rate and foreign currency derivative instruments, partly offset by higher merger-related expenses and unfavorable consolidating income tax adjustments.

NEE and its subsidiaries require funds to support and grow their businesses. These funds are primarily provided by cash flow from operations, borrowings or issuances of short- and long-term debt and proceeds from differential membership investors and, from time to time, issuances of equity securities. See Liquidity and Capital Resources - Liquidity.

RESULTS OF OPERATIONS

Net income attributable to NEE for 2016 was $2.91 billion, compared to $2.75 billion in 2015 and $2.47 billion in 2014. In 2016 and 2015, net income attributable to NEE improved due to higher results at FPL, NEER and Corporate and Other.

NEE's effective income tax rates for 2016, 2015 and 2014 of approximately 31.5%, 30.8% and 32.3%, respectively, primarily reflect income tax expense at the statutory rate of 35% and state income taxes, partly offset by the benefit of PTCs for NEER's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs for solar and certain wind projects at NEER. PTCs, ITCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs on certain wind projects after ten years of production (PTC roll off). In addition, NEE's effective income tax rate for 2014 was unfavorably affected by a noncash income tax charge of approximately $45 million associated with structuring Canadian assets in connection with the creation of NEP. In April 2016, a court approved a reorganization of certain Canadian assets that provided for tax bases in certain of these assets. NEE recorded approximately $30 million of associated income tax adjustments in 2016, which effectively reversed a portion of the charge recorded in 2014. See Note 1 - Income Taxes and Note 5.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2016, 2015 and 2014 was $1,727 million, $1,648 million and $1,517 million, respectively, representing an increase in 2016 of $79 million and an increase in 2015 of $131 million. The primary drivers, on an after-tax basis, of these changes are in the following table.

	Increase (Decrease) From Prior Period	
	Years Ended December 31,	
	2016	2015
	(millions)	
Investment in plant in service[(a)]	**$ 131**	$ 77
Change in amount of equity used to finance investments	**(42)**	22
Nonrecoverable expenses	**(16)**	(15)
Woodford shale investment	**(10)**	5
Cost recovery clause earnings	**11**	5
AFUDC - equity	**6**	32
Other	**(1)**	5
Increase in net income	**$ 79**	$ 131

(a) Investment in plant in service grew FPL's average retail rate base by approximately $2.4 billion and $1.0 billion in 2016 and 2015, respectively. For 2016, the increase primarily reflects the modernized Port Everglades Clean Energy Center that was placed in service in April 2016 and ongoing transmission and distribution additions. For 2015, the increase primarily reflects ongoing transmission and distribution additions and the modernized Riviera Beach Clean Energy Center placed in service in April 2014.

The use of reserve amortization was permitted under the 2012 rate agreement and continues during the term of the 2016 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 and 2016 rate agreements. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2012 and 2016 rate agreements, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn a targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered from retail customers by the FPSC. In 2016, FPL recorded reserve amortization of $13 million, and, in 2015 and 2014, FPL recorded the reversal of reserve amortization of approximately $15 million and $33 million, respectively. FPL's regulatory ROE for 2016, 2015 and 2014 was 11.50%.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2016	2015	2014
		(millions)	
Retail base	**$ 5,807**	$ 5,653	$ 5,347
Fuel cost recovery	**3,120**	3,875	3,876
Net deferral of retail fuel revenues	**—**	(1)	—
Net recognition of deferred retail fuel revenues	**6**	—	—
Other cost recovery clauses and pass-through costs, net of any deferrals	**1,467**	1,645	1,766
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	**495**	479	432
Total	**$ 10,895**	$ 11,651	$ 11,421

Retail Base

FPSC Rate Orders
FPL's retail base revenues for all years presented reflect the 2012 rate agreement. Retail base revenues increased approximately $175 million in 2016 through a $216 million annualized retail base rate increase associated with the modernized Port Everglades Clean Energy Center which was placed in service in April 2016, and, in 2015, increased $43 million through a $234 million annualized retail base rate increase associated with the modernized Riviera Beach Clean Energy Center which was placed in service in April 2014.

In December 2016, the FPSC issued a final order approving the 2016 rate agreement which became effective January 2017 and will remain in effect until at least December 2020, establishes FPL's allowed regulatory ROE at 10.55%, with a range of 9.60% to 11.60%, and allows for retail rate base increases in 2017, 2018 and upon commencement of commercial operations at the Okeechobee Clean Energy Center. In January 2017, the Sierra Club filed a notice of appeal challenging the FPSC's final order approving the 2016 rate agreement, which notice of appeal is pending before the Florida Supreme Court. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2016 rate agreement.

Retail Customer Usage and Growth
In 2016 and 2015, FPL experienced a 1.4% increase each year in the average number of customer accounts and a 2.1% decrease and 4.2% increase, respectively, in the average usage per retail customer, which collectively, together with other factors, decreased revenues by approximately $21 million and increased revenues by $263 million, respectively. The decline in 2016 usage per retail customer is primarily due to milder weather and customer service interruptions as a result of hurricanes that impacted FPL's service territory in 2016 which had a modest negative impact on 2016 base revenue (see Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve), while the increase in 2015 usage per retail customer was due to favorable weather. An improvement in the Florida economy contributed to increased revenues in both periods.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to certain solar and environmental projects and the unamortized balance of the regulatory asset associated with FPL's acquisition of the Cedar Bay generation facility. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2016 and 2015 net overrecoveries were approximately $94 million and $176 million, respectively, and positively affected NEE's and FPL's cash flows from operating activities.

The decrease in fuel cost recovery revenues in 2016 is primarily due to a decrease of approximately $737 million related to a lower average fuel factor. The slight decrease in fuel cost recovery revenues in 2015 reflects lower revenues totaling approximately $118 million from the incentive mechanism and from interchange power sales and $96 million related to a lower average fuel factor, partly offset by increased revenues of $213 million related to higher energy sales.

Declines in 2016 revenues from other cost recovery clauses and pass-through costs were largely due to reductions in purchased power and capacity expenses associated with the capacity clause. The declines in 2015 revenues from other cost recovery clauses and pass-through costs were largely due to reductions in expenses associated with energy conservation programs and the capacity clause.

In 2016, 2015 and 2014, cost recovery clauses contributed $112 million, $103 million and $93 million, respectively, to FPL's net income. The increase in 2016 primarily relates to the acquisition of the Cedar Bay generation facility. The increase in 2015 primarily relates to gains associated with the incentive mechanism, investments in gas reserves and the acquisition of the Cedar Bay generation facility.

In September 2015, FPL assumed ownership of the Cedar Bay generation facility and terminated its long-term purchased power agreement for substantially all of the facility's capacity and energy for a purchase price of approximately $521 million. FPL will recover the purchase price and associated income tax gross-up as a regulatory asset which will be amortized over approximately nine years. See Note 1 - Rate Regulation for further discussion. Additionally, in January 2017, FPL purchased the Indiantown generation facility (see Note 13 - Contracts).

Woodford Shale Investment
In March 2015, after receiving FPSC approval, a wholly owned subsidiary of FPL partnered with a third party to develop up to 38 natural gas production wells in the Woodford Shale region in southeastern Oklahoma and in return began receiving its ownership share of the natural gas produced from these wells. In May 2016, the Florida Supreme Court (Court) reversed the FPSC's order approving FPL's investment in the Woodford Shale wells concluding that the FPSC exceeded its statutory authority when approving recovery of FPL's costs and investment in these wells. During 2016, FPL recorded a provision for refund of approximately $13 million (after tax) associated with the Court's decision. FPL's wholly owned subsidiary, which is not subject to FPSC authority, sells its share of the natural gas produced from the Woodford Shale wells to third parties at market prices. Also, in response to the Court's

decision on the Woodford Shale order, the FPSC vacated its July 2015 order approving a set of guidelines under which FPL could participate in additional natural gas production projects.

Other

The increase in other revenues for 2016 is primarily due to revenues related to sales of natural gas produced from the Woodford Shale wells discussed above. The increase in other revenues for 2015, which did not result in a significant contribution to earnings, primarily reflects higher wholesale and transmission service revenues along with other miscellaneous service revenues.

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense
The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Years Ended December 31,		
	2016	2015	2014
		(millions)	
Fuel and energy charges during the period	**$ 3,113**	$ 3,593	$ 3,951
Net deferral of retail fuel costs	**(11)**	—	(109)
Net recognition of deferred retail fuel costs	**—**	220	—
Other, primarily capacity charges, net of any capacity deferral	**195**	463	533
Total	**$ 3,297**	$ 4,276	$ 4,375

The decrease in fuel and energy charges in 2016 primarily reflects approximately $453 million of lower fuel and energy prices and $27 million related to lower energy sales. The decrease in fuel and energy charges in 2015 was due to lower fuel and energy prices of approximately $491 million and a decrease of $68 million in costs related to the incentive mechanism, partly offset by higher energy sales of approximately $201 million. In addition, FPL deferred approximately $11 million and $109 million of retail fuel costs in 2016 and 2014, respectively, compared to the recognition of deferred retail fuel costs of $220 million in 2015. The decrease in other in both periods is primarily due to lower capacity fees in part related to the termination of the Cedar Bay generation facility long-term purchased power agreement after FPL assumed ownership of the Cedar Bay generation facility in September 2015.

Depreciation and Amortization Expense
The major components of FPL's depreciation and amortization expense are as follows:

	Years Ended December 31,		
	2016	2015	2014
		(millions)	
Reserve reversal (amortization) recorded under the 2012 rate agreement	**$ (13)**	$ 15	$ 33
Other depreciation and amortization recovered under base rates	**1,366**	1,359	1,211
Depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization	**298**	202	188
Total	**$ 1,651**	$ 1,576	$ 1,432

The reserve amortization, or reversal of such amortization, reflects adjustments to the depreciation and fossil dismantlement reserve provided under the 2012 rate agreement in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) accrued asset removal costs which is reflected in noncurrent regulatory liabilities on the consolidated balance sheets. See Note 1 - Rate Regulation regarding a $30 million reduction in the reserve available for amortization under the 2012 rate agreement. Subject to certain conditions, FPL may amortize, over the term of the 2016 rate agreement, up to $1.0 billion of depreciation reserve surplus plus the reserve amount remaining under FPL's 2012 rate agreement (approximately $250 million at December 31, 2016).

The increase in other depreciation and amortization expense recovered under base rates in 2016 primarily relates to higher plant in service balances, including investments in transmission and distribution assets and the modernized Port Everglades Clean Energy Center that was placed in service in April 2016, partly offset by the absence of 2015 amortization expenses associated with analog meters. The increase in other depreciation and amortization expense recovered under base rates in 2015 is due to higher amortization expenses primarily associated with analog meters and higher plant in service balances. The increase in depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization in 2016 primarily relates to amortization of a regulatory asset associated with the September 2015 acquisition of the Cedar Bay generation facility.

NEXTera ENERGY

FPL.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2017**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY**	59-0247775
	700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:

		Name of exchange on which registered
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	6.371% Corporate Units	New York Stock Exchange
	6.123% Corporate Units	New York Stock Exchange

Florida Power & Light Company: None

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Yes ☐ No ☑ Florida Power & Light Company Yes ☐ No ☑

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Exchange Act of 1934. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates at June 30, 2017 (based on the closing market price on the Composite Tape on June 30, 2017) was $65,589,650,954.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates at June 30, 2017.

Number of shares of NextEra Energy, Inc. common stock, $0.01 par value, outstanding at January 31, 2018: 470,793,941

Number of shares of Florida Power & Light Company common stock, without par value, outstanding at January 31, 2018, all of which were held, beneficially and of record, by NextEra Energy, Inc.: 1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2018 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

Adjusted Earnings

NEE prepares its financial statements under GAAP. However, management uses earnings excluding certain items (adjusted earnings), a non-GAAP financial measure, internally for financial planning, analysis of performance, reporting of results to the Board of Directors and as an input in determining performance-based compensation under NEE's employee incentive compensation plans. NEE also uses adjusted earnings when communicating its financial results and earnings outlook to analysts and investors. NEE's management believes that adjusted earnings provide a more meaningful representation of NEE's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income under GAAP, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing. Adjusted earnings do not represent a substitute for net income, as prepared under GAAP.

The following table provides details of the after-tax adjustments to net income considered in computing NEE's adjusted earnings discussed above.

	Years Ended December 31,		
	2017	2016	2015
		(millions)	
Net gains (losses) associated with non-qualifying hedge activity[a]	$ (35)	$ (92)	$ 183
Merger-related expenses - Corporate and Other[b]	$ (63)	$ (92)	$ (20)
Operating results of solar projects in Spain - NEER	$ 5	$ (11)	$ 5
Income (losses) from OTTI on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals[c]	$ 2	$ (1)	$ (15)
Tax reform-related[d]	$ 1,877	$ —	$ —
Gain on sale of the fiber-optic telecommunications business - Corporate and Other[e]	$ 685	$ —	$ —
Gains on sale of natural gas generation facilities[f]	$ —	$ 219	$ —
Duane Arnold impairment charge[g]	$ (258)	$ —	$ —
Resolution of contingencies related to a previous asset sale - NEER	$ —	$ 5	$ —

(a) For 2017, 2016 and 2015, approximately $47 million of gains, $233 million of losses and $175 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other. The change in non-qualifying hedge activity is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized. In 2017, net losses associated with non-qualifying hedge activity were partly offset by approximately $95 million of tax reform impacts.
(b) See Note 1 - Merger Terminations.
(c) Reflects OTTI losses on securities held in NEER's nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). For 2017, 2016 and 2015, approximately $2 million of income, $2 million of losses and $14 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other.
(d) Approximately $1,925 million of net favorable tax reform impacts and $50 million of net unfavorable tax reform impacts are included in NEER's and FPL's net income, respectively; the balance is included in Corporate and Other. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve and Note 5.
(e) See Note 1 - Assets and Liabilities Associated with Assets Held for Sale for a discussion of the sale of the fiber-optic telecommunications business.
(f) Approximately $276 million of the gains is included in NEER's net income; the balance is included in Corporate and Other. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale for a discussion of the sale of the natural gas generation facilities.
(g) Approximately $246 million of the impairment charge is included in NEER's net income; the balance is included in Corporate and Other. See Note 4 - Nonrecurring Fair Value Measurements.

NEE segregates into two categories unrealized mark-to-market gains and losses and timing impacts related to derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative, interest rate derivative and foreign currency transactions entered into as economic hedges, which do not meet the requirements for hedge accounting, or for which hedge accounting treatment is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to certain of the positions are generally not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the impact of the non-qualifying hedges as a meaningful measure of current period performance. The second category, referred to as trading activities, which is included in adjusted earnings, represents the net unrealized effect of actively traded positions entered into to take advantage of expected market price movements and all other commodity hedging activities. In 2016, NEE discontinued hedge accounting for its interest rate and foreign currency derivative instruments, which could result in increased volatility in the non-qualifying hedge category. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

2017 Summary

Net income attributable to NEE for 2017 was higher than 2016 by $2,466 million, or $5.13 per share, assuming dilution, due to higher results at FPL, NEER and Corporate and Other, including the favorable impacts of tax reform.

FPL's increase in net income in 2017 was primarily driven by continued investments in plant in service and other property and increased retail rate base under the 2016 rate agreement, partly offset by the net impact of storm restoration costs due to Hurricane Irma discussed below.

NEER's results increased in 2017 primarily reflecting the impacts of tax reform, earnings from new investments and the non-qualifying hedge activity, partly offset by the Duane Arnold impairment charge and the absence of 2016 gains from the sale of natural gas generation facilities. In 2017, NEER added approximately 355 MW of new wind generating capacity, 1,596 MW of wind repowering generating capacity and 200 MW of solar generating capacity in the U.S., completed the sale of 80 MW of solar generating capacity and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2017 increased primarily reflecting the gain on sale of the fiber-optic telecommunications business, partly offset by non-qualifying hedge activity.

NEE and its subsidiaries require funds to support and grow their businesses. These funds are primarily provided by cash flow from operations, borrowings or issuances of short- and long-term debt and proceeds from differential membership investors and, from time to time, issuances of equity securities. See Liquidity and Capital Resources - Liquidity.

RESULTS OF OPERATIONS

Net income attributable to NEE for 2017 was $5.38 billion, compared to $2.91 billion in 2016 and $2.75 billion in 2015. In 2017 and 2016, net income attributable to NEE improved due to higher results at FPL, NEER and Corporate and Other.

In 2017, the enactment of tax reform required NEE and its subsidiaries to, among other things, revalue their deferred income tax assets and liabilities to the new 21% federal corporate income tax rate. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve and Note 5 for further discussion of the impacts of tax reform.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2017, 2016 and 2015 was $1,880 million, $1,727 million and $1,648 million, respectively, representing an increase in 2017 of $153 million and an increase in 2016 of $79 million. The increases in 2017 and 2016 were primarily driven by higher earnings from investments in plant in service and other property. Such investments grew FPL's average retail rate base by approximately $3.5 billion and $2.4 billion in 2017 and 2016, respectively, and reflect, among other things, ongoing transmission and distribution additions, the replacement of certain gas turbines with high-efficiency, low-emission turbines, solar generation additions and the modernized Port Everglades Clean Energy Center that was placed in service on April 1, 2016 (Port Everglades power plant).

In September 2017, Hurricane Irma passed through Florida causing damage throughout much of FPL's service territory, resulting in approximately 4.4 million of FPL's customers losing electrical service. FPL restored power to approximately 50% of its affected customers within one day and to approximately 95% of affected customers within seven days. In December 2017, following the enactment of tax reform, FPL used available reserve amortization to offset nearly all of the write-off of Hurricane Irma storm restoration costs, and FPL plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve.

The use of reserve amortization was permitted under the 2012 rate agreement and continues during the term of the 2016 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2016 and 2012 rate agreements. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2016 and 2012 rate agreements, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items must be adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In certain periods, reserve amortization is reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and revenue and costs not recoverable from retail customers by the FPSC. In 2017 and 2016, FPL recorded reserve amortization of $1,250 million and $13 million, respectively, and in 2015, FPL recorded the reversal of reserve amortization of approximately $15 million. FPL's regulatory ROE for 2017 was approximately 11.08% and, for both 2016 and 2015, was 11.50%.

During 2017, FPL's operating revenues increased $1,077 million primarily related to increases of approximately $404 million in retail base revenues, $274 million in storm-related surcharge revenues and $262 million in fuel cost recovery revenues. During

2016, FPL's operating revenues decreased $756 million primarily related to decreases of approximately $755 million in fuel cost recovery revenues and $171 million in capacity clause revenues, partly offset by an increase of $154 million in retail base revenues.

Retail Base

FPL's retail base revenues for 2017 reflect the 2016 rate agreement and for 2016 and 2015 reflect the 2012 rate agreement. In December 2016, the FPSC issued a final order approving the 2016 rate agreement which became effective January 2017 and will remain in effect until at least December 2020, establishes FPL's allowed regulatory ROE at 10.55%, with a range of 9.60% to 11.60%, and allows for retail rate base increases in 2017, 2018 and upon commencement of commercial operations at the Okeechobee Clean Energy Center and certain solar projects. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2016 rate agreement.

Retail base revenues increased approximately $45 million in 2017 and $175 million in 2016 through a $216 million annualized retail base rate increase associated with the modernized Port Everglades power plant. In addition, the 2017 increase in retail base revenues reflects additional revenues of approximately $389 million related to new retail base rates under the 2016 rate agreement. In 2017 and 2016, retail base revenues were also impacted by decreases of 2.1% for each period in the average usage per retail customer and increases of 1.3% and 1.4%, respectively, in the average number of customer accounts. Despite generally favorable weather in 2017, usage per retail customer declined. Hurricane Irma contributed to the 2017 decrease in retail usage, resulting in a decrease in retail base revenues of approximately $60 million which represents a 1.0% decrease in retail base revenues. The decline in 2016 usage per retail customer was primarily due to milder weather and customer service interruptions as a result of hurricanes that impacted FPL's service territory in 2016 which had a modest negative impact on 2016 base revenue. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve.

Cost Recovery Clauses

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to certain solar and environmental projects and the unamortized balance of the regulatory asset associated with FPL's acquisition of certain generation facilities. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses. Underrecovery or overrecovery of cost recovery clause and other pass-through costs (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2017 and 2016 net overrecoveries were approximately $82 million and $94 million, respectively, and positively affected NEE's and FPL's cash flows from operating activities.

The 2017 increase in fuel cost recovery revenues primarily reflects a higher average fuel factor resulting in higher revenues of approximately $258 million. The 2016 decrease in fuel cost recovery revenues is primarily due to a decrease of approximately $737 million related to a lower average fuel factor. The 2017 increase in storm-related surcharge revenues relates to FPL's recovery of eligible storm restoration costs following hurricanes impacting FPL's service territory in 2016 and replenishment of the storm reserve for a 12-month period beginning on March 1, 2017. The 2016 decrease in capacity clause revenues was largely due to reductions in purchased power and capacity expenses associated with the capacity clause.

In 2017, 2016 and 2015, cost recovery clauses contributed approximately $120 million, $112 million and $103 million, respectively, to FPL's net income. The increases in 2017 and 2016 primarily relate to the acquisitions of certain generation facilities in 2017 and 2015, a portion of the costs of which were recovered through cost recovery clauses. In January 2017, FPL assumed ownership of a 330 MW coal-fired generation facility located in Indiantown, Florida (Indiantown generation facility) for a purchase price of approximately $451 million (including existing debt of approximately $218 million). In September 2015, FPL assumed ownership of the Cedar Bay generation facility and terminated its long-term purchased power agreement for substantially all of the facility's capacity and energy for a purchase price of approximately $521 million. FPL will recover the purchase price related to the Indiantown and Cedar Bay generation facilities and the associated income tax gross-up on Cedar Bay as regulatory assets which are being amortized over approximately nine years. See Note 1 - Rate Regulation for further discussion.

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense

Fuel, purchased power and interchange expense increased $245 million and decreased $979 million during 2017 and 2016, respectively. The increase for 2017 primarily relates to approximately $314 million of higher fuel and energy prices, partly offset by a decrease of $103 million in capacity fees related in part to the Indiantown generation facility long-term purchased power agreement after FPL assumed ownership of the Indiantown generation facility. The decrease in 2016 primarily relates to approximately $453 million of lower fuel and energy prices and $27 million related to lower energy sales. In addition, FPL recognized approximately $49 million and $220 million of deferred retail fuel costs in 2017 and 2015, respectively, compared to the deferral of $11 million of retail fuel costs in 2016. The decrease in 2016 also reflects lower capacity fees of approximately $267 million related in part to the termination of the Cedar Bay generation facility long-term purchased power agreement after FPL assumed ownership of the Cedar Bay generation facility.

Storm Restoration Costs
In December 2017, following the enactment of tax reform, FPL determined that it would not seek recovery of Hurricane Irma storm restoration costs through a surcharge from customers and, as a result, the regulatory asset associated with Hurricane Irma was written off. As allowed under the 2016 rate agreement, FPL used available reserve amortization to offset nearly all of the expense, and plans to partially restore the reserve amortization through tax savings generated during the term of the 2016 rate agreement. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve.

Depreciation and Amortization Expense
The major components of FPL's depreciation and amortization expense are as follows:

	Years Ended December 31,		
	2017	2016	2015
		(millions)	
Reserve reversal (amortization) recorded under the 2016 and 2012 rate agreements	$ **(1,250)**	$ **(13)**	$ 15
Other depreciation and amortization recovered under base rates	**1,608**	**1,366**	1,359
Depreciation and amortization primarily recovered under cost recovery clauses and securitized storm-recovery cost amortization	**575**	**298**	202
Total	$ **933**	$ **1,651**	$ 1,576

Depreciation expense decreased $718 million and increased $75 million during 2017 and 2016, respectively. The decrease in 2017 primarily reflects approximately $1,237 million of higher reserve amortization, partly offset by higher depreciation recovered under base rates due to higher rates as a result of the 2016 rate agreement, higher storm-recovery cost amortization related to the recovery of restoration costs from hurricanes that impacted FPL's service territory in 2016 and higher plant in service balances. The reserve amortization, or reversal of such amortization, reflects adjustments to accrued asset removal costs provided under the 2016 and 2012 rate agreements in order to achieve the targeted regulatory ROE. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) accrued asset removal costs which is reflected in noncurrent regulatory liabilities on the consolidated balance sheets. At December 31, 2017, no amounts remain in accrued asset removal costs related to reserve amortization.

The increase in depreciation and amortization expense in 2016 primarily relates to higher amortization of a regulatory asset associated with the September 2015 acquisition of the Cedar Bay generation facility and higher depreciation related to higher plant in service balances, partly offset by the absence of 2015 amortization expenses associated with analog meters.

Taxes Other Than Income Taxes and Other
Taxes other than income taxes and other increased $103 million in 2017 primarily due to higher franchise and revenue taxes, neither of which impacts net income, as well as higher property taxes reflecting growth in plant in service balances.

OPC INITIAL BRIEF TO APPENDIX

EXHIBIT 5

Excerpts from August 4, 2016, Moray Dewhurst
Deposition Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM, BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

TELEPHONIC DEPOSITION OF: MORAY DEWHURST

TAKEN AT THE INSTANCE OF: The Staff of the Florida Public Service Commission

PLACE: Room 382D
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida

TIME: Commenced at 2:00 p.m.
Concluded at 6:06 p.m.

DATE: Thursday, August 4, 2016

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for the
State of Florida at Large

APPEARANCES:

CHARLES REHWINKEL, DEPUTY PUBLIC COUNSEL; ERIK L. SAYLER, ESQUIRE, Office of Public Counsel, c/o the Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida.

JESSICA CANO, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, appearing on behalf of Florida Power & Light Company.

ROBERT SCHEFFEL WRIGHT, ESQUIRE, Gardner Law Firm, 1300 Thomaswood Drive, Tallahassee, Florida 32308, appearing on behalf of the Florida Retail Federation and

JON C. MOYLE, JR., ESQUIRE, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Florida Industrial Power Users Group.

MARK F. SUNDBACK and WILLIAM M. RAPPOLT, ESQUIRES, Andrews Kurth LLP, 1350 I Street NW, Suite 1100, Washington, DC 20005, appearing on behalf of South Florida Hospital and Healthcare Association.

SUZANNE BROWNLESS, MARGO LEATHERS, ESQUIRES, General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the staff of the Florida Public Service Commission.

I N D E X

WITNESSES

EXHIBITS

NUMBER:	ID
1 - Dividend payout stream, late-filed	119

*Huh-uh is a negative response

*Uh-huh is a positive response

situation and whether or not there might be any opportunities for NextEra in that situation.

Q Okay. And today is August 4th, I think, if my memory serves. I've lost track of time lately. And did the FPL -- I mean, NextEra announce some type of merger agreement with Encore last week?

A Yes. It's my understanding that the company is entered into a definitive agreement to acquire the Encore business. That agreement is, then, subject to a whole series of approvals, including regulatory approval and Bankruptcy Court approval.

Q Okay. Let me move away from that background information. I just want to touch on the storm-recovery aspect of your testimony. You answered some questions earlier about named storms to staff counsel.

And I want to ask you, if the named-storms restriction that is in the intent of the settlement agreement provision is brought forward and approved by the Commission as a stand-alone provision in this rate case, you would not object to the Commission making clear that that was a requirement of the storm-recovery mechanism, would you?

A No. That was our intent. That's our -- that's what we thought we were agreeing to at the time. That's what we intend to live by.

Q Okay. Very good.

And I know in your rebuttal testimony, you addressed some of the concerns that were raised by OPC Witness Schultz; is that right?

A I believe I did, yes. I'm trying to find the exact pages. I believe on 62 and 63 of my rebuttal --

Q Correct.

A -- I address the concerns that Mr. Schultz identified.

Q Okay. And I think that you -- you stated -- well, Mr. Schultz commented in his testimony that the prohibition in the settlement storm-recovery mechanism against rate-case-type inquiries and to the consideration of storm-restoration costs did not mean or should not mean that legitimate inquiry into the prudence, reasonableness, method of recovery of the submitted storm-restoration costs could not occur; is that correct?

A That's correct.

Q Okay.

A And I agree that the prudence is a separate issue. In 2006, we had discussions about the prudence of restoration costs that had been incurred in 2004 and 2005, but there was no application of what I would call any earnings test or consideration of where FPL, then, was in its earnings band. And what's what the provision in the settlement agreement was designed to prevent.

Q Okay. And that's what I wanted to make sure I understood.

If there was an assertion that the Commission or the parties were wanting to test that -- that you were submitting, hypothetically, employee costs for double recovery, i.e., they got it in their payroll and it was recovered in rates and then, they asked for it separately, that -- that hypothetical situation -- that would be fair game, if you will, in a regulatory proceeding dealing with the appropriate level of restoration-costs recovery. Would that be right?

MS. CANO: I'm going to object to the form. Just ambiguous, hard to follow.

A Okay. I think I can answer that by way of saying that, I think, the example that you're giving of, you know, how employees' time is recorded was a specific issue in 2006 and was debated at that time. And so, no, we are not precluding that kind of discussion.

Q Okay.

A But again -- excuse me.

Q Yes, sir.

A That -- that discussion should not be conditioned upon where FPL is at that point in time in its earnings band. It should be a function of FPL demonstrating or failing to demonstrate that the costs incurred were prudently incurred in achieving the restoration of the service to our customers.

Q And to follow up on that, I -- I -- I think the intent of the provision, if you can agree with me, is that the -- if there are offsetting costs, for example, maybe you had an efficiency measure that saved $30 million unrelated to storm costs, that would not be allowed as an offset to consideration about whether you were -- to get recovery of, you know, say $410 million of storm damage, right?

A Yes, I agree with that. Those would be separate issues and the discussion of the -- in your instance, 400 some million should be limited to the prudence of the activities that led to the incurring of those costs.

Q Okay. And I -- so, that's your understanding of how the mechanism should work and the -- the kind of the bright line, if you will, about what can and can't be addressed in a storm-restoration mechanism proceeding?

A Correct.

Q Okay. So, if the Commission were to clarify or to put some bounds around that, if they were to

approve the storm-recovery mechanism, you would not find that offensive, correct?

A Not if it had the intent that I just described, no.

Q Okay. Thank you. All right. We can move away from the storm recovery.

And I want to ask you, if the Commission were to prescribe a 55-percent equity ratio in terms of investor-supplied funds, would -- and set rates based on that, would such a decision impact FPL's cash flow relative to the proposal that you have brought forward to the Commission?

A Yes, it would reduce cash flow.

Q Okay. Does NextEra use cash flows that are not needed for FPL operations for general corporate purposes?

A No, directly; indirectly, in the sense that, to the extent that FPL is in a position to declare a dividend, then dividends are passed up from FPL to its shareholder, you know, consistent with normal rights of ownership.

But the cash that FPL controls is controlled completely separately. So, FPL maintains its own balance sheet. It maintains its own cash accounts. It maintains its own lines of credit, et cetera. They are

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 8th day of August, 2016.

ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #EE866180
EXPIRES FEBRUARY 09, 2017

CERTIFICATE OF OATH

STATE OF FLORIDA

COUNTY OF PALM BEACH

I, the undersigned authority, certify that Moray Dewhurst personally appeared before me at 700 Universe Blvd., Juno Beach, FL 33408, and was duly sworn by me to tell the truth.

WITNESS my hand and official seal in the City of Juno Beach, County of Palm Beach, State of Florida on this 4th day of August, 2016.

Jacqueline S. Bussey
Notary Public, State of Florida at Large

My commission Expires:

JACQUELINE S. BUSSEY
MY COMMISSION # FF 103317
EXPIRES: July 18, 2018
Bonded Thru Notary Public Underwriters

Personally known ✓ OR produced identification ______.

Type of identification produced ____________________.

ERRATA SHEET

DO NOT WRITE ON TRANSCRIPT - ENTER CHANGES HERE

IN RE: DOCKET NOS.: 160021-EI, 160061-EI, 160062-EI, 160088-EI

NAME: MORAY DEWHURST

DATE: August 4, 2016

PAGE/LINE	CORRECTION/AMENDMENT	REASON FOR CHANGE
SEE	ATTACHED	DETAIL

Under penalties of perjury, I declare that I have read my deposition and that it is true and correct, subject to any changes in form or substance entered here.

Aug 15 2016
DATE

Moray P. Dewhurst
MORAY DEWHURST

Docket No. 160021-EI
Errata to the Deposition of Moray Dewhurst
August 16, 2016

ERRATA TO THE DEPOSITION OF MORAY DEWHURST

PAGE/LINE	CORRECTION/AMENDMENT	REASON FOR CORRECTION
6 / 19	Change "fallen" to "formed"	transcription error
7 / 15	Change "recovery, the cost" to "recovery, of the costs"	transcription error
18 / 13	Change "had it been" to "we have to be"	clarification
22 / 4	Add "It would drive up the cost of financing if it did not prevent us from financing altogether." after "Yes, certainly."	clarification
39 / 5	Change "ordinate" to "subordinate"	transcription error
39 / 23	Change "profile being that of" to "profile being different from that of"	transcription error
40 / 11	Change "I think, serve the customers" to "I think, and it has served our customers"	clarification
41 / 19	Add "Edison" before "Electric Institute"	transcription error
42 / 13	Complete sentence with a "?"	transcription error
44 / 2	Change "program" to "element"	transcription error
46 / 6	Change "we go at it" to "we have another go at it"	transcription error
54 / 20; 54 / 25; 55 / 6, 9	Change "Encor" to "Oncor"	transcription error
54 / 24	Change "fait to "state"	transcription error
64 / 22	Change "an" to "and"	transcription error
65 / 6	Change "competence" to "competent"	transcription error

Docket No. 160021-EI
Errata to the Deposition of Moray Dewhurst
August 16, 2016

65 / 9	Change "consistent" to "inconsistent"	transcription error
66 / 18	Change "has" to "had"	transcription error
93 / 24	Change "and" to "in"	transcription error
97 / 22; 98 / 3, 7, 17; 99 / 4, 16-17	Capitalize "energy resources"	clarification
105 / 19	Change "in" to "as"	transcription error
107 / 7	Change "requires" to "implies"	transcription error
108 / 8, 20	Change "Everett's" to "Hevert's"	transcription error
110 / 19-20	Change "I've known there are schedules to review." to "There is no regular, scheduled review."	transcription error
112 / 10	Change "Different" to "With different"	transcription error
124 / 15	Change "And the rates" to "And their customer rates"	clarification
129 / 13	Change "Eco" to "HECO"	transcription error

OPC INITIAL BRIEF APPENDIX

EXHIBIT 6

Excerpts from August 25, 2016, Hearing Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF 2016-2018 STORM HARDENING PLAN BY FLORIDA POWER & LIGHT COMPANY
_______________________________/

DOCKET NO. 160062-EI

2016 DEPRECIATION AND DISMANTLEMENT STUDY BY, FLORIDA POWER & LIGHT COMPANY.
_______________________________/

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING TO MODIFY AND CONTINUE INCENTIVE MECHANISM, BY FLORIDA POWER & LIGHT COMPANY.
_______________________________/

VOLUME 20
PAGES 2382 THROUGH 2576

PROCEEDINGS: HEARING

COMMISSIONERS PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Thursday, August 25, 2016

TIME: Commenced at 7:44 p.m.
Concluded at 11:04 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter

APPEARANCES: (As heretofore noted.)

I N D E X

WITNESSES

EXHIBITS

NUMBER:	ID	ADMITTED
124 through 133 (as identified on comprehensive exhibit list)		2437
656 through 657 (as identified in a previous volume)		2437
675 (as identified in a previous volume)		2440
676 through 681 (as identified in a previous volume)		2441
683 through 684 (as identified in a previous volume)		2441
685 - Hevert Work Papers Chart No. 5	2389	2441
686 - excerpt from FPL Witness Hevert's direct testimony before the Missouri Public Service Commission	2390	2442
687 - excerpt from FPL Witness Hevert's direct testimony before the PUC of Texas, Docket No. 3848	2394	2443
688 - FPL's responses to staff's 36 set of interrogatories, No. 424	2401	2443
689 - CAPM application and theory per new regulatory finance by Roger A. Morin, Ph.D.	2408	2443
690 - Direct testimony of Woolridge	2414	2443
691 - U.S. Department of Treasury historical 30-year treasury rates	2415	2443
692 - Mr. Hevert's direct testimony in the Tampa Electric rate case, 130040	2417	2443
693 - utility comparison of nuclear power and percent and natural gas power	2499	
694 - equity-ratio comparison	2499	
695 - 50-basis-point adder	2500	
696 - Chart 1, Page 19 from O'Donnell testimony	2525	
697 - excerpt from a NextEra Energy, November 8th through 11th, 2015, investor presentation	2538	
698 - excerpt from NextEra Energy's 2015 SEC Form 10K	2540	
699 - excerpt from a NextEra Energy June 16th, 2015, Europe 2015, investor presentation	2554	
700 - article by Dewhurst at U.S. Power Conference	2569	

- MD-1 MFRs and Schedules Sponsored and Co-sponsored by Moray P. Dewhurst
- MD-2 FPL's Virtuous Circle
- MD-3 Regional Comparison: ROE and Key Performance Metrics

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

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

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support key financial elements of FPL's base rate case filing. Specifically, my testimony supports the continued use of FPL's current capital structure as appropriate to meet future requirements and the 11 percent Return on Equity ("ROE") recommended by FPL witness Hevert, as an appropriate ROE. In addition, my testimony supports the adoption of an ROE performance adder of 50 basis points ("bps") for setting rates and the continued use of the Company's current storm cost recovery mechanism.

Q. Please summarize your testimony.

A. FPL has been successful over a sustained period of time in executing its strategy of seeking continuous, incremental improvement in its customer value proposition. This strategy is discussed by FPL witness Silagy, and many of the operational improvements that have resulted from it are discussed by other FPL witnesses. As a result, today FPL's customers enjoy what is surely the best value proposition in the state, combining relatively low bills

2451 CO

with high reliability, excellent customer service, and the lowest emissions rate in the state. At the same time, FPL has delivered good financial results for its investors, which in turn has ensured that FPL has ready access to the financial resources to execute its strategy. All of these efforts are consistent with the "Virtuous Circle" methodology depicted on Exhibit MD-2, which has guided FPL's strategy for many years and about which I have testified in the past.

One important aspect of FPL's strategy has been the consistent maintenance of a core set of financial policies, which have ensured that the Company has access to the financial resources it needs at very competitive prices to execute its capital programs, to manage its liquidity needs, and to maintain the flexibility to respond rapidly to unexpected changes in the external environment – all of which are necessary to deliver superior customer value. FPL's principal financial policies have focused on maintaining:

- A strong overall financial position;
- A balanced capital structure;
- Ready access to sufficient liquidity to support fluctuations in cash flow;
- Competitive returns to investors to compensate them for the use of their capital; and
- A mechanism for managing the financial impacts of storm restoration efforts.

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These financial policies have served FPL and its customers extremely well. Among the 15 major investor-owned utilities ("IOUs") providing service in the Southeast United States, FPL ranks number one in three important categories: (i) FPL's typical residential bill is the lowest; (ii) FPL's non-fuel O&M cost per MWh is the lowest; and (iii) FPL's carbon dioxide emissions rate is the lowest. Additionally, FPL received the ReliabilityOne™ Award for Outstanding Reliability Performance among large utilities in the Southeast region, and FPL's customer satisfaction score in the JD Power analysis is the second highest in the region. These comparisons are shown on Exhibit MD-3. At the same time, FPL has represented for investors a high-quality and attractive investment opportunity, thus ensuring ready and consistent access to the capital needed to execute FPL's strategy.

Given the demonstrated success of both FPL's overall strategy and the financial policies that have underpinned it, there is no reason to make major changes at this time. FPL's filing proposes a continuation of the successful policies of the past, updated to reflect today's market conditions, to support a continued strategy of improving the customer value proposition. Specifically, (i) the continued use of FPL's historical capital structure, (ii) the provision of an allowed ROE consistent with current capital market conditions, and (iii) the provision of a suitable mechanism for the prompt recovery of prudently incurred storm restoration costs are three major elements that will continue to support FPL's ability to improve its already excellent customer value proposition.

In addition, the provision of a 50 bps ROE adder is appropriate for important policy reasons. Such an incentive would send a strong signal, not just to FPL but also to investors and other stakeholders, of the importance of consistently seeking to improve value delivery for customers and of being willing to innovate and take risks in pursuit of superior outcomes for customers.

II. THE ROLE AND IMPORTANCE OF A STRONG FINANCIAL POSITION

Q. What have been FPL's financial policies?

A. In broad terms, the financial policies FPL has employed for well over a decade have emphasized the importance of a strong financial position and the benefits it provides customers. To that end, and recognizing the Company's specific challenges, FPL has maintained ample liquidity, employed a balanced capital structure consistent with other financially strong utilities, sought authorization for and delivered a competitive ROE consistent with its risk profile and market factors, and sought authorization for and utilized storm cost recovery mechanisms that support quick service restoration for customers.

Q. What have been the results of these financial policies?

would likely have the effect of increasing investor focus on customer value, and result in investors urging utility management to improve customer value in hopes of earning a higher authorized return. This effect would tighten the linkage between the long-term interests of investors and customers.

VII. STORM COST RECOVERY

Q. Is FPL requesting a storm accrual in this proceeding?

A. No. FPL is not requesting a storm accrual in this proceeding.

Q. How does FPL propose to address storm recovery in this proceeding?

A. FPL proposes to continue to recover prudently incurred storm costs under the framework prescribed by the 2010 Rate Settlement, and continued by the 2012 Rate Settlement. Specifically, if FPL incurs storm costs related to a named tropical storm, the Company may begin collecting up to $4 per 1,000 kWh (roughly $400 million annually) beginning 60 days after filing a petition for recovery with the FPSC. This interim recovery period will last up to 12 months. If costs related to named storms exceed $800 million in any one year, the Company can also request that the Commission increase the $4 per 1,000 kWh accordingly. This cost recovery mechanism also would be used to replenish the Company's storm reserve in the event that it was fully depleted by storm costs. Any cost not recovered under this mechanism is deferred on the balance sheet and recovered beyond the initial 12 months as determined by the Commission.

Q. Is this proposal a departure from prior FPL positions on this issue?

A. Yes. Prior to the 2010 Rate Settlement, the Commission employed a regulatory framework for storm cost recovery consisting of three main parts: (1) an annual storm accrual, adjusted over time as circumstances change; (2) a storm damage reserve adequate to accommodate most but not all storm years; and (3) a provision for utilities to seek recovery of costs that went beyond the storm reserve. These three parts acting together allowed FPL over time to recover the full costs of storm restoration, while at the same time balancing competing customer interests: that is, minimizing and mitigating the ongoing impact as much as possible, softening the impact to customer bills because the reserve may have been insufficient, and intergenerational equity.

Q. Why is FPL not proposing in this proceeding to use a framework that has proven successful in the past?

A. As a former CFO with direct experience of the impact on FPL's financial position of multiple major tropical systems, I still believe the approach taken prior to 2009 is the best compromise that balances multiple and sometimes conflicting objectives. However, I understand that not everyone agrees and that several intervenors have indicated that they prefer not to contribute to a regular accrual. Thus, FPL has essentially taken this issue off the table and proposes to continue, for the four-year term of FPL's rate proposal, the alternative cost recovery framework that was approved in the 2010 Rate Settlement and continued by the 2012 Rate Settlement.

Q. Does the alternative cost recovery framework eliminate all risk?

MR. MOYLE: -- Madam Chair.

CHAIRMAN BROWN: Thank you.

Staff, are you done?

MS. BROWNLESS: That's all. Thank you so much.

CHAIRMAN BROWN: Thank you.

CONTINUED EXAMINATION

BY MR. LITCHFIELD:

Q Mr. Dewhurst, would you, now, provide a summary of your direct testimony for the Commission.

A Yes.

Good evening, Commissioners, Madam Chair. My direct testimony addresses the related areas of financial strength, risk profile, capital structure, and return on equity. I also propose the implementation of an ROE performance adder. And I support the continuation of the storm cost-recovery mechanism that's part of the current settlement agreement.

With respect to financial strength, risk, capital structure, and ROE, the essence of my testimony is simple. FPL has maintained a consistent set of financial policies for many years. These policies have been integral to our overall strategy and have served FPL and its customers well, as reflected in our overall delivery of customer value. There is no reason to change these policies at this time.

Our financial policies include the maintenance of a strong overall financial position, a balance capital structure with roughly 60 percent of investor-sourced funds in the form of equity, ready access to sufficient liquidity to meet potentially large needs for cash, competitive returns to investors to compensate them for the use of their capital, and a mechanism for managing the financial impacts of storm-restoration efforts.

Maintaining our current capital structure, coupled with the provision of an adequate ROE consistent with current capital-market conditions as reflected in Witness Hevert's analysis, and the continuation of the storm cost-recovery mechanism like the one contained in our current settlement agreement will enable us to maintain our current strategy and to continue our strong track record of delivering superior value to our customers.

With respect to the ROE performance adder, our proposal would represent good policy, aligning well with the principle that regulation should serve as a surrogate for competition, and would send a strong signal to FPL, to its investors, and to others of the importance of striving to deliver superior customer

OPC INITIAL BRIEF APPENDIX

EXHIBIT 7

January 26, 2018, NextEra Energy, Inc.
Press Release

EX-99 2 neeq42017exhibit99.htm EXHIBIT 99

Exhibit 99

NextEra Energy, Inc.
Media Line: 561-694-4442
Jan. 26, 2018

FOR IMMEDIATE RELEASE

NextEra Energy reports 2017 fourth-quarter and full-year financial results

- NextEra Energy achieves strong 2017 results; increases financial expectations and extends outlook by an additional year through 2021
- FPL will reduce customer bills by using federal tax savings to forgo recovery of the approximately $1.3 billion Hurricane Irma restoration cost – saving each of FPL's nearly 5 million customers an average of $250 and potentially avoiding a base rate increase for up to two years
- NextEra Energy Resources executes record year for wind and solar origination, adding approximately 2,700 megawatts to its contracted renewables backlog and 700 megawatts to its repowering backlog

JUNO BEACH, Fla. - NextEra Energy, Inc. (NYSE: NEE) today reported 2017 fourth-quarter net income attributable to NextEra Energy on a GAAP basis of $2.155 billion, or $4.55 per share, compared to $966 million, or $2.06 per share, for the fourth quarter of 2016. On an adjusted basis, NextEra Energy's 2017 fourth-quarter earnings were $590 million, or $1.25 per share, compared to $566 million, or $1.21 per share, in the fourth quarter of 2016.

For the full year 2017, NextEra Energy reported net income attributable to NextEra Energy on a GAAP basis of $5.378 billion, or $11.38 per share, compared to $2.912 billion, or $6.25 per share, in 2016. On an adjusted basis, NextEra Energy's full-year 2017 earnings were $3.165 billion, or $6.70 per share, compared to $2.884 billion, or $6.19 per share, in 2016, which represents year-over-year growth in adjusted earnings per share of 8.2 percent.

Adjusted earnings for these periods exclude the effects of non-qualifying hedges, the impacts of tax reform, an impairment charge, gains on disposal of a business/assets, the net effect of other than temporary impairments (OTTI) on certain investments, operating results from the Spain solar projects and merger-related expenses.

NextEra Energy's management uses adjusted earnings, which is a non-GAAP financial measure, internally for financial planning, analysis of performance, reporting of results to the board of directors and as an input in determining performance-based compensation under the company's employee incentive compensation plans. NextEra Energy also uses earnings expressed in this fashion when communicating its financial results and earnings outlook to analysts and investors. NextEra Energy's management believes that adjusted earnings provide a more meaningful representation of NextEra Energy's fundamental earnings power. A reconciliation of historical adjusted earnings to net income attributable to NextEra Energy, which is the most directly comparable GAAP measure, is included in the attachments to this news release.

"Our performance during 2017 was strong both financially and operationally with outstanding execution on our initiatives across the board," said Jim Robo, chairman and chief executive officer of NextEra Energy. "We grew 2017 adjusted earnings per share by 8.2 percent and delivered a total shareholder return of more than 34 percent, outperforming both the S&P 500 and the S&P 500 Utilities Index by a wide margin. Last week, NextEra Energy was ranked No. 1 overall among electric and gas utilities on Fortune's 2018 list of the 'Most Admired Companies' for the 11th time in 12 years. This is a testament to our employees' passion, hard work and relentless commitment to excellence each and every day. At FPL, we grew regulatory capital employed approximately 10.3 percent by making significant progress on our major initiatives, including advancing one of the largest solar expansions ever in the eastern U.S., while keeping electric bills low, maintaining high reliability and delivering superior customer service. NextEra Energy Resources had a record year, adding approximately 2,700 megawatts to its contracted renewables backlog and 700 megawatts to its repowering backlog, while commissioning roughly 2,150 megawatts of wind and solar projects, including repowering. Additionally, the federal tax reform outcome is positive and will immediately benefit FPL customers while being accretive to NextEra Energy shareholders. Overall, NextEra Energy is as well-positioned as it's ever been with excellent prospects for growth and one of the strongest balance sheets in the sector. We are extremely proud of our long-term track record of providing value creation for our shareholders and are poised to continue that track record going forward. With this in mind, we are increasing our financial expectations to reflect the approximately 45 cents per share 2018 benefit from tax reform and extending them by an additional year through 2021."

Florida Power & Light Company
NextEra Energy's principal rate-regulated electric utility subsidiary, Florida Power & Light Company (FPL), reported fourth-quarter 2017 net income on a GAAP basis of $344 million, or $0.73 per share, compared to $371 million, or $0.79 per share, for the prior-year quarter. For the fourth quarter and full year 2017, FPL is excluding as a tax reform-related item from adjusted earnings the $50 million after-tax net impact that results primarily from the shortfall of available reserve amortization to offset the Hurricane Irma cost recovery expense. On an adjusted basis, FPL's earnings for the fourth quarter of 2017 were $394 million, or $0.84 per share, compared to $371 million, or $0.79 per share, for the fourth quarter of 2016. For the full year 2017, FPL reported net income on a GAAP basis of $1.880 billion, or $3.98 per share, compared to $1.727 billion, or $3.71 per share, in 2016. On an adjusted basis, FPL's earnings for the full year 2017 were $1.930 billion, or $4.09 per share, compared to $1.727 billion, or $3.71 per share in 2016.

FPL's growth was driven by continued investments in clean, efficient, modernized generation, as well as a stronger and smarter grid, to further improve the already outstanding efficiency and reliability of its system. FPL's capital expenditures were approximately $1.5 billion in the fourth quarter of 2017, bringing full-year capital investments to approximately $5.3 billion. Regulatory capital employed in 2017 grew approximately 10.3 percent, compared to the prior year. During the fourth quarter, FPL's average number of customers increased by approximately 55,300 from the prior-year comparable quarter.

FPL continued to deliver a customer value proposition that includes high reliability, award-winning customer service, a clean emissions profile and a typical residential customer bill that is among the lowest in Florida and the nation. In 2017, FPL achieved its best-ever service reliability performance, and was named the winner of the 2017 ReliabilityOne™ Award for Outstanding Reliability Performance in the Southeast U.S. by PA Consulting Group, Inc. for the fourth consecutive year.

In 2017, FPL responded to Hurricane Irma – one of the largest, most powerful storms to ever hit Florida – and the company's response was unprecedented both in scale and the speed of power restoration. FPL had previously announced its intention to begin recovering the approximately $1.3 billion restoration cost by implementing a surcharge on customer bills through 2020. Instead, FPL plans to reduce customer bills by using federal tax savings to forgo recovery of the Hurricane Irma restoration cost, which will save each of FPL's nearly 5 million customers an average of approximately $250. In addition, FPL may be able to use future federal tax savings to continue operating under the current base rate agreement beyond the initial term, which covers through 2020, for up to two additional years, potentially avoiding base rate increases to customer bills in 2021 and 2022. FPL believes this is the fastest way to begin passing tax savings along to customers and the most appropriate approach to keeping rates low and stable for years to come.

FPL continued to make significant progress on its major initiatives in 2017, including advancing one of the largest solar expansions ever in the eastern U.S. Construction on four solar energy centers, totaling approximately 300 MW, was completed on schedule and under budget. An additional four 74.5-MW solar energy centers are being built across FPL's service territory and are all on track to begin providing cost-effective energy to FPL customers this quarter. Development continues on an additional 1,600 MW of solar projects planned for beyond 2018, and FPL has secured potential sites that could support more than 5 gigawatts of FPL's ongoing solar expansion.

Construction on the state-of-the-art, natural-gas fueled FPL Okeechobee Clean Energy Center remains on schedule and on budget. The approximately 1,750-MW project, expected to begin operation in mid-2019, will be one of the cleanest, most efficient plants of its kind in the world. Additionally, progress continues to advance on the 1,200-MW FPL Dania Beach Clean Energy Center. The facility, which will be highly efficient and fueled by clean-burning natural gas, is expected to begin operation by mid-2022 and produce more than $335 million in projected net savings for FPL customers over its operational life.

This month, FPL retired the St. Johns River Power Park in Jacksonville, Florida, an approximately 1,300-MW coal fired power plant co owned with JEA Clo ure of the plant i projected to prevent more than 5 6 million tons of carbon dioxide emissions annually and save FPL customers an estimated $183 million.

NextEra Energy Resources

Ne tEra Energy Re ource , the competitive energy bu ine of NextEra Energy, reported a fourth quarter 2017 contribution to net income attributable to NextEra Energy on a GAAP basis of $1.894 billion, or $4.00 per share, compared to $360 million, or $0.77 per share, in the prior-year quarter. On an adjusted basis, NextEra Energy Resources' earnings for the fourth quarter of 2017 were $230 million, or $0.49 per share, compared to $191 million, or $0 41 per hare, for the fourth quarter of 2016 For the full year 2017, Ne tEra Energy Re ource reported net income attributable to NextEra Energy on a GAAP basis of $2.963 billion, or $6.27 per share, compared to $1.125 billion, or $2.41 per share, in 2016. On an adjusted basis, NextEra Energy Resources' earnings for the full year 2017 were $1.230 billion, or $2.61 per share, compared to $1.090 billion, or $2.33 per hare, for the full year 2016

This quarter's adjusted results exclude a $1.925 billion gain related to a reduction in deferred tax liabilities resulting from tax reform and a charge associated with the Duane Arnold Energy Center. In late 2017, the company concluded that it is unlikely that the facility's primary customer will extend the current contract after it e pire in 2025 Without a contract e ten ion, the facility would likely clo e at the end of 2025 de pite being licensed to operate until 2034. As a result, during the fourth quarter, Duane Arnold Energy Center's book value and asset retirement obligation were reviewed and an after-tax impairment of $258 million was recorded, reflecting the company's belief that it is unlikely the project will operate after 2025. NextEra Energy Resources continue to pur ue a contract e ten ion that would enable Duane Arnold Energy Center to continue operations.

NextEra Energy Resources' contribution to adjusted earnings per share in the fourth quarter of 2017 increased by $0 08 again t the prior year comparable period The bu ine ' re ult were primarily driven by contribution from new investments and increased contributions from existing generation assets as a result of repowering, partially offset by lower contributions from the gas infrastructure business.

For the full year 2017, Ne tEra Energy Re ource ' contribution to adju ted earning per hare increa ed $0 28 from the prior-year comparable period. Growth was driven by continued new additions to its renewables portfolio, including the roughly 2,500 MW of new wind and solar projects commissioned in

2016, which are included in new investments during the first 12 months of operation, as well as contributions from new natural ga pipeline inve tment

NextEra Energy Resources achieved another record year of origination with approximately 1,700 MW of new wind projects and more than 1,000 MW of new solar projects, including the largest combined solar and storage facility in the U S announced to date, and added roughly 700 MW of wind repowering to it backlog In addition, the company commissioned approximately 2,150 MW of wind and solar in the U.S., including the first approximately 1,600 MW of its repowering program.

Both the Sabal Trail and Florida Southea t Connection natural ga pipeline project ucce fully achieved commercial operation on budget and on schedule. Additionally, the Mountain Valley Pipeline made excellent progress over the year, receiving its first limited notice to proceed from the Federal Energy Regulatory Commission this week, and it remains on track to achieve a year-end 2018 commercial operation date.

Corporate and Other

In the fourth quarter of 2017 on a GAAP basis, Corporate and Other earnings decreased $0.68 per share, compared to the prior-year quarter. On an adjusted basis, Corporate and Other earnings for the fourth quarter of 2017 decrea ed $0 09 per hare, compared to the prior year quarter During the fourth quarter of 2017, the company capitalized on the ongoing favorable financing market conditions and completed several refinancing initiatives. The combined financings, which have roughly a $165 million after-tax net present value benefit on a cash basis, resulted in a net income reduction of approximately $33 million, or $0.07 per share. For full year 2017, Corporate and Other earnings increased $1.00 per share on a GAAP basis, compared to 2016, due to a gain on the sale of FiberNet in early 2017. On an adjusted basis, full-year 2017 Corporate and Other earnings decreased $0.15 per share year-over-year, primarily reflecting the costs related to fourth quarter 2017 refinancing initiatives.

Outlook

Based on the tax reform benefit, which is expected to be approximately 45 cents in 2018, NextEra Energy is increasing its financial expectations ranges and now expects adjusted earnings per share to be in the range of $7.45 to $7.95 for 2018. With the certainty provided by the new tax reform legislation and the anticipated continued strength of the investment opportunities at both FPL and NextEra Energy Resources, NextEra Energy is also extending its longer-term growth outlook to 2021. The company expects a compound annual growth rate in adjusted earnings per share to be in a range of 6 to 8 percent through 2021, off a revised base at the midpoint of the new 2018 range, or $7.70 per share. In 2019, the company now expects adjusted earnings per share to be in the range of $8.00 to $8.50. For 2020 and 2021, the company now expects adjusted earnings per share to be in the range of $8.55 to $9.05 and $9.20 to $9.75, respectively.

Ne tEra Energy' adju ted earning e pectation e clude the cumulative effect of adopting new accounting standards, the effect of non-qualifying hedges, the effects of tax reform, the net gains related to the investment in NextEra Energy Partners, LP, as well as unrealized gains and losses on equity securities and net OTTI losses on debt securities held in NextEra Energy Resources' nuclear decommissioning funds, none of which can be determined at this time. Adjusted earnings expectations also exclude the operating results from the Spain solar projects and merger-related expenses. In addition, adjusted earnings expectations assume, among other things: normal weather and operating conditions; continued recovery of the national and the Florida economy; supportive commodity markets; current forward curves; public policy support for wind and solar development and construction; market demand and transmission expansion to support wind and solar development; market demand for pipeline capacity; access to capital at reasonable cost and terms; no divestitures other than to NextEra Energy Partners, LP or acquisitions; no adverse litigation decisions; and no changes to governmental tax policy or incentives. Please see the accompanying cautionary statements for a list of the risk factors that may affect future results.

A previou ly announced, Ne tEra Energy' 2017 fourth quarter and full year earning conference call i cheduled for 9 a m ET today Al o di cu ed during the call will be the 2017 fourth quarter and full year financial re ult for NextEra Energy Partner , LP (NYSE NEP) The li ten only webca t will be available on Ne tEra Energy' web ite by acce ing the following link **www.NextEraEnergy.com/investors**. The news release and slides accompanying the presentation may be downloaded at **www.NextEraEnergy.com/investors**, beginning at 7:30 a.m. ET today. A replay will be available for 90 days by accessing the same link as listed above.

This news release should be read in conjunction with the attached unaudited financial information.

NextEra Energy, Inc.
NextEra Energy, Inc. (NYSE: NEE) is a leading clean energy company with consolidated revenues of approximately $17.2 billion, operates approximately 46,790 megawatts of net generating capacity and employs approximately 14,000 people in 33 states and Canada as of year-end 2017. Headquartered in Juno Beach, Florida, NextEra Energy's principal subsidiaries are Florida Power & Light Company, which serves approximately 5 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the United States, and NextEra Energy Resources, LLC, which, together with its affiliated entities, is the world's largest generator of renewable energy from the wind and sun. Through its subsidiaries, NextEra Energy generates clean, emissions-free electricity from eight commercial nuclear power units in Florida, New Hampshire, Iowa and Wisconsin. A Fortune 200 company and included in the S&P 100 index, NextEra Energy has been recognized often by third parties for its efforts in sustainability, corporate responsibility, ethics and compliance, and diversity, and has been ranked No. 1 in the electric and gas utilities industry in Fortune's 2018 list of "World's Most Admired Companies." For more information about NextEra Energy companies, visit these websites: www.NextEraEnergy.com, www.FPL.com, www.NextEraEnergyResources.com.

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Cautionary Statements and Risk Factors That May Affect Future Results

This news release contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical facts, but instead represent the current expectations of NextEra Energy, Inc. (NextEra Energy) and Florida Power & Light Company (FPL) regarding future operating results and other future events, many of which, by their nature, are inherently uncertain and outside of NextEra Energy's and FPL's control. Forward-looking statements in this news release include, among others, statements concerning adjusted earnings per share expectations and future operating performance, and statements concerning future dividends. In some cases, you can identify the forward-looking statements by words or phrases such as “will,” “may result,” “expect,” “anticipate,” “believe,” “intend,” “plan,” “seek,” “potential,” “projection,” “forecast,” “predict,” “goals,” “target,” “outlook,” “should,” “would” or similar words or expressions. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance. The future results of NextEra Energy and FPL and their business and financial condition are subject to risks and uncertainties that could cause their actual results to differ materially from those expressed or implied in the forward-looking statements, or may require them to limit or eliminate certain operations. These risks and uncertainties include, but are not limited to, the following: effects of extensive regulation of NextEra Energy's and FPL's business operations; inability of NextEra Energy and FPL to recover in a timely manner any significant amount of costs, a return on certain assets or a reasonable return on invested capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise; impact of political, regulatory and economic factors on regulatory decisions important to NextEra Energy and FPL; disallowance of cost recovery by FPL based on a finding of imprudent use of derivative instruments; effect of any reductions or modifications to, or elimination of, governmental incentives or policies that support utility scale renewable energy projects of NextEra Energy Resources, LLC and its affiliated entities (NextEra Energy Resources) or the imposition of additional tax laws, policies or assessments on renewable energy; impact of new or revised laws, regulations, interpretations or other regulatory initiatives on NextEra Energy and FPL; capital expenditures, increased operating costs and various liabilities attributable to environmental laws, regulations and other standards applicable to NextEra Energy and FPL; effects on NextEra Energy and FPL of federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions; exposure of NextEra Energy and FPL to significant and increasing compliance costs and substantial monetary penalties and other sanctions as a result of extensive federal regulation of their operations and businesses; effect on NextEra Energy and FPL of changes in tax laws, guidance or policies as well as in judgments and estimates used to determine tax-related asset and liability amounts; impact on NextEra Energy and FPL of adverse results of litigation; effect on NextEra Energy and FPL of failure to proceed with projects under development or inability to complete the construction of (or capital improvements to) electric generation, transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget; impact on development and operating activities of NextEra Energy and FPL resulting from risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements; risks involved in the operation and maintenance of electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities; effect on NextEra Energy and FPL of a lack of growth or slower growth in the number of customers or in customer usage; impact on NextEra Energy and FPL of severe weather and other weather conditions; threats of terrorism and catastrophic events that could result from terrorism, cyber attacks or other attempts to disrupt NextEra Energy's and FPL's business or the businesses of third parties; inability to obtain adequate insurance coverage for protection of NextEra Energy and FPL against significant losses and risk that insurance coverage does not provide protection against all significant losses; a prolonged period of low gas and oil prices could impact NextEra Energy Resources' gas infrastructure business and cause NextEra Energy Resources to delay or cancel certain gas infrastructure projects and for certain existing projects to be impaired; risk to NextEra Energy Resources of increased operating costs resulting from unfavorable supply costs necessary to provide NextEra Energy Resources' full energy and capacity requirement services; inability or failure by NextEra Energy Resources to manage properly or hedge effectively the commodity risk within its portfolio; effect of reductions in the liquidity of energy markets on NextEra Energy's ability to manage operational risks; effectiveness of NextEra Energy's and FPL's risk management tools associated with their hedging and trading procedures to protect against significant losses, including the effect of unforeseen price variances from historical behavior; impact of unavailability or disruption of power transmission or commodity transportation facilities on sale and delivery of power or natural gas by FPL and NextEra Energy Resources; exposure of NextEra Energy and FPL to credit and performance risk from customers, hedging counterparties and vendors; failure of NextEra Energy or FPL counterparties to perform under derivative contracts or of requirement for NextEra Energy or FPL to post margin cash collateral under derivative contracts; failure or breach of NextEra Energy's or FPL's information technology systems; risks to NextEra Energy and FPL's retail businesses from compromise of sensitive customer data; losses from volatility in the market values of derivative instruments and limited liquidity in OTC markets; impact of negative publicity; inability of NextEra Energy and FPL to maintain, negotiate or renegotiate acceptable franchise agreements with municipalities and counties in Florida; occurrence of work strikes or stoppages and increasing personnel costs; NextEra Energy's ability to successfully identify, complete and integrate acquisitions, including the effect of increased competition for acquisitions; NextEra Energy Partners, LP's (NEP's) acquisitions may not be completed and, even if completed, NextEra Energy may not realize the anticipated benefits of any acquisitions; environmental, health and financial risks associated with NextEra Energy Resources' and FPL's ownership and operation of nuclear generation facilities; liability of NextEra Energy and FPL for significant retrospective assessments and/or retrospective insurance premiums in the event of an incident at certain nuclear generation facilities; increased operating and capital expenditures and/or result in reduced revenues at nuclear generation facilities of NextEra Energy or FPL resulting from orders or new regulations of the Nuclear Regulatory Commission; inability to operate any of NextEra Energy Resources' or FPL's owned nuclear generation units through the end of their respective operating licenses; effect of disruptions, uncertainty or volatility in the credit and capital markets on NextEra Energy's and FPL's ability to fund their liquidity and capital needs and meet their growth objectives; inability of NextEra Energy, FPL and NextEra Energy Capital Holdings, Inc. to maintain their current credit ratings; impairment of NextEra Energy's and FPL's liquidity from inability of credit providers to fund their credit commitments or to maintain their current credit ratings; poor market performance and other economic factors that could affect NextEra Energy's defined benefit pension plan's funded status; poor market performance and other risks to the asset values of NextEra Energy's and FPL's nuclear decommissioning funds; changes in market value and other risks to certain of NextEra Energy's investments; effect of inability of NextEra Energy subsidiaries to pay upstream dividends or repay funds to NextEra Energy or of NextEra Energy's performance under guarantees of subsidiary obligations on NextEra Energy's ability to meet its financial obligations and to pay dividends on its common stock; the fact that the amount and timing of dividends payable on NextEra Energy's common stock, as well as the dividend policy approved by NextEra Energy's board of directors from time to time, and changes to that policy, are within the sole discretion of NextEra Energy's board of directors and, if declared and paid, dividends may be in amounts that are less than might be expected by shareholders; NEP's inability to access sources of capital on commercially reasonable terms could have an effect on its ability to consummate future acquisitions and on the value of NextEra Energy's limited partner interest in NextEra Energy Operating Partners, LP; and effects of disruptions, uncertainty or volatility in the credit and capital markets on the market price of NextEra Energy's common stock. NextEra Energy and FPL discuss these and other risks and uncertainties in their annual report on Form 10-K for the year ended December 31, 2016 and other SEC filings, and this news release should be read in conjunction with such SEC filings made through the date of this news release. The forward-looking statements made in this news release are made only as of the date of this news release and NextEra Energy and FPL undertake no obligation to update any forward-looking statements.

NextEra Energy, Inc.
Condensed Consolidated Statements of Income

(millions, except per share amounts)
(unaudited)

Preliminary

Three Months Ended December 31, 2017	FPL	NEER	Corporate and Other[1]	NextEra Energy
Operating Revenues	$ 2,877	$ 1,134	$ (1)	$ 4,010
Operating Expenses (Income)				
Fuel, purchased power and interchange	846	164	(31)	979
Other operations and maintenance	423	487	17	927
Storm restoration costs	1,255	—	—	1,255
Impairment charges	—	426	—	426
Merger-related	—	—	52	52
Deprecia ion and amortization	(580)	354	7	(219)
Losses (gains) on disposal of a business/assets - net	(1)	(5)	1	(5)
Taxes other than income taxes and other - net	316	40	3	359
Total operating expenses - net	2,259	1,466	49	3,774
Operating Income (Loss)	618	(332)	(50)	236
Other Income (Deductions)				
Interest expense	(122)	(188)	(77)	(387)
Benefits associated with differential membership interests - net	—	149	—	149
Equity in earnings (losses) of equity method investees	—	(11)	(1)	(12)
Allowance for equity funds used during construction	24	—	—	24
Interest income	1	19	2	22
Gains (losses) on disposal of investments and other property - net	—	51	(1)	50
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(2)	—	(2)
Other - net	(4)	10	—	6
Total other income (deductions) - net	(101)	28	(77)	(150)
Income (Loss) before Income Taxes	517	(304)	(127)	86
Income Tax Expense (Benefit)	173	(2,111)	(44)	(1,982)
Net Income (Loss)	344	1,807	(83)	2,068
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	(87)	—	(87)
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 344**	**$ 1,894**	**$ (83)**	**$ 2,155**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 344**	**$ 1,894**	**$ (83)**	**$ 2,155**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	170	6	176
Loss (income) from other than temporary impairments - net[3]	—	(18)	—	(18)
Tax reform[4]	50	(1,925)	(2)	(1,877)
Duane Arnold impairment charge[5]	—	420	—	420
Operating loss (income) of Spain solar projects[6]	—	2	—	2
Merger-related expenses[7]	—	—	52	52
Less related income tax expense (benefit)	—	(313)	(7)	(320)
Adjusted Earnings (Loss)	**$ 394**	**$ 230**	**$ (34)**	**$ 590**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 0.73**	**$ 4.00**	**$ (0.18)**	**$ 4.55**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	0 36	0.01	0.37

Loss (income) from other than temporary impairments - net(3)	—	(0 04)	—	(0.04)
Tax reform(4)	0.11	(4 06)	—	(3.95)
Duane Arnold impairment charge(5)	—	0 89	—	0.89
Operating loss (income) of Spain solar projects(6)	—	—	—	—
Merger-related expenses(7)	—	—	0.11	0.11
Less related income tax expense (benefit)	—	(0.66)	(0.02)	(0.68)
Adjusted Earnings (Loss) Per Share	**$ 0.84**	**$ 0.49**	**$ (0.08)**	**$ 1.25**
Weighted-average shares outstanding (assuming dilution)				**474**

(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

(2) After tax impact on adjusted earnings by segment is $0, $10, $4, $14, or $0.00, $0.02, $0.01, $0 03 per share, respectively.

(3) After tax impact on adjusted earnings is $2 or $0.00 per share.

(4) Net of approximately $40 million or $0 08 of income tax benefit at FPL.

(5) After tax impact on adjusted earnings by segment is $0, $246, $12, $258 or $0.00, $0.52, $0 02, $0.54 per share, respectively.

(6) After tax impact on adjusted earnings is $3 or $0.01 per share.

(7) After tax impact on adjusted earnings is $35 or $0 07 per share.

NextEra Energy, Inc.
Condensed Consolidated Statements of Income
(millions, except per share amounts)
(unaudited)

Preliminary

Three Months Ended December 31, 2016	FPL	NEER	Corporate and Other[1]	NextEra Energy
Operating Revenues	$ 2,558	$ 1,052	$ 89	$ 3,699
Operating Expenses (Income)				
Fuel, purchased power and interchange	741	189	6	936
Other operations and maintenance	397	482	36	915
Impairment charges	—	3	—	3
Merger-related	—	—	5	5
Deprecia ion and amortization	445	360	10	815
Losses (gains) on disposal of a business/assets - net	(1)	(188)	1	(188)
Taxes other than income taxes and other - net	282	(2)	7	287
Total operating expenses - net	1,864	844	65	2,773
Operating Income (Loss)	694	208	24	926
Other Income (Deductions)				
Interest expense	(113)	134	366	387
Benefits associated with differential membership interests - net	—	90	—	90
Equity in earnings (losses) of equity method investees	—	2	—	2
Allowance for equity funds used during construction	19	4	1	24
Interest income	—	17	4	21
Gains (losses) on disposal of investments and other property - net	—	4	—	4
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(4)	—	(4)
Revaluation of contingent consideration	—	71	—	71
Other - net	(1)	16	(15)	—
Total other income (deductions) - net	(95)	334	356	595
Income (Loss) before Income Taxes	599	542	380	1,521
Income Tax Expense (Benefit)	228	131	145	504
Net Income (Loss)	371	411	235	1,017
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	51	—	51
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 371**	**$ 360**	**$ 235**	**$ 966**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 371**	**$ 360**	**$ 235**	**$ 966**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	(79)	(391)	(470)
Loss (income) from other than temporary impairments - net[3]	—	(5)	—	(5)
Gains on disposal of a business/assets[4]	—	(191)	—	(191)
Operating loss (income) of Spain solar projects[5]	—	7	—	7
Merger-related expenses[6]	—	—	5	5
Less related income tax expense (benefit)	—	99	155	254
Adjusted Earnings (Loss)	**$ 371**	**$ 191**	**$ 4**	**$ 566**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 0.79**	**$ 0.77**	**$ 0.50**	**$ 2.06**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	(0.17)	(0.83)	(1.00)
Loss (income) from other than temporary impairments - net[3]	—	(0.01)	—	(0.01)

Gains on disposal of a business/assets[4]	—	(0.41)	—	(0.41)
Operating loss (income) of Spain solar projects[5]	—	0.02	—	0.02
Merger-related expenses[6]	—	—	0.01	0.01
Less related income tax expense (benefit)	—	0.21	0.33	0.54
Adjusted Earnings (Loss) Per Share	**$ 0.79**	**$ 0.41**	**$ 0.01**	**$ 1.21**
Weighted-average shares outstanding (assuming dilution)				**469**

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(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

(2) After tax impact on adjusted earnings by segment is $0, ($61), ($235), ($296), or $0.00, ($0.13), ($0.50), ($0 63) per share, respectively.

(3) After tax impact on adjusted earnings is ($3) or ($0.01) per share.

(4) After tax impact on adjusted earnings by segment is $0, ($112), ($1), ($113) or $0 00, ($0.24), $0.00, ($0 24) per share, respectively.

(5) After tax impact on adjusted earnings is $7 or $0.02 per share.

(6) After tax impact on adjusted earnings is $5 or $0.01 per share.

NextEra Energy, Inc.
Condensed Consolidated Statements of Income
(millions, except per share amounts)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2017	FPL	NEER	Corporate and Other[1]	NextEra Energy
Operating Revenues	$ 11,972	$ 5,186	$ 37	$ 17,195
Operating Expenses (Income)				
Fuel, purchased power and interchange	3,542	623	(94)	4,071
Other operations and maintenance	1,559	1,719	49	3,327
Storm restoration costs	1,255	—	—	1,255
Impairment charges	—	446	—	446
Merger-related	—	—	69	69
Depreciation and amortization	933	1,398	26	2,357
Losses (gains) on disposal of a business/assets - net	(6)	(12)	(1,093)	(1,111)
Taxes other than income taxes and other - net	1,298	144	13	1,455
Total operating expenses - net	8,581	4,318	(1,030)	11,869
Operating Income (Loss)	3,391	868	1,067	5,326
Other Income (Deductions)				
Interest expense	(482)	(801)	(275)	(1 558)
Benefits associated with differential membership interests net		460		460
Equity in earnings (losses) of equity method investees		136	5	141
Allowance for equity funds used during construction	79	12	1	92
Interest income	2	72	7	81
Gains (losses) on disposal of investments and other property net		98	16	114
Other than temporary impairment losses on securities held in nuclear decommissioning funds		(10)		(10)
Other net	(4)	45	(20)	21
Total other income (deductions) net	(405)	12	(266)	(659)
Income (Loss) before Income Taxes	2 986	880	801	4 667
Income Tax Expense (Benefit)	1 106	(2 025)	266	(653)
Net Income (Loss)	1 880	2 905	535	5 320
Less Net Income (Loss) Attributable to Noncontrolling Interests		(58)		(58)
Net Income (Loss) Attributable to Ne tEra Energy Inc	**$ 1,880**	**$ 2,963**	**$ 535**	**$ 5,378**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 1,880**	**$ 2,963**	**$ 535**	**$ 5,378**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	80	136	216
Loss (income) from other than temporary impairments - net[3]	—	(25)	—	(25)
Tax reform[4]	50	(1,925)	(2)	(1,877)
Duane Arnold impairment charge[5]	—	420	—	420
Gains on disposal of a business/assets[6]	—	—	(1,096)	(1,096)
Operating loss (income) of Spain solar projects[7]	—	(4)	—	(4)
Merger-related expenses[8]	—	—	93	93
Less related income tax expense (benefit)	—	(279)	339	60
Adjusted Earnings (Loss)	**$ 1,930**	**$ 1,230**	**$ 5**	**$ 3,165**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 3.98**	**$ 6.27**	**$ 1.13**	**$ 11.38**
Adjustments - pretax				

Net losses (gains) associated with non-qualifying hedges[2]	—	0.17	0.29	0.46
Loss (income) from other than temporary impairments net[3]		(0 05)		(0 05)
Tax reform[4]	0 11	(4 07)		(3 96)
Duane Arnold impairment charge[5]		0 89		0 89
Gains on disposal of a business/assets[6]			(2 32)	(2 32)
Operating loss (income) of Spain solar projects[7]		(0 01)		(0 01)
Merger related expenses[8]			0 20	0 20
Less related income tax expense (benefit)		(0 59)	0 70	0 11
Adjusted Earnings (Loss) Per hare	**$ 4.09**	**$ 2.61**	**$ —**	**$ 6.70**
Weighted-average shares outstanding (assuming dilution)				**473**

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[1] Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER Interest expense is allocated based on a deemed capital structure of 70% debt and for purposes of allocating corporate interest expense the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

[2]After tax impact on adjusted earnings by segment is $0, ($47), $82, $35, or $0.00, ($0.10), $0.17, $0 07 per share, respectively.

[3] After tax impact on adjusted earnings is ($2) or $0.00 per share.

[4] Net of approximately $40 million or $0 08 of income tax benefit at FPL

[5] After tax impact on adjusted earnings by segment is $0, $246, $12, $258 or $0 00, $0.52, $0.02, $0 54 per share, respectively.

[6] After tax impact on adjusted earnings is ($685) or ($1.45) per share.

[7] After tax impact on adjusted earnings is ($5) or ($0.01) per share.

[8] After tax impact on adjusted earnings is $63 or $0 13 per share

NextEra Energy, Inc.
Condensed Consolidated Statements of Income
(millions, except per share amounts)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2016	FPL	NEER	Corporate and Other[1]	NextEra Energy
Operating Revenues	$ 10,895	$ 4,893	$ 367	$ 16,155
Operating Expenses (Income)				
Fuel, purchased power and interchange	3,297	706	39	4,042
Other operations and maintenance	1,600	1,658	131	3,389
Impairment charges	—	7	—	7
Merger-related	—	—	135	135
Depreciation and amortization	1,651	1,366	60	3,077
Losses (gains) on disposal of a business/assets - net	(6)	(444)	4	(446)
Taxes other than income taxes and other - net	1,195	126	22	1,343
Total operating expenses - net	7,737	3,419	391	11,547
Operating Income (Loss)	3,158	1,474	(24)	4,608
Other Income (Deductions)				
Interest expense	(456)	(732)	95	(1,093)
Benefits associated with differential membership interests - net	—	309	—	309
Equity in earnings (losses) of equity method investees	—	119	29	148
Allowance for equity funds used during construction	74	11	1	86
Interest income	2	34	46	82
Gains (losses) on disposal of investments and other property - net	—	40	—	40
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(23)	—	(23)
Revaluation of contingent consideration	—	189	—	189
Other - net	—	39	3	42
Total other income (deductions) - net	(380)	(14)	174	(220)
Income (Loss) before Income Taxes	2,778	1,460	150	4,388
Income Tax Expense (Benefit)	1,051	242	90	1,383
Net Income (Loss)	1,727	1,218	60	3,005
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	93	—	93
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 1,727**	**$ 1,125**	**$ 60**	**$ 2,912**
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	**$ 1,727**	**$ 1,125**	**$ 60**	**$ 2,912**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	336	(228)	108
Loss (income) from other than temporary impairments - net[3]	—	5	—	5
Resolution of contingencies related to a previous asset sale[4]	—	(9)	—	(9)
Gains on disposal of a business/assets[5]	—	(445)	—	(445)
Operating loss (income) of Spain solar projects[6]	—	12	—	12
Merger-related expenses[7]	—	—	135	135
Less related income tax expense (benefit)	—	66	100	166
Adjusted Earnings (Loss)	**$ 1,727**	**$ 1,090**	**$ 67**	**$ 2,884**
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	**$ 3.71**	**$ 2.41**	**$ 0.13**	**$ 6.25**
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges[2]	—	0.72	(0.49)	0.23

Loss (income) from other than temporary impairments - net[3]	—	—	—	—
Resolution of contingencies related to a previous asset sale[4]		(0 02)		(0 02)
Gains on disposal of a business/assets[5]		(0 95)		(0 95)
Operating loss (income) of Spain solar projects[6]		0 03		0 03
Merger related expenses[7]			0 29	0 29
Less related income tax expense (benefit)		0 14	0 22	0 36
Adjusted Earnings (Loss) Per hare	**$ 3.71**	**$ 2.33**	**$ 0.15**	**$ 6.19**
Weighted-average shares outstanding (assuming dilution)				**466**

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(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

(2) After tax impact on adjusted earnings by segment is $0 $233 ($141) $92 or $0 00 $0 50 ($0 30) $0 20 per share respectively

(3) After tax impact on adjusted earnings by segment is $0, $2, ($1), $1 or $0.00 per share, respectively.

(4) After tax impact on adjusted earnings is ($5) or ($0.01) per share.

(5) After tax impact on adjusted earnings by segment is $0, ($276), $57, ($219) or $0.00, ($0.59), $0.12, ($0.47) per share, respectively.

(6) After tax impact on adjusted earnings is $11 or $0 02 per share

(7) After tax impact on adjusted earnings is $92 or $0 20 per share.

NextEra Energy, Inc.
Condensed Consolidated Balance Sheets
(millions)
(unaudited)

Preliminary

December 31, 2017	FPL	NEER	Corporate and Other[1]	NextEra Energy
Property, Plant and Equipment				
Electric plant in service and other property	$ 47,167	$ 37,182	$ 988	$ 85,337
Nuclear fuel	1,192	575	—	1,767
Construction work in progress	3,623	3,010	46	6,679
Accumulated depreciation and amortization	(12,802)	(8,452)	(113)	(21,367)
Total property, plant and equipment - net	39,180	32,315	921	72,416
Current Assets				
Cash and cash equivalents	33	743	938	1,714
Customer receivables, net of allowances	1,073	1,127	20	2,220
Other receivables	160	814	(457)	517
Materials, supplies and fossil fuel inventory	840	433	—	1,273
Regulatory assets	335	—	1	336
Derivatives	2	484	3	489
Assets held for sale	—	140	—	140
Other	241	226	1	468
Total current assets	2,684	3,967	506	7,157
Other Assets				
Special use funds	4,090	1,913	—	6,003
Other investments	4	2,637	318	2,959
Prepaid benefit costs	1,351	—	76	1,427
Regulatory assets	2,249	9	211	2,469
Derivatives	—	1,304	11	1,315
Other	686	3,404	(9)	4,081
Total other assets	8,380	9,267	607	18,254
Total Assets	**$ 50,244**	**$ 45,549**	**$ 2,034**	**$ 97,827**
Capitalization				
Common stock	$ 1,373	$ —	$ (1,368)	$ 5
Additional paid-in capital	8,291	7,936	(7,127)	9,100
Retained earnings	7,376	12,244	(628)	18,992
Accumulated other comprehensive income (loss)	—	162	(51)	111
Total common shareholders' equity	17,040	20,342	(9,174)	28,208
Noncontrolling interests	—	1,290	—	1,290
Total equity	17,040	21,632	(9,174)	29,498
Long-term debt	11,236	9,616	10,611	31,463
Total capitalization	28,276	31,248	1,437	60,961
Current Liabilities				
Commercial paper	1,687	—	—	1,687
Other short-term debt	250	5	—	255
Current maturities of long-term debt	466	565	645	1,676
Accounts payable	893	2,385	(43)	3,235
Customer deposits	445	3	—	448
Accrued interest and taxes	439	374	(191)	622

Derivatives	2	341	21	364
Accrued construction-related expenditures	300	729	4	1,033
Regulatory liabilities	333	—	13	346
Liabilities associated with assets held for sale	—	18	—	18
Other	982	465	101	1,548
Total current liabilities	5,797	4,885	550	11,232
Other Liabilities and Deferred Credits				
Asset retirement obligations	2,047	984		3,031
Deferred income taxes	5,005	1,120	(371)	5,754
Regulatory liabilities	8,642		123	8,765
Derivatives		494	41	535
Deferral related to differential membership interests		5,403		5,403
Other	477	1,415	254	2,146
Total other liabilities and deferred credits	16,171	9,416	47	25,634
Commitments and Contingencies				
Total Capitalization and Liabilities	**$ 50,244**	**$ 45,549**	**$ 2,034**	**$ 97,827**

(1) Corporate & Other represents other business ac ivities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt Residual corporate interest expense is included in Corporate & Other

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NextEra Energy, Inc.
Condensed Consolidated Balance Sheets

Preliminary

(millions)

(unaudited)

December 31, 2016	FPL	NEER	Corporate and Other(1)	NextEra Energy
Property, Plant and Equipment				
Electric plant in service and other property	$ 44,966	$ 34,158	$ 1,026	$ 80,150
Nuclear fuel	1,308	823	—	2,131
Construction work in progress	2,039	2,663	30	4,732
Accumulated depreciation and amortization	(12,304)	(7,655)	(142)	(20,101)
Total property, plant and equipment - net	36,009	29,989	914	66,912
Current Assets				
Cash and cash equivalents	33	603	656	1,292
Customer receivables, net of allowances	768	986	30	1,784
Other receivables	148	572	(65)	655
Materials, supplies and fossil fuel inventory	851	438	—	1,289
Regulatory assets	524	—	—	524
Derivatives	209	505	171	885
Assets held for sale	—	—	452	452
Other	213	312	3	528
Total current assets	2,746	3,416	1,247	7,409
Other Assets				
Special use funds	3,665	1,769	—	5,434
Other investments	4	2,158	320	2,482
Prepaid benefit costs	1,301	—	(124)	1,177
Regulatory assets	1,573	9	312	1,894
Derivatives	—	1,287	63	1,350
Other	203	3,115	17	3,335
Total other assets	6,746	8,338	588	15,672
Total Assets	**$ 45,501**	**$ 41,743**	**$ 2,749**	**$ 89,993**
Capitalization				
Common stock	$ 1,373	$ —	$ (1,368)	$ 5
Additional paid-in capital	8,332	7,725	(7,109)	8,948
Retained earnings	6,875	9,281	(698)	15,458
Accumulated other comprehensive income (loss)	—	27	(97)	(70)
Total common shareholders' equity	16,580	17,033	(9,272)	24,341
Noncontrolling interests	—	990	—	990
Total equity	16,580	18,023	(9,272)	25,331
Long-term debt	9,705	8,631	9,482	27,818
Total capitalization	26,285	26,654	210	53,149
Current Liabilities				
Commercial paper	268	—	—	268
Other short-term debt	150	—	—	150
Current maturities of long-term debt	367	513	1,724	2,604
Accounts payable	837	2,645	(35)	3,447
Customer deposits	466	4	—	470

Accrued interest and taxes	240	309	(69)	480
Derivatives	1	329	74	404
Accrued construction related expenditures	262	855	3	1,120
Regulatory liabilities	294		5	299
Liabilities associated with assets held for sale			451	451
Other	496	615	115	1,226
Total current liabilities	3,381	5,270	2,268	10,919
Other Liabilities and Deferred Credits				
Asset retirement obligations	1,919	817	—	2,736
Deferred income taxes	8,541	2,685	(125)	11,101
Regulatory liabilities	4,893	—	13	4,906
Derivatives	—	436	41	477
Deferral related to differential membership interests	—	4,656	—	4,656
Other	482	1,225	342	2,049
Total other liabilities and deferred credits	15,835	9,819	271	25,925
Commitments and Contingencies				
Total Capitalization and Liabilities	**$ 45,501**	**$ 41,743**	**$ 2,749**	**$ 89,993**

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(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other

NextEra Energy, Inc.
Condensed Consolidated Statements of Cash Flows
(millions)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2017	FPL	NEER	Corporate and Other(1)	NextEra Energy
Cash Flows From Operating Activities				
Net income	$ 1,880	$ 2,905	$ 535	$ 5,320
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	933	1,398	26	2,357
Nuclear fuel and other amortization	157	68	47	272
Impairment charges	—	446	—	446
Unrealized losses (gains) on marked to market derivative contracts - net	—	189	247	436
Foreign currency transaction losses (gains)	—	(11)	(14)	(25)
Deferred income taxes	905	(1,580)	(200)	(875)
Cost recovery clauses and franchise fees	82	—	—	82
Acquisition of purchased power agreement	(243)	—	—	(243)
Benefits associated with differential membership interests - net	—	(460)	—	(460)
Gains on disposal of a business, assets and investments - net	(6)	(110)	(1,109)	(1,225)
Recoverable storm-related costs - net	(108)	—	—	(108)
Other - net	(133)	88	135	90
Changes in operating assets and liabilities:				
Current assets	(190)	(536)	373	(353)
Noncurrent assets	(37)	(36)	13	(60)
Current liabilities	701	105	(40)	766
Noncurrent liabilities	(32)	51	(26)	(7)
Net cash provided by (used in) operating activities	**3,909**	**2,517**	**(13)**	**6,413**
Cash Flows From Investing Activities				
Capital expenditures of FPL	(5,174)	—	—	(5,174)
Independent power and other investments of NEER	—	(5,295)	—	(5,295)
Cash grants under the American Recovery and Reinvestment Act of 2009	—	78	—	78
Nuclear fuel purchases	(117)	(80)	—	(197)
Other capital expenditures and other investments	—	—	(74)	(74)
Proceeds from the sale of the f ber-optic telecommunications business	—	—	1,454	1,454
Sale of independent power and other investments of NEER	—	178	—	178
Proceeds from sale or maturity of securities in special use funds and other investments	1,986	961	260	3,207
Purchases of securities in special use funds and other investments	(2,082)	(882)	(280)	(3,244)
Other - net	18	124	7	149
Net cash provided by (used in) investing activities	**(5,369)**	**(4,916)**	**1,367**	**(8,918)**
Cash Flows From Financing Activities				
Issuances of long-term debt	1,961	2,761	3,632	8,354
Retirements of long-term debt	(882)	(1,881)	(4,017)	(6,780)
Proceeds from differential membership investors	—	1,414	—	1,414
Net change in commercial paper	1,419	—	—	1,419
Proceeds from other short-term debt	450	—	—	450
Repayments of other short-term debt	(2)	—	—	(2)
Issuances of common stock - net	—	—	55	55

Proceeds from the issuance of NEP convertible preferred units net		548		548
Dividends on common stock			(1,845)	(1,845)
Dividends & capital distr butions from (to) parent net	(1,450)	211	1,239	
Other net	(15)	(529)	(136)	(680)
Net cash provided by (used in) financing activities	**1,481**	**2,524**	**(1,072)**	**2,933**
Effects of currency translation on cash, cash equivalents and restricted cash		**26**		**26**
Net increase in cash, cash equivalents and restricted cash	**21**	**151**	**282**	**454**
Cash, cash equivalents and restricted cash at beginning of year	**153**	**720**	**656**	**1,529**
Cash, cash equivalents and restricted cash at end of year	**$ 174**	**$ 871**	**$ 938**	**$ 1,983**

(1) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding Corporate & Other allocates a portion of corporate interest expense to NEER Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

NextEra Energy, Inc.
Condensed Consolidated Statements of Cash Flows (1)
(millions)
(unaudited)

Preliminary

Twelve Months Ended December 31, 2016	FPL	NEER	Corporate and Other(2)	NextEra Energy
Cash Flows From Operating Activities				
Net income	$ 1,727	$ 1,218	$ 60	$ 3,005
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,651	1,366	60	3,077
Nuclear fuel and other amortization	218	63	19	300
Impairment charges	—	7	—	7
Unrealized losses (gains) on marked to market derivative contracts - net	—	201	(245)	(44)
Foreign currency transaction losses (gains)	—	(3)	16	13
Deferred income taxes	932	149	149	1,230
Cost recovery clauses and franchise fees	94	—	—	94
Benefits associated with differential membership interests - net	—	(309)	—	(309)
Losses (gains) on disposal of a business, assets and investments - net	—	(492)	2	(490)
Recoverable storm-related costs - net	(223)	—	—	(223)
Other - net	42	(229)	76	(111)
Changes in operating assets and liabilities:				
Current assets	25	(219)	32	(162)
Noncurrent assets	(31)	1	(28)	(58)
Current liabilities	16	135	(175)	(24)
Noncurrent liabilities	(86)	37	37	(12)
Net cash provided by (used in) operating activities	**4,365**	**1,925**	**3**	**6,293**
Cash Flows From Investing Activities				
Capital expenditures of FPL	(3,776)	—	—	(3,776)
Independent power and other investments of NEER	—	(5,396)	—	(5,396)
Cash grants under the American Recovery and Reinvestment Act of 2009	—	335	—	335
Nuclear fuel purchases	(158)	(125)	—	(283)
Other capital expenditures and other investments	—	—	(181)	(181)
Sale of independent power and other investments of NEER	—	658	—	658
Proceeds from sale or maturity of securities in special use funds and other investments	2,495	996	285	3,776
Purchases of securities in special use funds and other investments	(2,506)	(1,034)	(289)	(3,829)
Proceeds from the sale of a noncontrolling interest in subsidiaries	—	645	—	645
Other - net	28	(29)	6	5
Net cash provided by (used in) investing activities	**(3,917)**	**(3,950)**	**(179)**	**(8,046)**
Cash Flows From Financing Activities				
Issuances of long-term debt	309	2,505	2,843	5,657
Retirements of long-term debt	(262)	(1,715)	(1,333)	(3,310)
Proceeds from differential membership investors	—	1,859	—	1,859
Net change in commercial paper	212	—	(318)	(106)
Proceeds from other short-term debt	500	—	—	500
Repayments of other short-term debt	(450)	(12)	(200)	(662)
Issuances of common stock - net	—	—	537	537
Dividends on common stock	—	—	(1,612)	(1,612)

Dividends & capital distr butions from (to) parent net	(700)	(261)	961	
Other net	(2)	(257)	(104)	(363)
Net cash provided by (used in) financing activities	**(393)**	**2,119**	**774**	**2,500**
Effects of currency translation on cash, cash equivalents and restricted cash		**10**		**10**
Net increase in cash, cash equivalents and restricted cash	**55**	**104**	**598**	**757**
Cash, cash equivalents and restricted cash at beginning of year	**98**	**616**	**58**	**772**
Cash, cash equivalents and restricted cash at end of year	**$ 153**	**$ 720**	**$ 656**	**$ 1,529**

(1) Amounts have been retrospectively adjusted to reflect the adoption of an accounting standards update which requires that restricted cash be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statements of cash flows.

(2) Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt Residual corporate interest expense is included in Corporate & Other.

NextEra Energy, Inc.
Earnings Per Share Contributions
(assuming dilution)
(unaudited)

Preliminary

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-To-Date
2016 Earnings Per Share Attributable to NextEra Energy, Inc.	**$ 1.41**	**$ 1.16**	**$ 1.62**	**$ 2.06**	**$ 6.25**
FPL - 2016 Earnings Per Share	**$ 0.85**	**$ 0.96**	**$ 1.11**	**$ 0.79**	**$ 3.71**
New investment growth	0.11	0.07	0.08	0.10	0.35
Tax reform	—	—	—	(0.11)	(0.11)
Cost recovery clause results	—	0.01	0.01	(0.02)	—
Allowance for funds used during construction	(0.02)	0.01	0.01	0.01	0.01
Woodford shale investment	—	0.03	—	—	0.03
Wholesale operations	—	0.02	—	—	0.02
Other and share dilution	0.01	0.02	(0.02)	(0.04)	(0.03)
FPL - 2017 Earnings Per Share	**$ 0.95**	**$ 1.12**	**$ 1.19**	**$ 0.73**	**$ 3.98**
NEER - 2016 Earnings Per Share Attributable to NextEra Energy, Inc.	**$ 0.48**	**$ 0.50**	**$ 0.66**	**$ 0.77**	**$ 2.41**
New investments	0.35	0.17	0.12	0.11	0.77
Existing assets	(0.01)	(0.08)	(0.03)	0.02	(0.11)
Gas infrastructure	(0.11)	(0.04)	(0.01)	(0.04)	(0.19)
Customer supply and proprietary power & gas trading	(0.04)	0.05	—	—	0.01
Tax reform	—	—	—	4.06	4.07
Duane Arnold impairment charge	—	—	—	(0.52)	(0.52)
Non-qualifying hedges impact	0.44	0.40	(0.09)	(0.15)	0.60
Resolution of contingencies related to a previous asset sale	(0.01)	—	—	—	(0.01)
Gains on disposal of assets - net (see related tax effects in Corporate and Other below)	—	(0.35)	—	(0.24)	(0.59)
Spain operating results	(0.01)	0.02	0.02	0.01	0.03
Change in other than temporary impairment losses - net	0.01	—	0.01	(0.01)	—
Interest and corporate general and administrative expenses	(0.09)	(0.09)	(0.10)	(0.05)	(0.34)
Other, including income taxes and share dilution	—	0.06	0.04	0.04	0.14
NEER - 2017 Earnings Per Share Attributable to NextEra Energy, Inc.	**$ 1.01**	**$ 0.64**	**$ 0.62**	**$ 4.00**	**$ 6.27**
Corporate and Other - 2016 Earnings (Loss) Per Share	**$ 0.08**	**$ (0.30)**	**$ (0.15)**	**$ 0.50**	**$ 0.13**
Non-qualifying hedges impact	(0.05)	0.14	(0.05)	(0.51)	(0.47)
Gains on disposal of a business/assets - net (including consolidating tax effects)	1.46	0.13	—	—	1.57
Merger-related expenses	(0.04)	(0.01)	0.17	(0.06)	0.07
Other, including interest expense, interest income and consolidating income tax benefits or expenses and share dilution	(0.04)	(0.04)	0.01	(0.11)	(0.17)
Corporate and Other - 2017 Earnings (Loss) Per Share	**$ 1.41**	**$ (0.08)**	**$ (0.02)**	**$ (0.18)**	**$ 1.13**
2017 Earnings Per Share Attributable to NextEra Energy, Inc.	**$ 3.37**	**$ 1.68**	**$ 1.79**	**$ 4.55**	**$ 11.38**

Corporate & Other represents other business activities, consolidating income tax adjustments and eliminating entries, and may include the net effect of rounding. Corporate & Other allocates a portion of corporate interest expense to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating corporate interest expense, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual corporate interest expense is included in Corporate & Other.

The sum of the quarterly amounts may not equal the total for the year due to rounding.

OPC INITIAL BRIEF APPENDIX

EXHIBIT 8

February 26, 2018, Cover Letter and FPL's Rate of Return Surveillance Report for December 2017 and February 15, 2019, Cover Letter and FPL's Rate of Return Surveillance Report for December 2018

Florida Power & Light Company, 700 Universe Blvd, Juno Beach FL. 33408-0420

FPL

February 26, 2018

Mr. Bart Fletcher
Public Utilities Supervisor
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Dear Mr. Fletcher:

The cover letter accompanying Florida Power & Light Company's ("FPL") Rate of Return Surveillance Report for December 2017 filed on February 15, 2018 contained a scrivener's error stating that the return on equity was 11.50%. The correct return on equity for December 2017 is 11.08%, which can be seen on Schedule 1: Page 1 of 1 and Schedule 5: Page 1 of 2.

For ease of reference, I am attaching FPL's Rate of Return Surveillance Report for December 2017 and other accompanying schedules, which are the identical to those FPL provided on February 15, 2018.

Sincerely,

Elizabeth Fuentes

Elizabeth Fuentes
Sr. Director of Regulatory Accounting

Enclosures

Copy: J. R. Kelly, Office of Public Counsel

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
EARNINGS SURVEILLANCE REPORT SUMMARY
DECEMBER, 2017

	ACTUAL PER BOOKS	FPSC ADJUSTMENTS	FPSC ADJUSTED	PRO FORMA ADJUSTMENTS	PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	$ 2,292,749,267 (A)	(229,824,932) (B)	2,062,924,335	(156,435,318)	$ 1,906,489,017
RATE BASE	$ 32,983,093,544	(354,601,113)	32,628,492,431	0	$ 32,628,492,431
AVERAGE RATE OF RETURN	6.95%		6.32%		5.84%
II. YEAR END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	$ 2,292,749,267 (A)	(220,994,945) (B)	2,071,754,322	(156,435,318)	$ 1,915,319,003
RATE BASE	$ 35,472,103,159	(853,209,347)	34,618,893,812	0	$ 34,618,893,812
YEAR END RATE OF RETURN	6.46%		5.98%		5.53%

(A) INCLUDES AFUDC EARNINGS (B) INCLUDES REVERSAL OF AFUDC EARNINGS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)

LOW	5.66%	
MIDPOINT	6.09%	
HIGH	6.56%	
IV. FINANCIAL INTEGRITY INDICATORS		
A. TIMES INTEREST EARNED WITH AFUDC	6.96	(SYSTEM PER BOOKS BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	6.76	(SYSTEM PER BOOKS BASIS)
C. AFUDC AS PERCENT OF NET INCOME	4.90%	(SYSTEM PER BOOKS BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	45.38%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.26%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	4.51%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.08%	(FPSC ADJUSTED)
H. RETURN ON COMMON EQUITY	10.01%	(PROFORMA ADJUSTED)

NOTE: THIS REPORT HAS BEEN PREPARED USING A THIRTEEN MONTH AVERAGE AND END OF PERIOD RATE BASE AND ADJUSTMENTS CONSISTENT WITH DOCKET NO. 160021-EI, ORDER NO. PSC-16-0560-AS-EI. THIS REPORT DOES NOT NECESSARILY REPRESENT THE OPINION OF THE COMPANY AS TO THE ACTUAL EARNED RATE OF RETURN FOR THE PERIOD COVERED.

I AM AWARE THAT SECTION 837.06, FLORIDA STATUES, PROVIDES:
WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082, S. 775.083, OR S. 775.084.

KIMBERLY OUSDAHL	Elaine Fuentes	2/15/18
(VICE PRESIDENT AND CHIEF ACCOUNTING OFFICER)	(SIGNATURE) for K. Ousdahl	(DATE)

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
RATE BASE
DECEMBER, 2017

SCHEDULE 2: PAGE 1 OF 3

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	$ 45,979,826,433	14,993,292,629	30,966,533,804	278,506,548	3,237,530,419	687,287,342	35,169,858,113	(915,165,894)	$ 34,254,692,219
JURISDICTIONAL PER BOOKS	$ 44,106,821,289	13,023,767,658	31,083,053,631	264,189,706	3,108,721,347	638,980,735	35,094,945,420	(2,111,851,876)	$ 32,983,093,544
FPSC ADJUSTMENTS (SEE SCHEDULE 2, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 3B OF 3	$ (2,219,219,778)	(582,140,545)	(1,637,079,233)	0	(1,815,952,339)	0	(3,453,031,572)	3,098,430,459	$ (354,601,113)
FPSC ADJUSTED:	$ 41,887,601,511	12,441,627,113	29,445,974,398	264,189,706	1,292,769,008	638,980,735	31,641,913,848	986,578,583	$ 32,628,492,431
PRO FORMA ADJUSTMENTS									
TOTAL PRO FORMA ADJUSTMENTS:	$ 0	0	0	0	0	0	0	0	$ 0
PRO FORMA ADJUSTED	$ 41,887,601,511	12,441,627,113	29,445,974,398	264,189,706	1,292,769,008	638,980,735	31,641,913,848	986,578,583	$ 32,628,492,431

NOTE:

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL OF THE PROFORMA ADJUSTMENTS THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,676,090,880	3,493,805,509	2,806,827,200	672,384,470	1,293,650,050	193,447,400	935,185,816	(3,502,803)	(6,006,065)	9,385,791,577	$ 2,290,299,303
JURISDICTIONAL PER BOOKS	$ 11,244,264,510	3,328,486,839	2,753,255,882	620,279,658	1,275,635,595	185,143,418	895,014,380	(3,379,298)	(6,000,033)	9,048,436,238	$ 2,195,828,273
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (508,346,509)	0	0	0	(13,023,232)	(190,299,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,299,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,872)	0	0	0	(260,612,708)	(97,658)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(373,875)	0	0	144,222	0	0	0	(229,653)	229,653
INDUSTRY ASSOCIATION DUES	0	0	(2,307,827)	0	0	890,244	0	0	0	(1,417,583)	1,417,583
ECONOMIC DEVELOPMENT 5%	0	0	(135,695)	0	0	52,344	0	0	0	(83,350)	83,350
AVIATION - EXPENSES	0	0	(151,946)	0	0	58,613	0	0	0	(93,333)	93,333
EXECUTIVE COMPENSATION	0	0	(36,137,478)	0	0	13,940,032	0	0	0	(22,197,446)	22,197,446
FUEL COST REC RETAIL	(3,125,419,088)	(3,109,482,160)	(229,736)	8,050,670	(2,225,499)	(26,595,272)	18,286,848	0	0	(3,112,189,148)	(13,229,940)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,850)	(9,566,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(317,800,212)	(197,049,811)	(36,487,283)	(4,295,849)	(381,156)	(20,172,540)	(10,527,789)	0	0	(268,914,448)	(48,885,764)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(33,660,143)	(43,722,679)	(289,530)	(66,231,587)	18,883,352	0	117,450	(124,903,126)	(75,395,082)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	188,015	0	0	(72,527)	0	0	0	115,488	(115,488)
INTEREST SYNCHRONIZATION	0	0	0	0	0	20,756,749	(8,250,445)	0	0	12,506,304	(12,506,304)
TOTAL FPSC ADJUSTMENTS	$ (4,860,330,973)	(3,306,531,971)	(226,137,217)	(360,786,085)	(770,985,617)	(81,494,513)	18,390,907	0	117,460	(4,727,427,036)	$ (132,903,938)
FPSC ADJUSTED	$ 6,383,933,537	21,954,668	2,527,118,665	259,493,571	504,649,978	103,648,904	913,405,287	(3,379,298)	(5,882,573)	4,321,009,202	$ 2,062,924,335
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 2A OF 3)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,129,073,085	21,954,668	2,527,118,665	259,493,571	504,466,479	5,407,270	913,405,287	(3,379,298)	(5,882,573)	4,222,584,068	$ 1,906,489,017

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,584,817
AND THE JURISDICTIONAL NOI BY $ 96,920,994

(B) ECONOMIC DEVELOPMENT COSTS RELATED
TO THE PERIOD ARE:
ON A TOTAL COMPANY BASIS $ 2,796,873
ON A JURISDICTIONAL BASIS $ 2,713,891

CURRENT MONTH AMOUNT	OPERATING REVENUES	FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 880,595,651	253,612,124	1,416,990,424	(1,002,318,190)	92,884,312	213,001,532	(184,794,038)	(273,848)	(612,693)	788,471,822	$ 92,123,829
JURISDICTIONAL PER BOOKS	$ 851,553,958	241,277,949	1,407,254,193	(1,001,360,653)	91,612,779	198,745,482	(172,478,257)	(263,999)	(606,853)	764,180,639	$ 87,373,319

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2017

RATE BASE ADJUSTMENTS	SYSTEM		JURISDICTIONAL	
PLANT IN SERVICE:				
ENVIRONMENTAL	$	1,627,831,836	$	1,548,316,648
FUEL AND CAPACITY		132,956,082		126,425,378
CAPITALIZED EXECUTIVE COMPENSATION		18,688,458		18,133,980
LOAD CONTROL		48,264,376		48,264,376
ASSET RETIREMENT OBLIGATION		433,358,658		420,501,091
CAPITAL LEASES		59,338,864		57,578,305
TOTAL	$	2,320,438,274	$	2,219,219,778
ACCUMULATED PROVISION FOR DEPRECIATION:				
ENVIRONMENTAL	$	(282,198,475)	$	(268,413,842)
ACCUM PROV DECOMMISSIONING COSTS		(4,251,585,434)		(4,076,104,882)
ASSET RETIREMENT OBLIGATION		3,338,601		3,239,546
ASSET RETIREMENT OBLIGATION DECOMMISSIONING		3,942,764,012		3,825,783,894
FUEL AND CAPACITY		(39,365,121)		(37,470,370)
OTHER RATE CASE ADJUSTMENTS (1)		0		0
LOAD CONTROL		(21,223,220)		(21,223,220)
CAPITAL LEASES		(8,194,808)		(7,951,671)
TOTAL	$	(656,464,445)	$	(582,140,545)
CONSTRUCTION WORK IN PROGRESS:				
CONSTRUCTION WORK IN PROGRESS	$	1,877,862,259	$	1,780,033,540
CWIP - CLAUSE PROJECTS		37,772,518		35,918,799
TOTAL	$	1,915,634,778	$	1,815,952,338
NUCLEAR FUEL:				
NUCLEAR FUEL IN PROCESS	$	0	$	0
NUCLEAR FUEL CAPITAL LEASES		0		0
TOTAL	$	0	$	0
WORKING CAPITAL: (SEE SCHEDULE 2, PAGE 3B OF 3)	$	(3,175,017,375)	$	(3,098,430,459)
TOTAL ADJUSTMENTS	$	404,591,231	$	354,601,113

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
INCOME STATEMENT
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,676,090,880	3,493,805,509	2,806,827,200	672,384,470	1,293,650,050	193,447,400	935,185,816	(3,502,803)	(6,006,065)	9,385,791,577	$ 2,290,299,303
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (506,346,509)	0	0	0	(13,023,232)	(190,299,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,299,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,872)	0	0	0	(260,612,706)	(97,656)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(385,307)	0	0	148,632	0	0	0	(236,675)	236,675
INDUSTRY ASSOCIATION DUES	0	0	(2,378,393)	0	0	917,465	0	0	0	(1,460,928)	1,460,928
ECONOMIC DEVELOPMENT 5%	0	0	(139,644)	0	0	53,945	0	0	0	(85,699)	85,699
AVIATION - EXPENSES	0	0	(156,592)	0	0	60,405	0	0	0	(96,188)	96,168
EXECUTIVE COMPENSATION	0	0	(37,242,445)	0	0	14,366,273	0	0	0	(22,876,172)	22,876,172
ADVERTISING EXPENSES	0	0	0	0	0	0	0	0	0	0	0
FUEL COST RECOVERY	(3,278,382,814)	(3,263,361,689)	(234,987)	8,053,216	(2,226,656)	(25,893,747)	17,942,397	0	0	(3,265,721,463)	(12,661,351)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,650)	(9,566,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(318,163,213)	(207,385,680)	(38,398,654)	(4,519,730)	(389,357)	(15,502,453)	(10,527,799)	0	0	(276,713,874)	(41,449,339)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(35,386,790)	(45,966,096)	(296,993)	(64,696,040)	18,683,352	0	123,492	(127,345,073)	(72,953,134)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	193,764	0	0	(74,744)	0	0	0	119,019	(119,019)
INTEREST SYNCHRONIZATION	0	0	0	0	0	21,376,806	(8,502,717)	0	0	12,874,089	(12,874,089)
TOTAL FPSC ADJUSTMENTS	$ (5,013,657,700)	(3,470,747,369)	(230,968,687)	(363,252,835)	(771,002,437)	(73,510,250)	17,794,184	0	123,492	(4,891,563,902)	$ (122,093,798)
FPSC ADJUSTED	$ 6,662,433,180	23,058,140	2,575,858,513	309,131,635	522,647,613	119,937,150	952,980,000	(3,502,803)	(5,882,573)	4,494,227,675	$ 2,168,205,506
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 3C OF 3)	$ (254,860,453)	0	0	0	(163,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,407,572,728	23,058,140	2,575,858,513	309,131,635	522,484,113	21,695,515	952,980,000	(3,502,803)	(5,882,573)	4,395,802,541	$ 2,011,770,187

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,584,817

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2017

WORKING CAPITAL ADJUSTMENTS	SYSTEM	JURISDICTIONAL
ADJUSTMENTS TO ASSETS PER BOOKS:		
ACCOUNTS RECEIVABLE - ASSOC COS	21,627,018	20,940,551
INTEREST & DIVIDENDS RECEIVABLE	22,971	22,242
NET UNDERRECOVERED FUEL, CAPACITY,ECCR, ECRC	21,781,273	21,982,186
POLE ATTACHMENTS RENTS RECEIVABLE	15,146,192	15,146,192
PREPAYMENTS - ECCR	50,655,155	50,655,155
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	9,867,409	9,507,987
TEMPORARY CASH INVESTMENTS	428,216	414,624
STORM DEFICIENCY RECOVERY	232,375,654	232,272,890
NUCLEAR COST RECOVERY	27,234	27,234
JOBBING ACCOUNTS	11,840,703	11,484,866
OTH REG ASSETS - CLAUSES	1,042,350	992,442
MISC. DEFFERED DEBIT - CLAUSES	16,571,801	15,778,342
CEDAR BAY TRANSACTION	674,360,681	640,987,318
ICL TRANSACTION	391,685,897	372,284,050
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	$ 1,447,432,557	$ 1,392,476,080
ADJUSTMENTS TO LIABILITIES PER BOOKS:		
ACCOUNTS PAYABLE - ASSOC COS	0	0
ACCUM DEFERRED RETIREMENT BENEFITS	(212,827)	(206,512)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	405,142,023	405,142,023
ACCUM. PROV. - RATE REFUNDS	(6,337)	(7,149)
GAIN ON SALE OF EMISSION ALLOWANCE	(3,017)	(2,870)
JOBBING ACCOUNTS	(18,818,470)	(18,221,150)
POLE ATTACHMENT RENTS PAYABLE	(7,475,517)	(7,475,517)
SJRPP ACCELERATED RECOVERY	(14,446,533)	(13,730,936)
STORM DEFICIENCY RECOVERY	(353,268,071)	(353,268,071)
ASSET RETIREMENT OBLIGATION	(4,379,475,886)	(4,249,538,714)
MARGIN CALL CASH COLLATERAL	(513,462)	(497,164)
NUCLEAR COST RECOVERY	(247,893,679)	(247,893,679)
CEDAR BAY TRANSACTION	(5,478,157)	(5,208,801)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	$ (4,622,449,932)	$ (4,490,908,539)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	$ (3,175,017,375)	$ (3,098,430,459)

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
RATE BASE
DECEMBER, 2017

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	$ 47,193,622,524	15,364,153,315	31,829,469,210	334,980,725	3,839,548,696	610,318,742	38,614,317,572	(915,165,894)	$ 35,699,151,678
JURISDICTIONAL PER BOOKS	$ 45,288,321,176	12,285,625,617	33,002,695,558	317,463,448	3,679,367,262	584,428,767	37,583,955,035	(2,111,851,876)	$ 35,472,103,159
FPSC ADJUSTMENTS (SEE SCHEDULE 3, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 3B OF 3)	$ (2,261,177,817)	(640,768,051)	(1,620,409,765)	0	(2,331,230,040)	0	(3,951,639,806)	3,098,430,459	$ (853,209,347)
FPSC ADJUSTED:	$ 43,027,143,359	11,644,857,566	31,382,285,793	317,463,448	1,348,137,221	584,428,767	33,632,315,229	986,578,583	$ 34,618,893,812
PRO FORMA ADJUSTMENTS									
TOTAL PRO FORMA ADJUSTMENTS:	$ 0	0	0	0	0	0	0	0	$ 0
PRO FORMA ADJUSTED	$ 43,027,143,359	11,644,857,566	31,382,285,793	317,463,448	1,348,137,221	584,428,767	33,632,315,229	986,578,583	$ 34,618,893,812

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,676,090,880	3,493,805,509	2,808,627,200	672,384,470	1,293,650,050	193,447,400	935,185,818	(3,502,803)	(6,008,065)	9,385,791,577	$ 2,290,299,303
JURISDICTIONAL PER BOOKS	$ 11,244,264,510	3,328,486,639	2,753,255,882	620,279,656	1,275,635,596	185,143,418	895,014,380	(3,379,296)	(6,000,033)	9,048,436,238	$ 2,195,828,273
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (506,346,508)	0	0	0	(13,023,232)	(190,298,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,299,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,872)	0	0	0	(260,612,708)	(97,658)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(373,875)	0	0	144,222	0	0	0	(229,653)	229,653
INDUSTRY ASSOCIATION DUES	0	0	(2,307,827)	0	0	890,244	0	0	0	(1,417,583)	1,417,583
ECONOMIC DEVELOPMENT 5%	0	0	(135,695)	0	0	52,344	0	0	0	(83,350)	83,350
AVIATION - EXPENSES	0	0	(151,946)	0	0	58,613	0	0	0	(93,333)	93,333
EXECUTIVE COMPENSATION	0	0	(36,137,478)	0	0	13,940,032	0	0	0	(22,197,446)	22,197,446
FUEL COST REC RETAIL	(3,125,419,088)	(3,109,482,160)	(223,735)	8,050,870	(2,225,499)	(26,595,272)	18,286,848	0	0	(3,112,189,148)	(13,229,940)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,850)	(9,566,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(317,800,212)	(197,049,811)	(36,487,293)	(4,295,849)	(381,156)	(20,172,540)	(10,527,799)	0	0	(268,914,448)	(48,885,764)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(33,660,143)	(43,722,678)	(289,530)	(66,231,687)	18,863,352	0	117,460	(124,903,126)	(75,395,082)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	188,015	0	0	(72,527)	0	0	0	115,488	(115,488)
INTEREST SYNCHRONIZATION	0	· 0	0	0	0	11,926,762	(8,250,445)	0	0	3,676,317	(3,676,317)
TOTAL FPSC ADJUSTMENTS	$ (4,860,330,973)	(3,306,531,971)	(226,137,217)	(360,786,085)	(770,985,617)	(90,324,500)	18,390,907	0	117,460	(4,736,257,022)	$ (124,073,951)
FPSC ADJUSTED	$ 6,383,933,537	21,954,668	2,527,118,665	259,493,571	504,649,978	94,818,918	913,405,287	(3,379,296)	(5,882,573)	4,312,179,216	$ 2,071,754,322
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 2A OF 3)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,129,073,085	21,954,668	2,527,118,665	259,493,571	504,466,479	(3,422,717)	913,405,287	(3,379,296)	(5,882,573)	4,213,754,081	$ 1,915,319,003

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,584,817
AND THE JURISDICTIONAL NOI BY $ 96,920,994

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2017

RATE BASE ADJUSTMENTS	SYSTEM	JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	$ 1,627,726,325	$ 1,548,216,291
FUEL AND CAPACITY	148,058,415	140,779,549
CAPITALIZED EXECUTIVE COMPENSATION	24,221,926	23,503,271
LOAD CONTROL	51,082,126	51,082,126
ASSET RETIREMENT OBLIGATION	453,401,251	439,948,031
CAPITAL LEASES	59,410,224	57,647,548
TOTAL	$ 2,363,900,267	$ 2,261,177,817
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	$ (306,618,479)	$ (291,640,985)
ACCUM PROV DECOMMISSIONING COSTS	(4,501,082,634)	(4,315,304,289)
ASSET RETIREMENT OBLIGATION	(13,562,920)	(13,160,514)
ASSET RETIREMENT OBLIGATION DECOMMISSIONING	4,175,546,408	4,051,659,737
FUEL AND CAPACITY	(41,354,736)	(39,361,352)
OTHER RATE CASE ADJUSTMENTS (1)	0	0
LOAD CONTROL	(24,322,261)	(24,322,261)
CAPITAL LEASES	(8,902,500)	(8,638,367)
TOTAL	$ (720,297,123)	$ (640,768,051)
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	$ 2,401,208,972	$ 2,272,322,213
CWIP - CLAUSE PROJECTS	61,939,787	58,907,828
TOTAL	$ 2,463,148,759	$ 2,331,230,040
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	$ 0	$ 0
NUCLEAR FUEL CAPITAL LEASES	0	0
TOTAL	$ 0	$ 0
WORKING CAPITAL: (SEE SCHEDULE 2, PAGE 3B OF 3)	$ (3,175,017,375)	$ (3,098,430,459)
TOTAL ADJUSTMENTS	$ 931,732,528	$ 853,209,347

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
INCOME STATEMENT
DECEMBER, 2017

SCHEDULE 3: PAGE 3A OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,676,090,880	3,493,805,509	2,806,627,200	672,384,470	1,293,650,050	193,447,400	935,185,816	(3,502,803)	(6,006,065)	9,385,791,577	$ 2,290,299,303
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (506,346,509)	0	0	0	(13,023,232)	(190,299,454)	0	0	0	(203,322,686)	$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,299,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,872)	0	0	0	(260,612,708)	(97,668)	0	0	0	(260,710,388)	(155,508)
FINANCIAL PLANNING SERVICES	0	0	(385,307)	0	0	148,632	0	0	0	(236,675)	236,675
INDUSTRY ASSOCIATION DUES	0	0	(2,378,393)	0	0	917,465	0	0	0	(1,460,928)	1,460,928
ECONOMIC DEVELOPMENT 5%	0	0	(139,844)	0	0	53,945	0	0	0	(85,899)	85,899
AVIATION - EXPENSES	0	0	(156,592)	0	0	60,405	0	0	0	(96,186)	96,186
EXECUTIVE COMPENSATION	0	0	(37,242,445)	0	0	14,366,273	0	0	0	(22,876,172)	22,876,172
FUEL COST REC RETAIL	(3,278,382,814)	(3,263,361,689)	(234,987)	8,053,218	(2,228,658)	(25,893,747)	17,942,397	0	0	(3,265,721,463)	(12,661,351)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,850)	(9,566,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(318,163,213)	(207,385,680)	(38,388,854)	(4,519,730)	(389,357)	(15,502,463)	(10,527,799)	0	0	(276,713,674)	(41,449,339)
ENVIRONMENTAL COST RECOVERY	(200,298,206)	0	(35,388,760)	(45,968,096)	(296,993)	(64,696,040)	18,883,352	0	123,492	(127,345,073)	(72,953,134)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,812)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	193,764	0	0	(74,744)	0	0	0	119,019	(119,019)
INTEREST SYNCHRONIZATION	0	0	0	0	0	17,958,897	(8,502,717)	0	0	9,456,180	(9,456,180)
TOTAL FPSC ADJUSTMENTS	$ (5,013,657,700)	(3,470,747,369)	(230,968,687)	(363,252,835)	(771,002,437)	(76,928,159)	17,794,184	0	123,492	(4,894,981,811)	$ (118,675,889)
FPSC ADJUSTED	$ 6,662,433,180	23,058,140	2,575,658,513	309,131,635	522,647,613	116,519,241	952,980,000	(3,502,803)	(5,882,573)	4,490,809,766	$ 2,171,623,414
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 3, PAGE 3B OF 3)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,407,572,728	23,058,140	2,575,658,513	309,131,635	522,464,113	18,277,606	952,980,000	(3,502,803)	(5,882,573)	4,392,384,632	$ 2,015,188,096

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 100,684,817

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2017

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	$ (156,435,318)

FOOTNOTES:
(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
DECEMBER, 2017

AVERAGE	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS PRO RATA 3	ADJUSTMENTS SPECIFIC 4	ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT COST RATE (%) 7	LOW POINT WEIGHTED COST (%) 8	MIDPOINT COST RATE (%) 9	MIDPOINT WEIGHTED COST (%) 10	HIGH POINT COST RATE (%) 11	HIGH POINT WEIGHTED COST (%) 12
LONG TERM DEBT	$ 9,455,289,337	$ 9,104,754,795	$ 88,579,559	$ (201,685,161)	$ 8,991,649,192	27.56%	4.41%	1.21%	4.41%	1.21%	4.41%	1.21%
SHORT TERM DEBT	1,151,901,705	1,108,493,894	11,028,769	(0)	1,119,522,663	3.43%	2.04%	0.07%	2.04%	0.07%	2.04%	0.07%
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	15,110,778,627	14,541,350,186	144,676,661	(0)	14,686,026,848	45.01%	9.60%	4.32%	10.55%	4.75%	11.60%	5.22%
CUSTOMER DEPOSITS	405,774,045	405,288,405	4,032,347	0	409,320,752	1.25%	2.09%	0.03%	2.09%	0.03%	2.09%	0.03%
DEFERRED INCOME TAX	7,879,311,685	7,582,634,079	72,079,893	(337,934,299)	7,316,779,674	22.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	251,656,621	240,572,185	1,036,282	(136,415,174)	105,193,304	0.32%	7.60%	0.02%	8.22%	0.03%	8.84%	0.03%
TOTAL	$ 34,254,692,219	$ 32,983,093,544	$ 321,433,522	$ (676,034,634)	$ 32,628,492,431	100.00%		5.66%		6.09%		6.55%

YEAR END	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS PRO RATA 3	ADJUSTMENTS SPECIFIC 4	ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT COST RATE (%) 7	LOW POINT WEIGHTED COST (%) 8	MIDPOINT COST RATE (%) 9	MIDPOINT WEIGHTED COST (%) 10	HIGH POINT COST RATE (%) 11	HIGH POINT WEIGHTED COST (%) 12
LONG TERM DEBT	$ 10,250,915,493	$ 10,189,623,596	$ (51,878,731)	$ (201,067,709)	$ 9,936,677,156	28.70%	4.09%	1.17%	4.09%	1.17%	4.09%	1.17%
SHORT TERM DEBT	1,713,044,510	1,702,914,759	(8,844,628)	(0)	1,694,070,132	4.89%	2.13%	0.10%	2.13%	0.10%	2.13%	0.10%
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,957,857,442	14,869,506,509	(77,229,495)	(0)	14,792,277,014	42.73%	9.60%	4.10%	10.55%	4.51%	11.60%	4.96%
CUSTOMER DEPOSITS	393,587,248	392,957,638	(2,040,950)	(0)	390,916,688	1.13%	2.18%	0.02%	2.18%	0.02%	2.18%	0.02%
DEFERRED INCOME TAX	8,139,821,810	8,080,763,372	(40,214,785)	(337,934,299)	7,702,604,288	22.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	243,825,377	236,347,285	(534,355)	(133,464,395)	102,348,535	0.30%	7.35%	0.02%	7.95%	0.02%	8.55%	0.03%
TOTAL	$ 35,699,151,678	$ 35,472,103,159	$ (180,742,943)	$ (672,466,404)	$ 34,618,893,812	100.00%		5.43%		5.83%		6.28%

NOTE:
(1) INVESTMENT TAX CREDITS COST RATES ARE BASED ON THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY.
(2) COLUMNS MAY NOT FOOT DUE TO ROUNDING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
CAPITAL STRUCTURE
PROFORMA ADJUSTED BASIS
DECEMBER, 2017

AVERAGE	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT COST RATE (%) 5	LOW POINT WEIGHTED COST (%) 6	MIDPOINT COST RATE (%) 7	MIDPOINT WEIGHTED COST (%) 8	HIGH POINT COST RATE (%) 9	HIGH POINT WEIGHTED COST (%) 10
LONG TERM DEBT	$ 8,991,649,192	$ -	$ 8,991,649,192	27.56%	4.41%	1.21%	4.41%	1.21%	4.41%	1.21%
SHORT TERM DEBT	1,119,522,683	-	1,119,522,683	3.43%	2.04%	0.07%	2.04%	0.07%	2.04%	0.07%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,686,026,846	-	14,686,026,846	45.01%	9.60%	4.32%	10.55%	4.75%	11.60%	5.22%
CUSTOMER DEPOSITS	409,320,752	-	409,320,752	1.25%	2.08%	0.03%	2.08%	0.03%	2.08%	0.03%
DEFERRED INCOME TAX	7,316,779,674	-	7,316,779,674	22.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	105,193,304	-	105,193,304	0.32%	7.60%	0.02%	8.22%	0.03%	8.84%	0.03%
TOTAL	$ 32,628,492,431	$ -	$ 32,628,492,431	100.00%		5.66%		6.09%		6.56%

YEAR END	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT COST RATE (%) 5	LOW POINT WEIGHTED COST (%) 6	MIDPOINT COST RATE (%) 7	MIDPOINT WEIGHTED COST (%) 8	HIGH POINT COST RATE (%) 9	HIGH POINT WEIGHTED COST (%) 10
LONG TERM DEBT	$ 9,936,677,156	$ -	$ 9,936,677,156	28.70%	4.09%	1.17%	4.09%	1.17%	4.09%	1.17%
SHORT TERM DEBT	1,694,070,132	-	1,694,070,132	4.89%	2.13%	0.10%	2.13%	0.10%	2.13%	0.10%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,792,277,014	-	14,792,277,014	42.73%	9.60%	4.10%	10.55%	4.51%	11.60%	4.96%
CUSTOMER DEPOSITS	390,916,688	-	390,916,688	1.13%	2.18%	0.02%	2.18%	0.02%	2.18%	0.02%
DEFERRED INCOME TAX	7,702,604,288	-	7,702,604,288	22.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	102,348,535	-	102,348,535	0.30%	7.35%	0.02%	7.95%	0.02%	8.55%	0.03%
TOTAL	$ 34,618,893,812	$ -	$ 34,618,893,812	100.00%		5.43%		5.83%		6.28%

NOTE:
(1) INVESTMENT TAX CREDITS COST RATES ARE BASED ON THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY.
(2) COLUMNS MAY NOT FOOT DUE TO ROUNDING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
DECEMBER, 2017

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST CHARGES	$	2,358,971,757
ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION		22,042,040
INCOME TAXES		1,102,278,591
TOTAL	$	3,483,292,388
INTEREST CHARGES EXCLUDING DEBT AFUDC	$	500,744,898
TIMES INTEREST EARNED WITH AFUDC		6.96

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST CHARGES	$	2,358,971,757
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION		(78,542,777)
INCOME TAXES		1,102,278,591
TOTAL	$	3,382,707,571
INTEREST CHARGES EXCLUDING DEBT AFUDC	$	500,744,898
TIMES INTEREST EARNED WITHOUT AFUDC		6.76

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS

ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION	$	22,042,040
X (1 - INCOME_TAX_RATE)		0.6143
SUBTOTAL	$	13,539,323
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION		78,542,777
TOTAL	$	92,082,100
NET INCOME AVAILABLE FOR COMMON	$	1,880,268,899
AFUDC AS PERCENT OF NET INCOME		4.90%

FOOTNOTES

CLAUSE OVER/UNDER RECOVERY	$	222,076,944
GAINS ON DISPOSITION OF PROPERTY		(6,006,065)
LONG TERM DEBT RETIREMENTS & REDEMPTIONS		0
INCREASE/DECREASE IN DECOMMISSIONING FUNDS		0
	$	216,070,878

** INCLUDES EXPENDITURES FOR NUCLEAR FUELS OF:	0

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	$	1,880,268,899
PREFERRED DIVIDENDS DECLARED		0
COMMON DIVIDENDS		(1,450,000,000)
AFUDC (DEBT & OTHER)		(100,584,817)
DEPRECIATION AND AMORTIZATION EXPENSE		672,384,470
DEFERRED INCOME TAXES		925,234,912
INVESTMENT TAX CREDITS		(3,502,803)
OTHER SOURCE/USES OF FUNDS		216,070,878
INTERNALLY GENERATED FUNDS	$	2,139,871,539
CONSTRUCTION EXPENDITURES	$	4,715,810,415
PERCENT INTERNALLY GENERATED FUNDS		45.38%

E. LONG TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL

F. SHORT TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL

AVERAGE RETAIL AMOUNTS		
JURIS ADJUSTED LONG TERM DEBT	$	8,991,649,192
JURIS ADJUSTED SHORT TERM DEBT		1,119,522,663
JURIS ADJUSTED PREFERRED STOCK		0
JURIS ADJUSTED COMMON STOCK		14,686,026,848
TOTAL	$	24,797,198,702
LTD TO TOTAL INVESTOR FUNDS		36.26%
STD TO TOTAL INVESTOR FUNDS		4.51%

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

FPSC RATE OF RETURN	6.32%
LESS: RECONCILED AVG. RETAIL WEIGHTED COST RATES FOR :	
LONG TERM DEBT	1.21%
SHORT TERM DEBT	0.07%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.03%
TAX CREDITS - WTD COST	0.03%
SUBTOTAL	1.34%
TOTAL	4.99%
DIVIDED BY COMMON EQUITY RATIO	45.01%
JURISDICTIONAL RETURN ON COMMON EQUITY	11.08%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
FINANCIAL INTEGRITY INDICATORS
DECEMBER, 2017

H. PROFORMA ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

PRO FORMA RATE OF RETURN	5.84%
LESS: AVERAGE RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	1.21%
SHORT TERM DEBT	0.07%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.03%
TAX CREDITS - WTD COST	0.03%
SUBTOTAL	1.34%
PRO FORMA ROR LESS NON EQUITY COST	4.51%
PRO FORMA COMMON EQUITY RATIO	45.01%
PRO FORMA RETURN ON COMMON EQUITY	10.01%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2017

SCHEDULE A: PAGE 1 OF 1

CAPITAL COMPONENTS		JURISDICTIONAL AVERAGE	CAPITAL RATIO	COST OF CAPITAL	AFUDC WEIGHTED COMPONENTS
LONG TERM DEBT	$	8,991,649,192	27.56%	4.09%	1.13%
SHORT TERM DEBT		1,119,522,663	3.43%	2.04% *	0.07%
PREFERRED STOCK		-	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS		409,320,752	1.25%	2.09% *	0.03%
COMMON EQUITY		14,686,026,846	45.01%	10.55%	4.75%
DEFERRED INCOME TAX		7,316,779,674	22.42%	0.00%	0.00%
INVESTMENT TAX CREDITS		105,193,304	0.32%	0.00%	0.00%
TOTAL	$	32,628,492,431	100.00%		5.97%

* 13-MONTH AVERAGE

NOTE:
EFFECTIVE JANUARY 1, 2017 THE COMMISSION APPROVED AFUDC RATE IS 6.16%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2017

AVERAGE		SYSTEM PER BOOKS	RETAIL PER BOOKS	COMMISSION ADJUSTMENTS *	ADJUSTED RETAIL
LONG TERM DEBT	$	9,455,269,337	9,104,754,795	(113,105,603)	8,991,649,192
SHORT TERM DEBT		1,151,901,705	1,108,493,894	11,028,769	1,119,522,663
PREFERRED STOCK		-	-	-	-
COMMON EQUITY		15,110,778,827	14,541,350,186	144,676,661	14,686,026,846
CUSTOMER DEPOSITS		405,774,045	405,288,405	4,032,347	409,320,752
DEFERRED INCOME TAX		7,879,311,685	7,582,634,079	(265,854,406)	7,316,779,674
INVESTMENT TAX CREDITS		251,656,621	240,572,185	(135,378,881)	105,193,304
TOTAL	$	34,254,692,219	32,983,093,544	(354,601,113)	32,628,492,431

* FOR ADJUSTMENT DETAILS, SEE SCHEDULE B, PAGES 2 AND 3

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2017

RATE BASE ADJUSTMENTS		JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	$	1,548,316,648
FUEL AND CAPACITY		126,425,378
CAPITALIZED EXECUTIVE COMPENSATION		18,133,980
LOAD CONTROL		48,264,376
ASSET RETIREMENT OBLIGATION		420,501,091
CAPITAL LEASES		57,578,305
TOTAL	$	2,219,219,778
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	$	(268,413,842)
ACCUM PROV DECOMMISSIONING COSTS		(4,076,104,882)
ASSET RETIREMENT OBLIGATION		3,239,546
ASSET RETIREMENT OBLIGATION DECOMMISSIONING		3,825,783,894
FUEL AND CAPACITY		(37,470,370)
OTHER RATE CASE ADJUSTMENTS (1)		0
LOAD CONTROL		(21,223,220)
CAPITAL LEASES		(7,951,671)
TOTAL	$	(582,140,545)
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	$	1,780,033,540
CWIP - CLAUSE PROJECTS (1)	$	35,918,799
TOTAL	$	1,815,952,338
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	$	0
NUCLEAR FUEL CAPITAL LEASES		0
TOTAL	$	0
WORKING CAPITAL: (SEE SCHEDULE B, PAGE 3 OF 3)	$	(3,098,430,459)
TOTAL ADJUSTMENTS	$	354,601,113

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-13-0023-S-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2017

WORKING CAPITAL ADJUSTMENTS	JURISDICTIONAL
ADJUSTMENTS TO ASSETS PER BOOKS:	
ACCOUNTS RECEIVABLE - ASSOC COS	$ 20,940,551
INTEREST & DIVIDENDS RECEIVABLE	22,242
NET UNDERRECOVERED FUEL, CAPACITY,ECCR, ECRC	21,982,186
POLE ATTACHMENTS RENTS RECEIVABLE	15,146,192
PREPAYMENTS - ECCR	50,655,155
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	9,507,987
TEMPORARY CASH INVESTMENTS	414,624
STORM DEFICIENCY RECOVERY	232,272,890
NUCLEAR COST RECOVERY	27,234
JOBBING ACCOUNTS	11,464,886
OTH REG ASSETS - CLAUSES	892,442
MISC. DEFFERED DEBIT - CLAUSES	15,778,342
CEDAR BAY TRANSACTION	640,867,318
ICL TRANSACTION	372,284,050
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	$ 1,392,476,080
ADJUSTMENTS TO LIABILITIES PER BOOKS:	
ACCOUNTS PAYABLE - ASSOC COS	$ 0
ACCUM DEFERRED RETIREMENT BENEFITS	(208,512)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	405,142,023
ACCUM. PROV. - RATE REFUNDS	(7,149)
GAIN ON SALE OF EMISSION ALLOWANCE	(2,870)
JOBBING ACCOUNTS	(18,221,150)
POLE ATTACHMENT RENTS PAYABLE	(7,475,517)
SJRPP ACCELERATED RECOVERY	(13,730,936)
ASSET RETIREMENT OBLIGATION	(4,249,538,714)
MARGIN CALL CASH COLLATERAL	(497,164)
STORM DEFICIENCY RECOVERY	(353,288,071)
NUCLEAR COST RECOVERY	(247,893,679)
CEDAR BAY TRANSACTION	(5,206,801)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	$ (4,490,906,539)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	$ (3,098,430,459)

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
METHODOLOGY FOR MONTHLY COMPOUNDING
OF THE AFUDC RATE
DECEMBER, 2017

AFUDC COMPOUNDING

((1+R/12)**12)-1 =	APPROVED RATE
((1+R/12)**12)-1 =	5.97%
((1+R/12)**12) =	1.05970000
(1+R/12) =	1.00484385
(R/12) =	0.00484385

MONTHS	AFUDC BASE	MONTHLY AFUDC	CUMULATIVE AFUDC
JAN	1.00000000	0.00484385	0.00484385
FEB	1.00484385	0.00486731	0.00971116
MAR	1.00971116	0.00489089	0.01460205
APR	1.01460205	0.00491458	0.01951662
MAY	1.01951662	0.00493838	0.02445501
JUN	1.02445501	0.00496230	0.02941731
JUL	1.02941731	0.00498634	0.03440365
AUG	1.03440365	0.00501049	0.03941415
SEP	1.03941415	0.00503476	0.04444891
OCT	1.04444891	0.00505915	0.04950806
NOV	1.04950806	0.00508366	0.05459172
DEC	1.05459172	0.00510828	0.05970000

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
SUPPLEMENTAL EARNINGS SURVEILLANCE INFORMATION
COMMERCIAL/INDUSTRIAL SERVICE RIDER
DECEMBER, 2017

SCHEDULE D: PAGE 1 OF 1

CONFIDENTIAL

CSA-1

The information below is presented to comply with Order No. PSC-14-0197-PAA-EI, Docket No. 140048-EI. This supplemental information is to be treated as confidential. The total difference for all executed Contract Service Arrangements (CSAs) between the calendar year 2017 revenues that would have been received under the otherwise applicable tariff rate(s) and the CISR rate is [redacted] [1]

Footnotes:

(1) Please note that, but for the Commercial Industrial Service Rider, FPL would not serve this load and would receive no revenues for it.

RESERVE AMOUNT BALANCE AS OF DECEMBER 31, 2017 **ATTACHMENT 1**

		AMOUNT	RELATED ORDER
Rollover Reserve Amount - 12/31/2016[1]	$	252,100,355	
Depreciation Reserve Surplus Approved by FPSC - 1/1/2017	$	1,000,000,000	PSC-16-0560-AS-EI
Total Reserve Amount Available Under Current Settlement Agreement	$	1,252,100,355	
Actual Amortization from 1/1/2017 - 12/31/2017:			
January, 2017	$	(125,223,511)	
February, 2017	$	(35,682,879)	
March, 2017	$	(52,328,640)	
April, 2017	$	26,451,730	
May, 2017	$	(36,038,470)	
June, 2017	$	(7,408,419)	
July, 2017	$	25,671,697	
August, 2017	$	22,847,456	
September, 2017	$	75,509,428	
October, 2017	$	54,523,942	
November, 2017	$	(52,119,437)	
December, 2017[2]	$	(1,148,303,252)	
Total Amortization from 1/1/2017 - 12/31/2017	$	(1,252,100,355)	
Remaining Reserve Amount - 12/31/2017		$0	

Notes:

(1) Rollover Reserve Amount provided pursuant to Order No. PSC-16-0560-AS-EI, Docket Nos. 160021-EI, 160061-EI, 160062-EI, and 160088-EI.

(2) The December 2017 amortization amount is a partial offset to the $1.3 billion Hurricane Irma restoration cost write-off.

Florida Power & Light Company, 700 Universe Blvd, Juno Beach FL. 33408-0420

FPL

February 15, 2019

Mr. Bart Fletcher
Public Utilities Supervisor
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Dear Mr. Fletcher:

Enclosed is Florida Power & Light Company's Rate of Return Surveillance Report to the Florida Public Service Commission for December 2018. This report was prepared using a thirteen-month average and year-end rate base and adjustments consistent with Docket Nos. 160021-EI, 160061-EI, 160062-EI and 160088-EI, Order No. PSC-16-0560-AS-EI. The required rate of return was calculated using the return on common equity as authorized in the aforementioned docket and order. The return on common equity is 11.60%.

This report was prepared consistent with the guidelines provided in Commission Form PSC/AFA 14.

Pursuant to the above referenced order, FPL has provided the monthly and year-end total amounts of amortization credit or debit to the Reserve Amount during 2018 herein as Attachment 1. The balance of the Reserve Amount as of December 31, 2018 is $540,949,289.

Sincerely,

Jason Chin
Sr. Manager of Regulatory Accounting

Enclosures

Copy: J. R. Kelly, Office of Public Counsel

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
EARNINGS SURVEILLANCE REPORT SUMMARY
DECEMBER, 2018

SCHEDULE 1: PAGE 1 OF 1

	ACTUAL PER BOOKS	FPSC ADJUSTMENTS	FPSC ADJUSTED	PRO FORMA ADJUSTMENTS	PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	$ 2,638,261,784 (A)	(229,821,448) (B)	2,408,440,336	16,157,078	$ 2,424,597,414
RATE BASE	$ 36,177,280,412	(205,534,992)	35,971,745,420	0	$ 35,971,745,420
AVERAGE RATE OF RETURN	7.29%		6.70%		6.74%
II. YEAR END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	$ 2,638,261,784 (A)	(223,931,147) (B)	2,414,330,636	16,157,078	$ 2,430,487,714
RATE BASE	$ 37,232,695,572	(416,601,008)	36,816,094,564	0	$ 36,816,094,564
YEAR END RATE OF RETURN	7.09%		6.56%		6.60%

(A) INCLUDES AFUDC EARNINGS (B) INCLUDES REVERSAL OF AFUDC EARNINGS

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)

LOW	5.78%	
MIDPOINT	6.22%	
HIGH	6.70%	

IV. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	5.79	(SYSTEM PER BOOKS BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	5.59	(SYSTEM PER BOOKS BASIS)
C. AFUDC AS PERCENT OF NET INCOME	5.00%	(SYSTEM PER BOOKS BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	82.29%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.81%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	3.59%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.60%	(FPSC ADJUSTED)
H. RETURN ON COMMON EQUITY	11.70%	(PROFORMA ADJUSTED)

NOTE: THIS REPORT HAS BEEN PREPARED USING A THIRTEEN MONTH AVERAGE AND END OF PERIOD RATE BASE AND ADJUSTMENTS CONSISTENT WITH DOCKET NO. 160021-EI, ORDER NO. PSC-16-0560-AS-EI. THIS REPORT DOES NOT NECESSARILY REPRESENT THE OPINION OF THE COMPANY AS TO THE ACTUAL EARNED RATE OF RETURN FOR THE PERIOD COVERED.

I AM AWARE THAT SECTION 837.06, FLORIDA STATUES, PROVIDES:
WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082, S. 775.083, OR S. 775.084.

KEITH FERGUSON
(VICE PRESIDENT ACCOUNTING AND CONTROLLER)

(SIGNATURE)
FOR KEITH FERGUSON

2/15/2019
(DATE)

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
RATE BASE
DECEMBER, 2018

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	$ 48,548,529,954	15,480,145,587	33,068,384,366	372,183,848	3,776,294,635	603,421,837	37,820,284,687	(165,967,676)	$ 37,654,317,011
JURISDICTIONAL PER BOOKS	$ 46,496,972,000	12,373,525,644	34,123,446,355	351,257,682	3,600,371,969	578,776,744	38,653,852,751	(2,476,572,340)	$ 36,177,280,412
FPSC ADJUSTMENTS (SEE SCHEDULE 2, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 3B OF 3	$ (2,207,055,579)	(650,315,793)	(1,556,739,786)	0	(2,167,708,695)	0	(3,724,448,481)	3,518,913,489	$ (205,534,992)
FPSC ADJUSTED:	$ 44,289,916,421	11,723,209,851	32,566,706,569	351,257,682	1,432,663,274	578,776,744	34,929,404,270	1,042,341,149	$ 35,971,745,420
<u>PRO FORMA ADJUSTMENTS</u>									
TOTAL PRO FORMA ADJUSTMENTS:	$ 0	0	0	0	0	0	0	0	$ 0
PRO FORMA ADJUSTED	$ 44,289,916,421	11,723,209,851	32,566,706,569	351,257,682	1,432,663,274	578,776,744	34,929,404,270	1,042,341,149	$ 35,971,745,420

NOTE:

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL OF THE PROFORMA ADJUSTMENTS THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DECEMBER, 2018

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,601,226,196	3,300,010,615	1,416,432,282	2,396,653,024	1,306,766,263	351,673,810	(22,818,074)	206,771,636	(6,095,666)	8,949,393,890	$ 2,651,832,306
JURISDICTIONAL PER BOOKS	$ 11,148,186,144	3,134,284,090	1,370,421,930	2,327,248,987	1,285,863,774	334,316,566	(25,342,035)	198,954,213	(6,095,649)	8,619,651,875	$ 2,528,534,269
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (483,060,693)	0	0	0	(12,424,321)	(119,282,789)	0	0	0	(131,707,110)	$ (351,353,584)
FRANCHISE EXPENSE	0	0	0	0	(471,013,287)	119,378,318	0	0	0	(351,634,969)	351,634,969
GROSS RECEIPTS TAX	(255,379,505)	0	0	0	(255,048,270)	(83,952)	0	0	0	(255,132,222)	(247,284)
FINANCIAL PLANNING SERVICES	0	0	(412,737)	0	0	104,608	0	0	0	(308,129)	308,129
INDUSTRY ASSOCIATION DUES	0	0	(2,303,964)	0	0	583,940	0	0	0	(1,720,024)	1,720,024
ECONOMIC DEVELOPMENT 5%	0	0	(141,274)	0	0	35,806	0	0	0	(105,468)	105,468
AVIATION - EXPENSES	0	0	(172,360)	0	0	43,685	0	0	0	(128,676)	128,676
EXECUTIVE COMPENSATION	0	0	(34,859,280)	0	0	8,835,085	0	0	0	(26,024,196)	26,024,196
FUEL COST REC RETAIL	(2,972,833,854)	(2,960,992,886)	(178,961)	52,309	(2,091,882)	48,162,459	(50,601,265)	0	0	(2,965,650,226)	(7,183,628)
CONSERVATION COST RECOVERY	(57,906,615)	0	(44,914,783)	(10,058,200)	(1,103,370)	(463,263)	(617)	0	0	(56,540,233)	(1,366,382)
CAPACITY COST RECOVERY	(248,154,854)	(153,164,711)	(28,764,215)	2,890,746	(321,530)	(19,050,966)	1,614,836	0	0	(196,795,840)	(51,359,014)
ENVIRONMENTAL COST RECOVERY	(176,785,289)	0	(31,479,020)	(42,773,087)	(273,343)	(15,136,805)	(10,781,037)	0	341	(100,442,952)	(76,342,337)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	173,589	0	(43,996)	0	0	0	129,593	(129,593)
STORM DEFICIENCY RECOVERY	(143,678,195)	0	(18,025,023)	(120,369,922)	0	(1,339,040)	0	0	0	(139,733,985)	(3,944,211)
INTEREST TAX DEFICIENCIES	0	0	341,684	0	0	(86,600)	0	0	0	255,084	(255,084)
INTEREST SYNCHRONIZATION	0	0	0	0	0	13,638,446	(5,804,168)	0	0	7,834,277	(7,834,277)
TOTAL FPSC ADJUSTMENTS	$ (4,337,799,007)	(3,114,157,597)	(160,909,935)	(170,084,565)	(742,276,003)	35,294,936	(65,572,251)	0	341	(4,217,705,075)	$ (120,093,933)
FPSC ADJUSTED	$ 6,810,387,136	20,126,492	1,209,511,996	2,157,164,422	543,587,771	369,611,501	(90,914,286)	198,954,213	(6,095,308)	4,401,946,800	$ 2,408,440,336
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 2A OF 3)	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,823,286,510	20,126,492	1,209,511,996	2,157,164,422	543,597,058	366,344,509	(90,914,286)	198,954,213	(6,095,308)	4,398,689,096	$ 2,424,597,414

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 114,144,685
AND THE JURISDICTIONAL NOI BY $ 109,727,515

(B) ECONOMIC DEVELOPMENT COSTS RELATED
TO THE PERIOD ARE:
ON A TOTAL COMPANY BASIS $ 2,917,464
ON A JURISDICTIONAL BASIS $ 2,825,475

CURRENT MONTH AMOUNT	OPERATING REVENUES	FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 859,278,630	248,076,269	128,031,695	255,395,800	100,474,560	7,387,796	6,551,938	(353,888)	(505,631)	745,058,539	$ 114,220,091
JURISDICTIONAL PER BOOKS	$ 826,141,061	233,246,433	123,815,295	249,500,027	98,725,310	6,964,815	6,043,642	(340,509)	(505,630)	717,449,383	$ 108,691,678

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2018

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
TOTAL PROFORMA ADJUSTMENTS	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2018

RATE BASE ADJUSTMENTS	SYSTEM		JURISDICTIONAL	
PLANT IN SERVICE:				
ENVIRONMENTAL	$	1,578,598,955	$	1,503,325,374
FUEL AND CAPACITY		152,987,416		146,175,336
CAPITALIZED EXECUTIVE COMPENSATION		27,469,598		26,603,471
LOAD CONTROL		50,422,215		50,422,215
ASSET RETIREMENT OBLIGATION		436,609,647		422,843,188
CAPITAL LEASES		59,564,070		57,685,994
TOTAL	$	2,305,651,901	$	2,207,055,579
ACCUMULATED PROVISION FOR DEPRECIATION:				
ENVIRONMENTAL	$	(312,047,755)	$	(297,168,136)
ACCUM PROV DECOMMISSIONING COSTS		(4,551,160,940)		(4,352,768,762)
ASSET RETIREMENT OBLIGATION		(12,771,171)		(12,368,492)
ASSET RETIREMENT OBLIGATION DECOMMISSIONING		4,221,677,549		4,088,566,546
FUEL AND CAPACITY		(43,359,939)		(41,315,652)
OTHER RATE CASE ADJUSTMENTS (1)		13,353		13,353
LOAD CONTROL		(25,948,288)		(25,948,288)
CAPITAL LEASES		(9,630,000)		(9,326,363)
TOTAL	$	(733,227,192)	$	(650,315,793)
CONSTRUCTION WORK IN PROGRESS:				
CONSTRUCTION WORK IN PROGRESS	$	2,230,502,695	$	2,094,396,113
CWIP - CLAUSE PROJECTS		76,765,547		73,312,582
TOTAL	$	2,307,268,242	$	2,167,708,695
NUCLEAR FUEL:				
NUCLEAR FUEL IN PROCESS	$	0	$	0
NUCLEAR FUEL CAPITAL LEASES		0		0
TOTAL	$	0	$	0
WORKING CAPITAL: (SEE SCHEDULE 2, PAGE 3B OF 3)	$	(3,616,670,787)	$	(3,518,913,489)
TOTAL ADJUSTMENTS	**$**	**263,022,164**	**$**	**205,534,992**

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
INCOME STATEMENT
DECEMBER, 2018

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,601,226,196	3,300,010,615	1,416,432,282	2,396,653,024	1,306,766,263	351,673,810	(22,818,074)	206,771,636	(6,095,666)	8,949,393,890	$ 2,651,832,306
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (483,060,693)	0	0	0	(12,424,321)	(142,407,873)	0	0	0	(154,832,194)	$ (328,228,499)
FRANCHISE EXPENSE	0	0	0	0	(471,013,287)	142,532,579	0	0	0	(328,480,708)	328,480,708
GROSS RECEIPTS TAX	(255,379,505)	0	0	0	(255,048,270)	(102,441)	0	0	0	(255,150,711)	(228,794)
FINANCIAL PLANNING SERVICES	0	0	(426,175)	0	0	127,622	0	0	0	(298,553)	298,553
INDUSTRY ASSOCIATION DUES	0	0	(2,378,974)	0	0	707,826	0	0	0	(1,671,148)	1,671,148
ECONOMIC DEVELOPMENT 5%	0	0	(145,873)	0	0	43,662	0	0	0	(102,211)	102,211
AVIATION - EXPENSES	0	0	(177,972)	0	0	54,009	0	0	0	(123,963)	123,963
EXECUTIVE COMPENSATION	0	0	(35,994,190)	0	0	10,817,018	0	0	0	(25,177,172)	25,177,172
ADVERTISING EXPENSES	0	0	0	0	0	0	0	0	0	0	0
FUEL COST RECOVERY	(3,129,070,863)	(3,118,811,808)	(188,036)	54,962	(2,093,145)	48,930,956	(50,915,572)	0	0	(3,123,022,643)	(6,048,221)
CONSERVATION COST RECOVERY	(57,906,615)	0	(44,914,783)	(10,058,200)	(1,103,370)	(556,344)	(617)	0	0	(56,633,315)	(1,273,301)
CAPACITY COST RECOVERY	(248,527,098)	(160,128,885)	(30,072,082)	2,645,013	(328,294)	(19,997,574)	1,614,836	0	0	(206,266,985)	(42,260,113)
ENVIRONMENTAL COST RECOVERY	(176,785,289)	0	(33,055,218)	(44,914,795)	(280,656)	(19,187,165)	(10,781,037)	0	358	(108,218,514)	(68,566,775)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	173,589	0	(43,996)	0	0	0	129,593	(129,593)
STORM DEFICIENCY RECOVERY	(143,678,195)	0	(18,025,023)	(120,369,922)	0	(1,636,331)	0	0	0	(140,031,276)	(3,646,919)
INTEREST TAX DEFICIENCIES	0	0	352,808	0	0	(106,504)	0	0	0	246,304	(246,304)
INTEREST SYNCHRONIZATION	0	0	0	0	0	14,161,256	(5,993,134)	0	0	8,168,122	(8,168,122)
TOTAL FPSC ADJUSTMENTS	$ (4,494,408,260)	(3,278,940,693)	(165,025,518)	(172,469,353)	(742,291,342)	33,336,698	(66,075,524)	0	358	(4,391,465,374)	$ (102,942,886)
FPSC ADJUSTED	$ 7,106,817,936	21,069,922	1,251,406,764	2,224,183,672	564,474,921	385,010,508	(88,893,598)	206,771,636	(6,095,308)	4,557,928,516	$ 2,548,889,420
PRO FORMA ADJUSTMENTS	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
(SEE SCHEDULE 2, PAGE 3C OF 3)											
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 7,119,717,309	21,069,922	1,251,406,764	2,224,183,672	564,484,208	381,743,515	(88,893,598)	206,771,636	(6,095,308)	4,554,670,811	$ 2,565,046,498

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 114,144,685

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2018

WORKING CAPITAL ADJUSTMENTS	SYSTEM	JURISDICTIONAL
ADJUSTMENTS TO ASSETS PER BOOKS:		
ACCOUNTS RECEIVABLE - ASSOC COS	26,421,923	25,548,829
INTEREST & DIVIDENDS RECEIVABLE	113,650	109,894
NET UNDERRECOVERED FUEL, CAPACITY,ECCR, ECRC	66,979,300	66,856,483
CASH CAPITAL SUB ACCOUNT	0	0
POLE ATTACHMENTS RENTS RECEIVABLE	15,519,628	15,519,628
PREPAYMENTS - ECCR	47,660,762	47,660,762
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	8,643,858	8,309,358
TEMPORARY CASH INVESTMENTS	1,155,158	1,116,987
STORM DEFICIENCY RECOVERY	117,557,626	117,557,626
NUCLEAR COST RECOVERY	0	0
JOBBING ACCOUNTS	59,510,745	57,544,254
OTH REG ASSETS - CLAUSES	5,228,981	4,976,622
MISC. DEFFERED DEBIT - CLAUSES	5,278,629	5,023,874
CEDAR BAY TRANSACTION	590,136,066	564,470,429
ICL TRANSACTION	376,250,000	359,886,492
SJRPP TRANSACTION	115,549,438	110,340,033
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	$ 1,436,005,762	$ 1,384,921,271
ADJUSTMENTS TO LIABILITIES PER BOOKS:		
ACCOUNTS PAYABLE - ASSOC COS	0	0
ACCUM DEFERRED RETIREMENT BENEFITS	(92,259)	(89,350)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	(110,282,748)	(110,282,748)
ACCUM. PROV. - RATE REFUNDS	0	0
GAIN ON SALE OF EMISSION ALLOWANCE	(721)	(687)
JOBBING ACCOUNTS	(53,378,459)	(51,614,605)
POLE ATTACHMENT RENTS PAYABLE	(7,395,913)	(7,395,913)
SJRPP ACCELERATED RECOVERY	(8,612,690)	(8,238,115)
STORM DEFICIENCY RECOVERY	23,792,943	23,792,943
ASSET RETIREMENT OBLIGATION	(4,645,544,963)	(4,499,069,268)
MARGIN CALL CASH COLLATERAL	(551,923)	(533,685)
NUCLEAR COST RECOVERY	(245,862,070)	(245,862,070)
CEDAR BAY TRANSACTION	(4,747,741)	(4,541,257)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	$ (5,052,676,544)	$ (4,903,834,755)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	**$ (3,616,670,781)**	**$ (3,518,913,489)**

NOTES:

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2018

SCHEDULE 2: PAGE 3C OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
TOTAL PROFORMA ADJUSTMENTS	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
RATE BASE
DECEMBER, 2018

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	$ 48,974,935,440	15,231,329,022	33,743,606,418	408,394,200	4,093,867,812	593,879,501	38,839,747,931	(165,967,676)	$ 38,673,780,255
JURISDICTIONAL PER BOOKS	$ 46,882,368,532	12,026,225,498	34,856,143,034	385,362,058	3,898,138,681	569,624,138	39,709,267,912	(2,476,572,340)	$ 37,232,695,572
FPSC ADJUSTMENTS (SEE SCHEDULE 3, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 3B OF 3)	$ (2,059,593,889)	(638,091,755)	(1,421,502,134)	0	(2,514,012,363)	0	(3,935,514,497)	3,518,913,489	$ (416,601,008)
FPSC ADJUSTED:	$ 44,822,774,643	11,388,133,743	33,434,640,900	385,362,058	1,384,126,318	569,624,138	35,773,753,415	1,042,341,149	$ 36,816,094,564
PRO FORMA ADJUSTMENTS									
TOTAL PRO FORMA ADJUSTMENTS:	$ 0	0	0	0	0	0	0	0	$ 0
PRO FORMA ADJUSTED	$ 44,822,774,643	11,388,133,743	33,434,640,900	385,362,058	1,384,126,318	569,624,138	35,773,753,415	1,042,341,149	$ 36,816,094,564

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DECEMBER, 2018

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,601,226,196	3,300,010,615	1,416,432,282	2,396,653,024	1,306,766,263	351,673,810	(22,818,074)	206,771,636	(6,095,666)	8,949,393,890	$ 2,651,832,306
JURISDICTIONAL PER BOOKS	$ 11,148,186,144	3,134,284,090	1,370,421,930	2,327,248,987	1,285,863,774	334,316,566	(25,342,035)	198,954,213	(6,095,649)	8,619,651,875	$ 2,528,534,269
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (483,060,693)	0	0	0	(12,424,321)	(119,282,789)	0	0	0	(131,707,110)	$ (351,353,584)
FRANCHISE EXPENSE	0	0	0	0	(471,013,287)	119,378,318	0	0	0	(351,634,969)	351,634,969
GROSS RECEIPTS TAX	(255,379,505)	0	0	0	(255,048,270)	(83,952)	0	0	0	(255,132,222)	(247,284)
FINANCIAL PLANNING SERVICES	0	0	(412,737)	0	0	104,608	0	0	0	(308,129)	308,129
INDUSTRY ASSOCIATION DUES	0	0	(2,303,964)	0	0	583,940	0	0	0	(1,720,024)	1,720,024
ECONOMIC DEVELOPMENT 5%	0	0	(141,274)	0	0	35,806	0	0	0	(105,468)	105,468
AVIATION - EXPENSES	0	0	(172,360)	0	0	43,685	0	0	0	(128,676)	128,676
EXECUTIVE COMPENSATION	0	0	(34,859,280)	0	0	8,835,085	0	0	0	(26,024,196)	26,024,196
FUEL COST REC RETAIL	(2,972,833,854)	(2,960,992,886)	(178,961)	52,309	(2,091,882)	48,162,459	(50,601,265)	0	0	(2,965,650,226)	(7,183,628)
CONSERVATION COST RECOVERY	(57,906,615)	0	(44,914,783)	(10,058,200)	(1,103,370)	(463,263)	(617)	0	0	(56,540,233)	(1,366,382)
CAPACITY COST RECOVERY	(248,154,854)	(153,164,711)	(28,764,215)	2,890,746	(321,530)	(19,050,966)	1,614,836	0	0	(196,795,840)	(51,359,014)
ENVIRONMENTAL COST RECOVERY	(176,785,289)	0	(31,479,020)	(42,773,087)	(273,343)	(15,136,805)	(10,781,037)	0	341	(100,442,952)	(76,342,337)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	173,589	0	(43,996)	0	0	0	129,593	(129,593)
STORM DEFICIENCY RECOVERY	(143,678,195)	0	(18,025,023)	(120,369,922)	0	(1,339,040)	0	0	0	(139,733,985)	(3,944,211)
INTEREST TAX DEFICIENCIES	0	0	341,684	0	0	(86,600)	0	0	0	255,084	(255,084)
INTEREST SYNCHRONIZATION	0	0	0	0	0	7,748,145	(5,804,168)	0	0	1,943,977	(1,943,977)
TOTAL FPSC ADJUSTMENTS	$ (4,337,799,007)	(3,114,157,597)	(160,909,935)	(170,084,565)	(742,276,003)	29,404,635	(65,572,251)	0	341	(4,223,595,375)	$ (114,203,632)
FPSC ADJUSTED	$ 6,810,387,136	20,126,492	1,209,511,996	2,157,164,422	543,587,771	363,721,201	(90,914,286)	198,954,213	(6,095,308)	4,396,056,500	$ 2,414,330,636
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 2A OF 3)	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 6,823,286,510	20,126,492	1,209,511,996	2,157,164,422	543,597,058	360,454,209	(90,914,286)	198,954,213	(6,095,308)	4,392,798,795	$ 2,430,487,714

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 114,144,685
AND THE JURISDICTIONAL NOI BY $ 109,727,515

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2018

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
TOTAL PROFORMA ADJUSTMENTS	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078

FOOTNOTES:

(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
DECEMBER, 2018

RATE BASE ADJUSTMENTS	SYSTEM	JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	$ 1,432,540,499	$ 1,364,231,539
FUEL AND CAPACITY	158,237,007	151,196,731
CAPITALIZED EXECUTIVE COMPENSATION	31,037,569	30,058,943
LOAD CONTROL	49,752,419	49,752,419
ASSET RETIREMENT OBLIGATION	418,061,963	404,880,319
CAPITAL LEASES	61,410,224	59,473,938
TOTAL	$ 2,151,039,681	$ 2,059,593,889
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	$ (312,139,421)	$ (297,255,431)
ACCUM PROV DECOMMISSIONING COSTS	(4,405,787,996)	(4,213,732,850)
ASSET RETIREMENT OBLIGATION	(6,490,510)	(6,285,862)
ASSET RETIREMENT OBLIGATION DECOMMISSIONING	4,086,476,727	3,957,628,654
FUEL AND CAPACITY	(43,065,864)	(41,034,502)
OTHER RATE CASE ADJUSTMENTS (1)	173,589	173,589
LOAD CONTROL	(27,543,534)	(27,543,534)
CAPITAL LEASES	(10,368,750)	(10,041,819)
TOTAL	$ (718,745,759)	$ (638,091,755)
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	$ 2,615,074,673	$ 2,449,036,302
CWIP - CLAUSE PROJECTS	67,898,002	64,976,062
TOTAL	$ 2,682,972,676	$ 2,514,012,363
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	$ 0	$ 0
NUCLEAR FUEL CAPITAL LEASES	0	0
TOTAL	$ 0	$ 0
WORKING CAPITAL:	$ (3,616,670,787)	$ (3,518,913,489)
(SEE SCHEDULE 2, PAGE 3B OF 3)		
TOTAL ADJUSTMENTS	**$ 498,595,810**	**$ 416,601,008**

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
INCOME STATEMENT
DECEMBER, 2018

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	$ 11,601,226,196	3,300,010,615	1,416,432,282	2,396,653,024	1,306,766,263	351,673,810	(22,818,074)	206,771,636	(6,095,666)	8,949,393,890	$ 2,651,832,306
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	$ (483,060,693)	0	0	0	(12,424,321)	(142,407,873)	0	0	0	(154,832,194)	$ (328,228,499)
FRANCHISE EXPENSE	0	0	0	0	(471,013,287)	142,532,579	0	0	0	(328,480,708)	328,480,708
GROSS RECEIPTS TAX	(255,379,505)	0	0	0	(255,048,270)	(102,441)	0	0	0	(255,150,711)	(228,794)
FINANCIAL PLANNING SERVICES	0	0	(426,175)	0	0	127,622	0	0	0	(298,553)	298,553
INDUSTRY ASSOCIATION DUES	0	0	(2,378,974)	0	0	707,826	0	0	0	(1,671,148)	1,671,148
ECONOMIC DEVELOPMENT 5%	0	0	(145,873)	0	0	43,662	0	0	0	(102,211)	102,211
AVIATION - EXPENSES	0	0	(177,972)	0	0	54,009	0	0	0	(123,963)	123,963
EXECUTIVE COMPENSATION	0	0	(35,994,190)	0	0	10,817,018	0	0	0	(25,177,172)	25,177,172
FUEL COST REC RETAIL	(3,129,070,863)	(3,118,811,808)	(188,036)	54,962	(2,093,145)	48,930,956	(50,915,572)	0	0	(3,123,022,643)	(6,048,221)
CONSERVATION COST RECOVERY	(57,906,615)	0	(44,914,783)	(10,058,200)	(1,103,370)	(556,344)	(617)	0	0	(56,633,315)	(1,273,301)
CAPACITY COST RECOVERY	(248,527,098)	(160,128,885)	(30,072,082)	2,645,013	(328,294)	(19,997,574)	1,614,836	0	0	(206,266,985)	(42,260,113)
ENVIRONMENTAL COST RECOVERY	(176,785,289)	0	(33,055,218)	(44,914,795)	(280,656)	(19,187,165)	(10,781,037)	0	358	(108,218,514)	(68,566,775)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	173,589	0	(43,996)	0	0	0	129,593	(129,593)
STORM DEFICIENCY RECOVERY	(143,678,195)	0	(18,025,023)	(120,369,922)	0	(1,636,331)	0	0	0	(140,031,276)	(3,646,919)
INTEREST TAX DEFICIENCIES	0	0	352,808	0	0	(106,504)	0	0	0	246,304	(246,304)
INTEREST SYNCHRONIZATION	0	0	0	0	0	8,367,779	(5,993,134)	0	0	2,374,645	(2,374,645)
TOTAL FPSC ADJUSTMENTS	$ (4,494,408,260)	(3,278,940,693)	(165,025,518)	(172,469,353)	(742,291,342)	27,543,221	(66,075,524)	0	358	(4,397,258,850)	$ (97,149,410)
FPSC ADJUSTED	$ 7,106,817,936	21,069,922	1,251,406,764	2,224,183,672	564,474,921	379,217,031	(88,893,598)	206,771,636	(6,095,308)	4,552,135,040	$ 2,554,682,896
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 3, PAGE 3B OF 3)	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
PRO FORMA SYSTEM PER BOOKS ADJUSTED	$ 7,119,717,309	21,069,922	1,251,406,764	2,224,183,672	564,484,208	375,950,039	(88,893,598)	206,771,636	(6,095,308)	4,548,877,335	$ 2,570,839,974

(A) THE ADDITION OF EARNINGS FROM AFUDC
WOULD INCREASE THE SYSTEM NOI BY $ 114,144,685

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-EI.

THE PROFORMA ADJUSTMENTS ARE NOT NECESSARILY ALL THE PROFORMA THAT WOULD BE MADE IN A BASE RATE FILING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
YEAR END RATE OF RETURN
INCOME STATEMENT
DETAIL OF PRO FORMA ADJUSTMENTS
DECEMBER, 2018

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OPERATION & MAINTENANCE OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078
TOTAL PROFORMA ADJUSTMENTS	$ 12,899,373	0	0	0	9,288	(3,266,992)	0	0	0	(3,257,705)	$ 16,157,078

FOOTNOTES:
(1) ADJUSTMENT TO NORMALIZE BASE REVENUES AS A RESULT OF ABNORMAL WEATHER CONDITIONS EXPERIENCED DURING THE PERIOD

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
DECEMBER, 2018

AVERAGE	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS PRO RATA 3	ADJUSTMENTS SPECIFIC 4	ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT COST RATE (%) 7	LOW POINT WEIGHTED COST (%) 8	MIDPOINT COST RATE (%) 9	MIDPOINT WEIGHTED COST (%) 10	HIGH POINT COST RATE (%) 11	HIGH POINT WEIGHTED COST (%) 12
LONG TERM DEBT	$ 10,607,209,967	$ 10,189,623,606	$ 81,510,456	$ (130,688,258)	$ 10,140,445,803	28.19%	4.41%	1.24%	4.41%	1.24%	4.41%	1.24%
SHORT TERM DEBT	1,020,625,524	980,122,740	7,942,217	0	988,064,957	2.75%	2.74%	0.08%	2.74%	0.08%	2.74%	0.08%
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	16,958,149,021	16,285,177,159	131,963,490	0	16,417,140,649	45.64%	9.60%	4.38%	10.55%	4.81%	11.60%	5.29%
CUSTOMER DEPOSITS	397,688,599	397,147,387	3,218,200	(0)	400,365,587	1.11%	2.08%	0.02%	2.08%	0.02%	2.08%	0.02%
DEFERRED INCOME TAX	8,268,612,494	7,940,230,102	62,451,318	(233,319,860)	7,769,361,560	21.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	402,031,406	384,979,418	2,060,716	(130,673,270)	256,366,864	0.71%	7.59%	0.05%	8.21%	0.06%	8.83%	0.06%
TOTAL	$ 37,654,317,011	$ 36,177,280,412	$ 289,146,396	$ (494,681,388)	$ 35,971,745,420	100.00%		5.78%		6.22%		6.70%

YEAR END	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS PRO RATA 3	ADJUSTMENTS SPECIFIC 4	ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT COST RATE (%) 7	LOW POINT WEIGHTED COST (%) 8	MIDPOINT COST RATE (%) 9	MIDPOINT WEIGHTED COST (%) 10	HIGH POINT COST RATE (%) 11	HIGH POINT WEIGHTED COST (%) 12
LONG TERM DEBT	$ 10,463,948,606	$ 10,073,048,838	$ 20,618,214	$ (131,760,745)	$ 9,961,906,307	27.06%	4.62%	1.25%	4.62%	1.25%	4.62%	1.25%
SHORT TERM DEBT	1,121,823,032	1,079,583,927	2,239,055	(0)	1,081,822,982	2.94%	3.46%	0.10%	3.46%	0.10%	3.46%	0.10%
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	18,093,652,158	17,412,386,345	36,113,258	(0)	17,448,499,603	47.39%	9.60%	4.55%	10.55%	5.00%	11.60%	5.50%
CUSTOMER DEPOSITS	391,669,667	390,986,447	810,905	(0)	391,797,352	1.06%	2.17%	0.02%	2.17%	0.02%	2.17%	0.02%
DEFERRED INCOME TAX	8,179,211,900	7,870,504,756	15,839,508	(233,319,860)	7,653,024,404	20.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	423,474,892	406,185,259	577,539	(127,718,882)	279,043,916	0.76%	7.76%	0.06%	8.39%	0.06%	9.03%	0.07%
TOTAL	$ 38,673,780,255	$ 37,232,695,572	$ 76,198,479	$ (492,799,487)	$ 36,816,094,564	100.00%		5.98%		6.44%		6.94%

NOTE:
(1) SYSTEM PER BOOKS INCLUDES APPROXIMATELY $3,175 MILLION OF EXCESS DEFERRED TAXES
(2) INVESTMENT TAX CREDITS COST RATES ARE BASED ON THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY.
(3) COLUMNS MAY NOT FOOT DUE TO ROUNDING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
CAPITAL STRUCTURE
PROFORMA ADJUSTED BASIS
DECEMBER, 2018

AVERAGE	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT COST RATE (%) 5	LOW POINT WEIGHTED COST (%) 6	MIDPOINT COST RATE (%) 7	MIDPOINT WEIGHTED COST (%) 8	HIGH POINT COST RATE (%) 9	HIGH POINT WEIGHTED COST (%) 10
LONG TERM DEBT	$ 10,140,445,803	$ -	$ 10,140,445,803	28.19%	4.41%	1.24%	4.41%	1.24%	4.41%	1.24%
SHORT TERM DEBT	988,064,957	-	988,064,957	2.75%	2.74%	0.08%	2.74%	0.08%	2.74%	0.08%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	16,417,140,649	-	16,417,140,649	45.64%	9.60%	4.38%	10.55%	4.81%	11.60%	5.29%
CUSTOMER DEPOSITS	400,365,587	-	400,365,587	1.11%	2.08%	0.02%	2.08%	0.02%	2.08%	0.02%
DEFERRED INCOME TAX	7,769,361,560	-	7,769,361,560	21.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	256,366,864	-	256,366,864	0.71%	7.59%	0.05%	8.21%	0.06%	8.83%	0.06%
TOTAL	$ 35,971,745,420	$ -	$ 35,971,745,420	100.00%		5.78%		6.22%		6.70%

YEAR END	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT COST RATE (%) 5	LOW POINT WEIGHTED COST (%) 6	MIDPOINT COST RATE (%) 7	MIDPOINT WEIGHTED COST (%) 8	HIGH POINT COST RATE (%) 9	HIGH POINT WEIGHTED COST (%) 10
LONG TERM DEBT	$ 9,961,906,307	$ -	$ 9,961,906,307	27.06%	4.62%	1.25%	4.62%	1.25%	4.62%	1.25%
SHORT TERM DEBT	1,081,822,982	-	1,081,822,982	2.94%	3.46%	0.10%	3.46%	0.10%	3.46%	0.10%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	17,448,499,603	-	17,448,499,603	47.39%	9.60%	4.55%	10.55%	5.00%	11.60%	5.50%
CUSTOMER DEPOSITS	391,797,352	-	391,797,352	1.06%	2.17%	0.02%	2.17%	0.02%	2.17%	0.02%
DEFERRED INCOME TAX	7,653,024,404	-	7,653,024,404	20.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	279,043,916	-	279,043,916	0.76%	7.76%	0.06%	8.39%	0.06%	9.03%	0.07%
TOTAL	$ 36,816,094,564	$ -	$ 36,816,094,564	100.00%		5.98%		6.44%		6.94%

NOTE:
(1) INVESTMENT TAX CREDITS COST RATES ARE BASED ON THE WEIGHTED AVERAGE COST OF LONG TERM DEBT, PREFERRED STOCK AND COMMON EQUITY.
(2) COLUMNS MAY NOT FOOT DUE TO ROUNDING.

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
DECEMBER, 2018

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST CHARGES	$ 2,702,916,781
ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION	23,646,218
INCOME TAXES	528,727,297
TOTAL	$ 3,255,290,296
INTEREST CHARGES EXCLUDING DEBT AFUDC	$ 562,321,703
TIMES INTEREST EARNED WITH AFUDC	5.79

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST CHARGES	$ 2,702,916,781
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	(90,498,467)
INCOME TAXES	528,727,297
TOTAL	$ 3,141,145,611
INTEREST CHARGES EXCLUDING DEBT AFUDC	$ 562,321,703
TIMES INTEREST EARNED WITHOUT AFUDC	5.59

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS

ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION	$ 23,646,218
X (1 - INCOME_TAX_RATE)	0.7466
SUBTOTAL	$ 17,653,084
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	90,498,467
TOTAL	$ 108,151,551
NET INCOME AVAILABLE FOR COMMON	$ 2,164,241,295
AFUDC AS PERCENT OF NET INCOME	5.00%

FOOTNOTES

CLAUSE OVER/UNDER RECOVERY	$ (39,092,480)
GAINS ON DISPOSITION OF PROPERTY	(6,095,666)
LONG TERM DEBT RETIREMENTS & REDEMPTIONS	0
INCREASE/DECREASE IN DECOMMISSIONING FUNDS	0
	$ (45,188,147)

** INCLUDES EXPENDITURES FOR NUCLEAR FUELS OF:	0

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	$ 2,164,241,295
PREFERRED DIVIDENDS DECLARED	0
COMMON DIVIDENDS	(500,000,000)
AFUDC (DEBT & OTHER)	(114,144,685)
DEPRECIATION AND AMORTIZATION EXPENSE	2,396,653,024
DEFERRED INCOME TAXES	(30,623,279)
INVESTMENT TAX CREDITS	206,771,636
OTHER SOURCE/USES OF FUNDS	(45,188,147)
INTERNALLY GENERATED FUNDS	$ 4,077,709,845
CONSTRUCTION EXPENDITURES	$ 4,955,432,098
PERCENT INTERNALLY GENERATED FUNDS	82.29%

E. LONG TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL

F. SHORT TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL

AVERAGE RETAIL AMOUNTS	
JURIS ADJUSTED LONG TERM DEBT	$ 10,140,445,803
JURIS ADJUSTED SHORT TERM DEBT	988,064,957
JURIS ADJUSTED PREFERRED STOCK	0
JURIS ADJUSTED COMMON STOCK	16,417,140,649
TOTAL	$ 27,545,651,409
LTD TO TOTAL INVESTOR FUNDS	36.81%
STD TO TOTAL INVESTOR FUNDS	3.59%

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

FPSC RATE OF RETURN	6.70%
LESS: RECONCILED AVG. RETAIL WEIGHTED COST RATES FOR :	
LONG TERM DEBT	1.24%
SHORT TERM DEBT	0.08%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.02%
TAX CREDITS - WTD COST	0.06%
SUBTOTAL	1.40%
TOTAL	5.29%
DIVIDED BY COMMON EQUITY RATIO	45.64%
JURISDICTIONAL RETURN ON COMMON EQUITY	11.60%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
FINANCIAL INTEGRITY INDICATORS
DECEMBER, 2018

H. PROFORMA ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

PRO FORMA RATE OF RETURN	6.74%
LESS: AVERAGE RETAIL WEIGHTED COST RATES FOR:	
LONG TERM DEBT	1.24%
SHORT TERM DEBT	0.08%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.02%
TAX CREDITS - WTD COST	0.06%
SUBTOTAL	1.40%
PRO FORMA ROR LESS NON EQUITY COST	5.34%
PRO FORMA COMMON EQUITY RATIO	45.64%
PRO FORMA RETURN ON COMMON EQUITY	11.70%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2018

CAPITAL COMPONENTS		JURISDICTIONAL AVERAGE	CAPITAL RATIO	COST OF CAPITAL	AFUDC WEIGHTED COMPONENTS
LONG TERM DEBT	$	10,140,445,803	28.19%	4.62%	1.30%
SHORT TERM DEBT		988,064,957	2.75%	2.74% *	0.08%
PREFERRED STOCK		-	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS		400,365,587	1.11%	2.08% *	0.02%
COMMON EQUITY		16,417,140,649	45.64%	10.55%	4.81%
DEFERRED INCOME TAX		7,769,361,560	21.60%	0.00%	0.00%
INVESTMENT TAX CREDITS		256,366,864	0.71%	0.00%	0.00%
TOTAL	$	35,971,745,420	100.00%		6.22%

* 13-MONTH AVERAGE

NOTE:
EFFECTIVE JANUARY 1, 2018 THE COMMISSION APPROVED AFUDC RATE IS 5.97%

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2018

AVERAGE		SYSTEM PER BOOKS	RETAIL PER BOOKS	COMMISSION ADJUSTMENTS *	ADJUSTED RETAIL
LONG TERM DEBT	$	10,607,209,967	10,189,623,606	(49,177,803)	10,140,445,803
SHORT TERM DEBT		1,020,625,524	980,122,740	7,942,217	988,064,957
PREFERRED STOCK		-	-	-	-
COMMON EQUITY		16,958,149,021	16,285,177,159	131,963,490	16,417,140,649
CUSTOMER DEPOSITS		397,688,599	397,147,387	3,218,200	400,365,587
DEFERRED INCOME TAX		8,268,612,494	7,940,230,102	(170,868,542)	7,769,361,560
INVESTMENT TAX CREDITS		402,031,406	384,979,418	(128,612,554)	256,366,864
TOTAL	$	37,654,317,011	36,177,280,412	(205,534,992)	35,971,745,420

* FOR ADJUSTMENT DETAILS, SEE SCHEDULE B, PAGES 2 AND 3

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2018

RATE BASE ADJUSTMENTS		JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	$	1,503,325,374
FUEL AND CAPACITY		146,175,336
CAPITALIZED EXECUTIVE COMPENSATION		26,603,471
LOAD CONTROL		50,422,215
ASSET RETIREMENT OBLIGATION		422,843,188
CAPITAL LEASES		57,685,994
TOTAL	$	2,207,055,579
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	$	(297,168,136)
ACCUM PROV DECOMMISSIONING COSTS		(4,352,768,762)
ASSET RETIREMENT OBLIGATION		(12,368,492)
ASSET RETIREMENT OBLIGATION DECOMMISSIONING		4,088,566,546
FUEL AND CAPACITY		(41,315,652)
OTHER RATE CASE ADJUSTMENTS (1)		13,353
LOAD CONTROL		(25,948,288)
CAPITAL LEASES		(9,326,363)
TOTAL	$	(650,315,793)
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	$	2,094,396,113
CWIP - CLAUSE PROJECTS	$	73,312,582
TOTAL	$	2,167,708,695
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	$	0
NUCLEAR FUEL CAPITAL LEASES		0
TOTAL	$	0
WORKING CAPITAL:	$	(3,518,913,489)
(SEE SCHEDULE B, PAGE 3 OF 3)		
TOTAL ADJUSTMENTS	**$**	**205,534,992**

NOTES:
(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-16-0560-AS-E

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
AVERAGE RATE OF RETURN
DECEMBER, 2018

WORKING CAPITAL ADJUSTMENTS	JURISDICTIONAL
ADJUSTMENTS TO ASSETS PER BOOKS:	
ACCOUNTS RECEIVABLE - ASSOC COS	$ 25,548,829
INTEREST & DIVIDENDS RECEIVABLE	109,894
NET UNDERRECOVERED FUEL, CAPACITY,ECCR, ECRC	66,856,483
CASH CAPITAL SUB ACCOUNT	0
POLE ATTACHMENTS RENTS RECEIVABLE	15,519,628
PREPAYMENTS - ECCR	47,660,762
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	8,309,358
TEMPORARY CASH INVESTMENTS	1,116,987
STORM DEFICIENCY RECOVERY	117,557,626
NUCLEAR COST RECOVERY	0
JOBBING ACCOUNTS	57,544,254
OTH REG ASSETS - CLAUSES	4,976,622
MISC. DEFFERED DEBIT - CLAUSES	5,023,874
CEDAR BAY TRANSACTION	564,470,429
ICL TRANSACTION	359,886,492
SJRPP TRANSACTION	110,340,033
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	$ 1,384,921,271
ADJUSTMENTS TO LIABILITIES PER BOOKS:	
ACCOUNTS PAYABLE - ASSOC COS	$ 0
ACCUM DEFERRED RETIREMENT BENEFITS	(89,350)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	(110,282,748)
ACCUM. PROV. - RATE REFUNDS	0
GAIN ON SALE OF EMISSION ALLOWANCE	(687)
JOBBING ACCOUNTS	(51,614,605)
POLE ATTACHMENT RENTS PAYABLE	(7,395,913)
SJRPP ACCELERATED RECOVERY	(8,238,115)
ASSET RETIREMENT OBLIGATION	(4,499,069,268)
MARGIN CALL CASH COLLATERAL	(533,685)
STORM DEFICIENCY RECOVERY	23,792,943
NUCLEAR COST RECOVERY	(245,862,070)
CEDAR BAY TRANSACTION	(4,541,257)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	$ (4,903,834,755)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	**$ (3,518,913,489)**

NOTES:

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
METHODOLOGY FOR MONTHLY COMPOUNDING
OF THE AFUDC RATE
DECEMBER, 2018

AFUDC COMPOUNDING

((1+R/12)**12)-1 =	APPROVED RATE
((1+R/12)**12)-1 =	6.22%
((1+R/12)**12) =	1.06220000
(1+R/12) =	1.00504118
(R/12) =	0.00504118

MONTHS	AFUDC BASE	MONTHLY AFUDC	CUMULATIVE AFUDC
JAN	1.00000000	0.00504118	0.00504118
FEB	1.00504118	0.00506660	0.01010778
MAR	1.01010778	0.00509214	0.01519992
APR	1.01519992	0.00511781	0.02031773
MAY	1.02031773	0.00514361	0.02546134
JUN	1.02546134	0.00516954	0.03063087
JUL	1.03063087	0.00519560	0.03582647
AUG	1.03582647	0.00522179	0.04104827
SEP	1.04104827	0.00524812	0.04629638
OCT	1.04629638	0.00527457	0.05157095
NOV	1.05157095	0.00530116	0.05687211
DEC	1.05687211	0.00532789	0.06220000

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
SUPPLEMENTAL EARNINGS SURVEILLANCE INFORMATION
COMMERCIAL/INDUSTRIAL SERVICE RIDER
DECEMBER, 2018

CONFIDENTIAL

CSA-1

The information below is presented to comply with Order No. PSC-14-0197-PAA-EI, Docket No. 140048-EI. This supplemental information is to be treated as confidential. The total difference for all executed Contract Service Arrangements (CSAs) between the calendar year 2018 revenues that would have been received under the otherwise applicable tariff rate(s) and the CISR rate is [redacted]. [(1)A]

Footnotes:

(1) Please note that, but for the Commercial Industrial Service Rider, FPL would not serve this load and would receive no revenues for it.

RESERVE AMOUNT BALANCE AS OF DECEMBER 31, 2018 **ATTACHMENT 1**

		AMOUNT	RELATED ORDER
Rollover Reserve Amount - 12/31/2016[1]	$	252,100,355	
Depreciation Reserve Surplus Approved by FPSC - 1/1/2017	$	1,000,000,000	PSC-16-0560-AS-EI
Total Reserve Amount Available Under Current Settlement Agreement	$	1,252,100,355	
Actual Amortization from 1/1/2017 - 12/31/2017:			
January, 2017	$	(125,223,511)	
February, 2017	$	(35,682,879)	
March, 2017	$	(52,328,640)	
April, 2017	$	26,451,730	
May, 2017	$	(36,038,470)	
June, 2017	$	(7,408,419)	
July, 2017	$	25,671,697	
August, 2017	$	22,847,456	
September, 2017	$	75,509,428	
October, 2017	$	54,523,942	
November, 2017	$	(52,119,437)	
December, 2017[2]	$	(1,148,303,252)	
Total Amortization from 1/1/2017 - 12/31/2017	$	(1,252,100,355)	
Remaining Reserve Amount - 12/31/2017		$0	
Actual Amortization from 1/1/2018 - 12/31/2018:			
January, 2018	$	-	
February, 2018	$	-	
March, 2018	$	-	
April, 2018	$	-	
May, 2018	$	-	
June, 2018	$	-	
July, 2018	$	51,958,256	
August, 2018	$	55,277,885	
September, 2018	$	193,713,805	
October, 2018	$	125,007,557	
November, 2018	$	14,253,285	
December, 2018	$	100,738,501	
Total Amortization from 1/1/2018 - 12/31/2018	$	540,949,289	
Remaining Reserve Amount - 12/31/2018		$540,949,289	

Notes:

(1) Rollover Reserve Amount provided pursuant to Order No. PSC-16-0560-AS-EI, Docket Nos. 160021-EI, 160061-EI, 160062-EI, and 160088-EI.

(2) The December 2017 amortization amount is a partial offset to the $1.3 billion Hurricane Irma restoration cost write-off.