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March 12, 2021

VIA ELECTRONIC FILING
Adam Teitzman, Commission Clerk
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20210015-EI
Petition by FPL for Base Rate Increase and Rate Unification

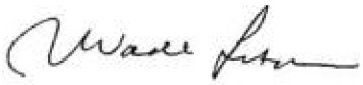
Dear Mr. Teitzman:

Attached for filing on behalf of Florida Power & Light Company ("FPL") in the above-referenced docket are the Direct Testimony and Exhibits of FPL witness Scott R. Bores.

Please let me know if you should have any questions regarding this submission.

(Document 4 of 69)

Sincerely,



R. Wade Litchfield
Vice President & General Counsel
Florida Power & Light Company

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF SCOTT R. BORES

DOCKET NO. 20210015-EI

MARCH 12, 2021

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Scott R. Bores. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as the Senior Director of Financial Planning & Analysis.

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

A. I am responsible for FPL's financial forecast, analysis of financial results, corporate budgeting, resource assessment and planning, and load forecast activities.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Connecticut in 2003 with a Bachelor of Science degree in Accounting. I received a Master of Business Administration from Emory University in 2011. I joined FPL in 2011 and have held several positions of increasing responsibility, including Manager of Property Accounting, Director of Property Accounting, and my current position as Senior Director of Financial Planning & Analysis ("FP&A"). Prior to FPL, I held various accounting roles with Mirant Corporation, which was an independent power producer in Atlanta, Georgia, as well as worked for PricewaterhouseCoopers, LLP. I am a Certified Public Accountant ("CPA") licensed in the State of Georgia and a member of the American Institute of CPAs. I have previously filed

testimony before the Florida Public Service Commission ("FPSC" or the "Commission"), most recently in support of the FPL SolarTogether Program, Docket No. 20190061-EI.

Q. Are you sponsoring or co-sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- SRB-1 Consolidated MFRs Sponsored or Co-sponsored by Scott R. Bores
- SRB-2 Supplemental FPL and Gulf Standalone Information in MFR Format Sponsored or Co-sponsored by Scott R. Bores
- SRB-3 Gulf Power O&M Performance 2018 vs. 2022
- SRB-4 2021 Planning and Budgeting Process Guidelines
- SRB-5 MFR F-5 Forecasting Flowchart and Models
- SRB-6 MFR F-8 Major Forecast Assumptions
- SRB-7 Drivers of the Increase in Revenue Requirements 2018 vs. 2022
- SRB-8 Summary of CPVRR Analysis for Generation Upgrade Projects
- SRB-9 FPL's Adjusted O&M Benchmark
- SRB-10 Drivers of the Increase in Revenue Requirements 2023 vs. 2022
- SRB-11 Summary of CPVRR Analysis for Scherer Unit 4 Retirement

I am co-sponsoring the following exhibit:

- TCC-9 Rates for FPL and Gulf as Separate Ratemaking Entities, filed with the direct testimony of FPL witness Cohen.

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

A. Yes. Exhibit SRB-1 lists the consolidated MFRs that I am sponsoring or co-

sponsoring.

Q. Are you sponsoring or co-sponsoring any schedules in "Supplement 1 – FPL Standalone Information in MFR Format" and "Supplement 2 – Gulf Standalone Information in MFR Format"?

A. Yes. Exhibit SRB-2 lists the supplemental FPL and Gulf standalone information in MFR format that I am sponsoring or co-sponsoring.

Q. How will you refer to FPL and Gulf when discussing them in testimony?

A. In discussing operations or time periods prior to January 1, 2019 (when Gulf Power Company was acquired by FPL's parent company, NextEra Energy, Inc.), "FPL" and "Gulf" will refer to their pre-acquisition status, when they were legally and operationally separate companies. For operations or time periods between January 1, 2019 and January 1, 2022, "FPL" and "Gulf" will refer to their status as separate ratemaking entities, recognizing that they were merged legally on January 1, 2021 and consolidation proceeded throughout this period. Finally, in discussing operations or time periods after January 1, 2022, most references will be only to "FPL" because Gulf will be consolidated into FPL. Therefore, unless otherwise noted, my testimony addresses requests for the consolidated Company.

Q. Please relate the MFRs and schedules in MFR format being submitted to the time periods that they address.

A. FPL is filing MFRs based upon the forecast process completed in early 2021. This process produced three distinct forecasts that underpin the MFRs and schedules filed with FPL's petition: (1) FPL with unified rates for customers located in the former FPL and former Gulf service areas, (2) FPL as a separate

ratemaking entity for customers in the former FPL service area and (3) Gulf as a separate ratemaking entity for customers in the former Gulf service area. Because of consolidation, the forecasts for FPL and Gulf as separate ratemaking entities are identical in nature to that of FPL with unified rates, with one noteworthy exception—the unified forecast accounts for additional operations and maintenance ("O&M") expense synergies expected to be realized as part of the proposed rate unification. These will be discussed in further detail later in my testimony. A 2022 Test Year serves as the basis for the revenue requirement calculation of the 2022 Base Rate Increase, and a 2023 Test Year is used for purposes of the Subsequent Year Adjustment ("2023 SYA").

FPL is also proposing a solar base rate adjustment ("SoBRA") mechanism for solar generating facilities projected to be placed in-service during 2024 and 2025. As further described by FPL witness Barrett, the 2022 and 2023 base rate adjustments together with the SoBRA mechanism and other elements are part of a four-year rate plan proposed by FPL which, if granted, would require the Company to manage its operations without a general base rate increase for 2024 and 2025. To support the four-year rate plan, FPL's 2022 test year and 2023 SYA MFRs include schedules that utilize the same underlying forecast as the FPL unified rates plan but contain a Company adjustment to account for the reduction in depreciation accruals and corresponding impact to revenue requirements as described further by FPL witnesses Ferguson and Fuentes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to:

(1) Describe current and future benefits realized through consolidation and FPL's proposal to unify rates to reflect a consolidated cost of service;

(2) Explain the process used for the preparation and approval of the forecast upon which FPL's projected MFRs are based, as well as the forecast that serves as the basis for FPL and Gulf Standalone Information in MFR format;

(3) Explain the major cost drivers since 2018 that necessitate a base rate increase effective January 1, 2022 (the "2022 Base Rate Increase");

(4) Explain the cost drivers from 2022 to 2023 that necessitate a subsequent year adjustment effective January 1, 2023;

(5) Describe additional elements of the four-year rate plan proposed by FPL witness Barrett;

(6) Explain the Cumulative Present Value of Revenue Requirement ("CPVRR") benefit associated with the retirement of Scherer Unit 4; and

(7) Discuss FPL's proposal for addressing any changes in tax law that may occur subsequent to the establishment of new base rates.

Q. Please summarize your testimony.

A. During the period of FPL's 2016 Rate Settlement (2017-2021) approved by the Commission in Order No. PSC-16-0560-AS-EI, Docket No. 160021-EI, FPL has made significant improvements in lowering base operating costs and at the same time has made important investments in its infrastructure to support growth, improve its generation fleet, strengthen or "harden" the system to better withstand

bad weather, improve reliability and lower customer costs. In addition, since being acquired by NextEra Energy Inc. ("NEE") on January 1, 2019, Gulf has made significant improvements in lowering operating costs and invested in its infrastructure to improve performance and the quality of service for its customers. FPL and Gulf have legally merged and are requesting Commission approval to take the next logical step, which is to consolidate cost of service and unify retail rates under FPL because it will better reflect the reality of the companies' consolidated operations and will realize additional synergies for the benefit of customers. My testimony will describe the approximately $2.8 billion in CPVRR benefits that our customers are projected to realize as a result of the consolidation.

The MFRs filed in this proceeding have been prepared according to FPL's rigorous, established planning and forecasting process, relying on inputs from internal and external subject matter experts, processed through financial models widely used in the industry, and with review and approvals designed to ensure their reliability for use in setting rates.

FPL's proposed 2022 Base Rate Increase is needed to address increased revenue requirements since 2018, the year last used for establishing base rates. The primary drivers of the change in revenue requirements are: (1) capital investment initiatives that support system growth, increased reliability, storm hardening and generation investments which provide long-term economic benefits to customers; (2) the change in the weighted average cost of capital; (3) inflation and customer

growth; (4) the impact of the amortization of the Reserve Amount authorized by the 2016 Rate Settlement that partially offsets the growth in base revenue requirements; (5) productivity gains that also partially offset the growth in base revenue requirements; (6) the adoption of the Reserve Surplus Amortization Mechanism ("RSAM")-adjusted depreciation rates that also partially offset the growth in base revenue requirements; and (7) revenue growth that also partially offsets the growth in base revenue requirements. As calculated on FPL witness Fuentes' Exhibit LF-5, absent a rate increase in 2022, FPL's projected earned return on equity ("ROE") falls to 8.40%, substantially below FPL's cost of equity as discussed by FPL witnesses Barrett and Coyne.

FPL's proposed 2023 SYA reflects the projected increase in base revenue requirements from 2022 to 2023. The primary drivers of this increase are: (1) capital investment initiatives that support further deployment of emission-free solar generating facilities, increased reliability, system growth, and enhancements to our combined cycle fleet; (2) changes to the weighted average cost of capital; (3) the impact of inflation and customer growth; and (4) revenue growth that partially offsets the growth in base revenue requirements. As calculated on FPL witness Fuentes' Exhibit LF-5, without an increase in revenue requirements in 2023, FPL's earned ROE is projected to fall by more than 100 basis points from the 2022 requested ROE of 11.50%. With no rate increase in 2022 and 2023, FPL's ROE in 2023 is projected to be 7.03%, substantially below the requested ROE as discussed by FPL witnesses Barrett and Coyne.

In the proposed four-year rate plan, FPL is requesting to accelerate the amortization of unprotected excess deferred income taxes that were to be amortized in 2026 and 2027 such that those amounts would instead be amortized in 2024 and 2025. This acceleration is necessary to facilitate FPL's ability to defer cash rate increases over that period.

As described by FPL witness Forrest, FPL has reached an agreement with JEA to retire Scherer Unit 4, an inefficient coal generating facility. Even accounting for the cost to terminate and continued expense obligations, the retirement of Scherer Unit 4 is projected to save customers $583 million CPVRR.

Finally, FPL proposes a mechanism that will allow FPL to adjust base rates in the event tax laws change during or after the conclusion of this proceeding. Following enactment, FPL would calculate the impact of the change in tax law by comparing revenue requirements with and without the change, and submit the calculation of the rate adjustment needed to ensure FPL is not subject to tax expenses that are not reflected in the MFRs submitted with its base rate request.

II. FPL AND GULF CONSOLIDATION

Q. Is consolidation of FPL and Gulf bringing value to customers?

A. Yes. Customers have already started to benefit from the consolidation of FPL and Gulf. FPL projects that consolidation will unlock greater than $2.8 billion of

CPVRR benefit for customers. This will be achieved through the planning and dispatch of a single, integrated utility system as well as reductions in O&M expense that have already been achieved and which help offset the rate request.

Q. Please describe the benefits associated with the joint planning and dispatch of a single, integrated utility system.

A. As part of preparing the 2020 Ten Year Site Plan, FPL and Gulf embarked on a process to develop a resource plan as a single, integrated utility system that has continued to evolve over the last year. The integrated utility system was the culmination of a three-step analytical process that is described in greater detail by FPL witness Sim and results in greater than $1.5 billion of projected CPVRR net benefits for customers. These savings are being achieved through generation upgrades to the Gulf generation fleet, including conversion of Gulf Clean Energy Center (formerly Plant Crist) from coal to natural gas, the addition of solar generating facilities in Gulf's service area, capacity upgrades to Plant Lansing Smith, the addition of the North Florida Resiliency Connection ("NFRC") project, and the integration of the former Gulf and FPL systems for resource planning purposes. With the construction of the NFRC, FPL and Gulf will be able to combine resources for the benefit of all customers by jointly planning and dispatching the combined system with a single 20% reserve margin.

Q. Please describe the benefits from reductions in O&M expense.

A. Upon acquisition by NEE in 2019, Gulf's new leadership immediately began to look for opportunities to enhance the customer experience and improve operating performance. A key focus of this review was a search for immediate

opportunities to reduce costs and improve Gulf's O&M performance. As demonstrated on Exhibit SRB-3, during 2018, prior to the acquisition of Gulf by NEE, Gulf's actual adjusted O&M expense totaled $254 million. As a result of strong cost management and enhancements made to Gulf's operations in the three years following acquisition by NEE, Gulf has forecast its 2022 adjusted O&M expense would be $168 million, a reduction of $86 million, or greater than 30%. This tremendous accomplishment over a short period of time will continue to provide customer benefits for years to come. In fact, the O&M expense savings of $86 million translates into a projected $1.3 billion CPVRR net benefit for customers and coupled with the generation planning and dispatch benefits described previously, results in more than $2.8 billion of projected long-term benefits for customers.

Q. How are the benefits you've described above reflected in the MFRs, and how will customers realize these benefits going forward?

A. The immediate benefits described above are included in the MFRs in the form of both capital revenue requirements and lower O&M expense. It is also important to note that the savings associated with these initiatives affect more than just retail base rates; they also result in lower fuel costs and lower overall bills for customers.

III. FORECASTING AND MFR PREPARATION PROCESS

Q. Describe your responsibility for the development of FPL's forecast.

A. As FPL's Senior Director of FP&A, I have responsibility for developing the O&M budget, the capital expenditure budget, and the total company per books financial forecast. I provided guidance to all business units to ensure that corporate assumptions were followed. This includes providing the teams at both FPL and Gulf with instructions to prepare separate budgets and to incorporate the identified O&M synergies into a combined forecast. I am also a member of the budget review committee ("Review Committee"). Other key members of the Review Committee are the FPL President and Chief Executive Officer; the NEE Executive Vice President, Finance and Chief Financial Officer; the FPL Vice President of Finance; the Gulf Vice President of Finance; and the NEE Vice President, Controller and Chief Accounting Officer.

Q. What forecast years have been included in this filing?

A. FPL has provided forecast years 2021, 2022, and 2023 for use in this proceeding. The Company is proposing that new rates be effective January 1, 2022, at a level sufficient to cover the Company's revenue requirements in 2022. FPL proposes 2022 as the Test Year in this proceeding to best reflect the Company's revenues, costs and investments during the year in which new rates are proposed to go into effect. The 2021 plan year is included as the Prior Year, consistent with the Commission's filing requirements.

FPL also is proposing a 2023 SYA, which will allow for new rates effective January 1, 2023 at a level sufficient to recover the Company's revenue requirement that year. Accordingly, FPL has filed all necessary MFRs for calendar year 2023 to support the 2023 SYA by showing the Company's projected financial position in that year.

Q. Please summarize the process used to develop the forecasts underlying FPL's filing in this docket.

A. FPL follows a rigorous and long-standing process in the development and approval of its O&M and capital expenditures budgets, financial forecasts and MFRs. Beginning in 2013, FPL incorporated into the planning process a step that is specifically focused on generating and evaluating productivity and efficiency improvement ideas – an initiative known internally as Project Momentum. This process has continued to evolve over time and, in 2017, the initiative became known as "Project Accelerate." Project Accelerate is intended to generate the next wave of operating efficiencies through the implementation of new technologies and automation of manual processes. Although already the industry leader in cost management, FPL has continued to look for opportunities to do even better. Annually, every business unit engages in developing, evaluating and proposing ideas that are expected to provide ongoing customer benefits to be implemented over the succeeding 24 months. As a result of this ongoing effort since 2018, FPL has been able to produce significant O&M savings that have directly reduced the revenue increase needed in this request by $224 million as reflected on Exhibit SRB-9. As FPL witness Reed demonstrates, FPL has been

best-in-class in non-fuel O&M cost performance among all peer groups for the last decade and continues to look for opportunities to improve. The savings expected to be generated by these efforts are fully reflected in the forecasts in this filing. Understandably, FPL has experienced diminishing incremental levels of savings from each Project Accelerate cycle since 2017, primarily because many of the highest-impact opportunities for savings already have been identified and are being implemented; however, the cumulative results of these efforts have been significant, and the cost reduction impacts of past Project Momentum and Project Accelerate cycles also are reflected in the budgets.

The next step in the planning process was the development and approval of the Company's planning and budget assumptions. These include projections for inflation, customer and load growth, and new service accounts. These assumptions were prepared by various subject matter experts, reviewed and approved by me, and ultimately evaluated and approved by the Review Committee. Once approved, these projections, together with detailed budget instructions, were issued to the operating and staff units of the Company in the FPL and Gulf 2021 Planning and Budgeting Process Guidelines ("Planning Process Guidelines"), a copy of which is provided as Exhibit SRB-4.

The 2021 planning and budgeting process was similar to prior years, except for the need to develop standalone budgets for FPL as a separate ratemaking entity, Gulf as a separate ratemaking entity, and FPL with unified rates for customers

located in the former FPL and former Gulf service areas, which results in synergies that are reflected in the combined O&M budget that serves as the basis for the MFRs developed for the combined rate request. As I will describe in greater detail later in my testimony, these synergies primarily result from rate unification and ability to manage and operate as a combined utility.

The 2021 planning process resulted in the 2021-2025 O&M and capital budgets. All business units entered their forecast for O&M and capital into FPL's SAP system at the work breakdown structure ("WBS") level. Each activity is required to have a unique WBS element which maps all activities and costs to the required Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts.

Using the assumptions and Planning Process Guidelines, each of the major business units prepared a budget presentation that described its business unit objectives and goals, key initiatives and specific business unit level assumptions, as well as a preliminary funds request to support those business objectives. In September 2020, the budget presentations were presented and reviewed with the Review Committee. This session involved a review and discussion of each business unit's goals, objectives and funding request for the next five years. The Review Committee was able to have open dialogue and challenge the assumptions to ensure that each business unit developed a final plan that met the Company's overall objectives of continuing to provide a great value proposition for customers for the foreseeable future.

Upon completion of the session with the Review Committee, there were subsequent follow-up discussions with the business units to resolve items raised during the review session. Final approvals were made in late 2020. Accordingly, the final plans and forecasts approved by FPL's Review Committee reflect the Company's current and best assessment of the business environment in the 2022 Test Year as well as the 2023 Subsequent Year.

Q. How were forecasts other than O&M and capital expenditures developed?

A. Concurrent with the development of the detailed O&M and capital expenditure budgets, other key components of the financial forecast were developed, including the energy sales and revenue forecasts. The energy sales forecast is the subject of FPL witness Park's direct testimony. The sales and revenue forecasts were reviewed and approved for use in the financial forecast by FPL's Review Committee.

Other inputs into the financial forecast were prepared and provided by other subject matter experts. These inputs include other base revenues, various working capital items, taxes other than income taxes and financing plans. These inputs were collectively reviewed and approved by me with the resulting comprehensive forecast reviewed and approved by the Review Committee.

Q. How are all of the various inputs combined into a consolidated financial forecast?

A. All of the above-mentioned items were provided as inputs into FPL's financial forecast and regulatory model developed by Utilities International Inc. ("UI").

FPL has used the UI platform for financial forecasting and in support of the preparation of certain MFR schedules for more than 20 years, including the MFRs that supported FPL's rate requests in Docket Nos. 001148-EI, 050045-EI, 080677-EI, 120015-EI, and 160021-EI as well as the present proceeding. The model was updated in 2014 and then again in 2020 to allow for the consolidated forecasting of FPL and Gulf.

A key attribute of the UI model is the common data repository ("CDR"), which houses forecast per book inputs by company, including all the plant-specific asset information. The CDR includes capital-related calculations, including depreciation expense and Allowance for Funds Used During Construction. Additional calculations are performed in the Financial & Regulatory Information System ("FRI") model that produce a total company balance sheet and income statement at a FERC account level and lead to the development of the FPL standalone and Gulf standalone forecasted regulatory results (i.e., total company per book net operating income ("NOI"), rate base, and capital structure) in the same manner as it does for historical regulatory amounts included in FPL's Earnings Surveillance Reports ("ESR"). The standalone results, including identified O&M synergies, are combined to produce total company financial statements and regulatory results.

Once the FRI model calculates the per book forecast, the results are passed to the cost of service module. As described by FPL witness DuBose, the total per book

regulatory results are used in the development of jurisdictional separation factors. Those factors are then transferred back to FRI, so that retail jurisdictional NOI, rate base and capital structure can be calculated within the forecast module. FPSC and company adjustments, which are supported by FPL witness Fuentes, are then applied in FRI so that jurisdictional-adjusted amounts can be calculated.

The jurisdictional-adjusted results for NOI, rate base and capital structure are then utilized to develop the various Cost of Service Studies. The Cost of Service Studies calculate the revenue requirements at the individual rate class level and are the subject of the direct testimony of FPL witness DuBose. The completed financial forecast was then reviewed and approved by the Review Committee and is the source of forecast information for the MFRs filed in this proceeding. All MFRs were reviewed and approved by the originating business unit, as well as the MFR sponsors and co-sponsors. Exhibit SRB-5 contains a flowchart of the forecasting process and models. The same process, from beginning to end, was used to develop the forecast and supplemental standalone information in MFR format for FPL and Gulf.

Q. What process did FPL follow for developing the 2021 forecast?

A. Gulf was legally merged into FPL on January 1, 2021, and has been functionally consolidated into FPL, but each entity will continue to be treated as a separate ratemaking entity with separate tariffs and rates in 2021 pending the Commission's approval of FPL's request for unified rates to be effective January 2022. Each company therefore developed O&M expense and capital budgets for

the next five years under the assumption that FPL and Gulf would continue to consolidate their operations in 2021, and also dispatch the combined system upon commercial operation of the NFRC in mid-2022. The forecasts for FPL as a separate ratemaking entity and Gulf as a separate ratemaking entity serve as the basis for the 2021 forecast for both companies and are reflected in the 2021 prior year information in the consolidated MFRs as well as the standalone schedules for FPL and Gulf.

Q. How did FPL develop the 2022 Test Year and 2023 Subsequent Year forecast?

A. As described above, FPL and Gulf each prepared separate forecasts of O&M expense and capital expenditures for the next five years (2021-2025). An additional step as part of the budget process undertaken in 2020 was to identify merger savings that would accrue to the benefit of customers if FPL and Gulf were successful in achieving unified rates. These savings include O&M efficiencies from needing only one set of executives to lead the combined entity as well as administrative efficiencies due to having only one company for accounting, ratemaking and regulatory reporting purposes. The synergies were developed by the respective business units, reviewed by a merger steering committee and entered into the budget system for tracking and validation. The savings were netted against the separate FPL and Gulf O&M expenses to develop the combined forecast.

The forecasts are prepared at a monthly level of detail, and for capital expenditures, are budgeted at an activity level. Additionally, the combined capital expenditures forecast for all five years is the basis of the related external financial disclosure in the Company's 10-K and 10-Q filings with the Securities and Exchange Commission and is subject to an internal Sarbanes-Oxley review and approval process.

Q. What are the major assumptions that FPL used in developing its forecast?

A. The major assumptions used by FPL in developing its forecast are listed in MFR F-8, which is Exhibit SRB-6 to my direct testimony.

Q. Does the Company's forecast of revenue requirements in 2022 and 2023 provide a reasonable basis for evaluating the Company's projected deficiency?

A. Yes. FPL's forecasts are products of a rigorous process involving a multi-year planning horizon. The total Company per book forecasts for the 2021 Prior Year, 2022 Test Year and 2023 Subsequent Year were developed, reviewed, and ultimately approved in late 2020, and the resulting MFRs were developed and approved in early 2021. The assumptions and process used in developing these forecasts are robust and reasonable, and the forecasts can be relied upon for rate setting.

IV. DRIVERS OF 2022 BASE RATE INCREASE

Q. What is the total amount of FPL's requested 2022 Base Rate Increase, and how is it calculated?

A. As reflected on FPL witness Fuentes's Exhibit LF-3, FPL's requested base revenue increase for 2022 is $1.108 billion and is determined as the difference between FPL's projected net operating income of $2.971 billion and FPL's required net operating income of $3.798 billion multiplied by the revenue expansion factor of 1.34153. For further detail regarding the calculation of these revenue requirements, please refer to FPL witness Fuentes's testimony.

Q. What are the primary drivers of the net increase in revenue requirements in the 2022 Test Year relative to actual results for 2018, the last test year used for setting rates?

A. The primary drivers of the change in revenue requirements are depicted on Exhibit SRB-7 and are: (1) capital investment initiatives that support system growth, increased reliability, storm hardening and generation investments which provide long-term economic benefits to customers; (2) the change in the weighted average cost of capital; (3) the impact of inflation and customer growth; (4) the impact of the amortization of the Reserve Amount authorized by the 2016 Rate Settlement that partially offsets the growth in revenue requirements; (5) productivity gains that also partially offset the growth in base revenue requirements; (6) adoption of RSAM depreciation parameters that also partially offset the growth in base revenue requirements; and (7) revenue growth that also

partially offsets the growth in base revenue requirements. Each of these drivers will be discussed individually, and they are summarized as follows:

Capital Initiatives	$1,968 million
Change in Weighted Average Cost of Capital	$147 million
Inflation and Customer Growth	$134 million
Reserve Amortization	($560) million
O&M Productivity (net of Costs to Achieve)	($224) million
RSAM Depreciation Parameters	($203) million
Revenue Growth	($123) million
Other	($31) million
TOTAL	$1,108 million

Q. Please describe the capital initiatives that impact 2022 revenue requirements.

A. Through the end of 2022, retail rate base is forecasted to increase approximately $17 billion over FPL's and Gulf's 2018 level, primarily as a result of the investments made to improve reliability, upgrade the generation fleet, support system growth, strengthen or "harden" our infrastructure to better withstand bad weather and ensure regulatory compliance. Exhibit SRB-7, page 2 of 2, depicts the revenue requirements in 2022 resulting from each of these capital initiatives.

Power Delivery Reliability

Power Delivery will invest approximately $5.8 billion from 2019 to 2022 to continue to provide superior reliability for our customers in a cost-effective manner. As described by FPL witness Spoor, FPL will deploy innovative technology to further leverage our existing smart grid to prevent outages and reduce outage durations, thereby improving reliability and increasing customer satisfaction. Additionally, FPL is rebuilding the 500 kV transmission structures to enhance and ensure the continued reliable performance of the electric system in Florida. Our Power Delivery reliability investments, including the NFRC, represent about $645 million of the revenue requirements increase in 2022.

Generation Upgrades

FPL is undertaking several generation upgrade projects that are projected to provide long-term benefits (i.e., lower costs) and improved reliability for customers. Together, these five projects represent about $470 million of the base revenue increase in 2022.

First, during 2021, FPL will have invested nearly $540 million for the installation of six 74.5 MW solar facilities that are projected to enter service during January 2022. This project, which is described in greater detail by FPL witness Valle, will continue FPL's strategy of advancing clean energy while keeping customers' bills low. When complete, this project will provide 447 megawatts (nameplate) of zero-emissions generation while also providing significant long-term system

savings for our customers. FPL witness Sim's testimony discusses the projected net benefits from the combined 2022 and 2023 planned solar additions. In addition, as described by FPL witness Broad, by the end of 2021, Gulf will have added three 74.5 MW solar facilities to their service area. These three projects in total are projected to cost approximately $310 million and provide 224 megawatts of fuel-free energy to Northwest Florida. Together, all of these solar projects represent about $100 million of the base revenue increase in 2022, which is expected to be partially offset in 2022 and later years with fuel and other system savings.

Second, FPL will have invested approximately $900 million to construct the approximately 1,160 MW Dania Beach Clean Energy Center Unit 7, which will provide much needed efficient baseload generation in the critical Southeast Florida load pocket. By Order No. PSC-2018-0150-FOF-EI, the Commission approved the need for this generation and determined the Dania Beach Clean Energy Center Unit 7 was $337 million more cost-effective for customers than the next best alternative. This project is projected to enter service in mid-2022 and represents about $80 million of the base revenue increase in 2022, which will be partially offset by a reduction in fuel cost when it enters commercial operation.

Third, as described by FPL witness Sim, FPL is retiring its two steam-based generating units at the Manatee facility and constructing the world's largest solar-powered battery storage system. The 409 MW facility will be connected to an

existing solar facility at the Manatee site, ensuring the battery is charged by clean, renewable energy. This large battery and two smaller 30 MW batteries installed at other solar sites are projected to have a CPVRR benefit of $101 million as described by FPL witness Sim. This project represents about $70 million of the base revenue increase in 2022.

Fourth, as part of Gulf's separation from the Southern Company system and the ongoing efforts to modernize the combined fleet, FPL is investing approximately $430 million for the installation of four combustion turbine ("CT") units in the former Gulf service area to meet reliability needs. As described in greater detail by FPL witness Sim, the CTs will allow for unanticipated system peaks and for quick start generation in the Northwest load pocket. These generating units represent approximately $60 million of the base revenue increase in 2022.

Fifth, FPL plans to invest approximately $520 million from 2019-2022 on several projects to upgrade the combined cycle fleet. As described by FPL witness Broad, these upgrades will provide operational benefits such as greater generating efficiency (i.e., lower heat rate) and power output (i.e., more megawatts), thereby generating overall fuel savings. As reflected on Exhibit SRB-8, the generation upgrades are expected to provide customers with a CPVRR benefit of approximately $780 million over their operating life. These projects represent about $165 million of the base revenue increase in 2022.

Capital Requirements for Growth

Capital requirements for growth, in this analysis, represent the capital revenue requirements associated with the power delivery infrastructure needed to support the addition of new service accounts to the system. The total increase to revenue requirements in 2022 related to system growth is $526 million.

As provided by FPL witness Park, from 2018 through 2022, FPL estimates that it will add nearly 292,000 new customers. Revenue requirements to support system growth include the costs of expanding the transmission and distribution infrastructure to serve the growth in new service accounts.

FPL will have invested more than $4.5 billion in distribution and transmission infrastructure to support system growth, changing load patterns and the addition of new service accounts over the 2019 to 2022 period. The expenditures incurred to support growth are explained by FPL witness Spoor.

Power Delivery Storm Hardening

FPL will have invested approximately $2.1 billion from 2019 to 2022 in its storm hardening program through base rates. With the establishment of the Storm Protection Plan Cost Recovery Clause ("SPPCRC") and settlement approved in Order No. PSC-2020-0409-AS-EI, the majority of storm protection plan ("SPP") capital expenditures incurred beginning January 1, 2021 and all SPP capital expenditures beginning January 1, 2022 will be recovered in the SPPCRC. As

described by FPL witness Spoor, the investments the Company has made in strengthening the grid have allowed for faster restoration following storms, such as those experienced during the 2020 storm season. The Power Delivery storm hardening investment program represents about $270 million of the revenue requirements increase in 2022.

Regulatory Compliance

As discussed by FPL witness Spoor, FPL will incur approximately $270 million of capital expenditures for the period 2019 to 2022 related to investments and activities required by federal and state governmental and regulatory bodies. These include expenditures related to increased compliance costs for North American Electric Reliability Corporation ("NERC") and FERC reliability matters, as well as relocation of facilities as required by state agencies and local municipalities.

FPL is also investing $86 million from 2019-2022 in new cybersecurity technology and systems to ensure the Company's assets and critical information are safeguarded. As discussed by FPL witness Spoor, FPL must comply with new NERC standards, including supply chain risk management to protect our equipment and customers from outside threats.

In addition, FPL will incur $57 million of expenditures to comply with Nuclear Regulatory Commission ("NRC") requirements related to Turkey Point Units 3

and 4 subsequent license and preparation costs associated with filing the St. Lucie Units 1 and 2 subsequent license renewal application. These capital expenditures are discussed by FPL witness Coffey.

In total since 2019, capital investments that provide long-term benefits to customers resulting in a compliant, stronger, more reliable and efficient infrastructure, and those required by law, represent about $56 million of revenue requirements in 2022.

Q. Please explain the difference in weighted average cost of capital and its effect on the 2022 revenue requirements.

A. As noted on MFR D-1a, the 2022 requested rate of return is 6.84%, which is 0.2% higher than the 6.64% actual earned rate of return for FPL and Gulf on a combined basis for 2018. The increase in the weighted average cost of capital is driven by the reduction in deferred income tax balances, primarily as a result of the 2017 Tax Cuts and Jobs Act ("TCJA"). As described by FPL witness Barrett, FPL is requesting an overall ROE of 11.50%.

Comparing the combined FPL and Gulf 2018 capital structure, accumulated deferred income tax balances decreased from 21.7% to 16.7% in the 2022 Test Year, primarily as a result of the TCJA, which eliminated bonus depreciation and resulted in the creation of excess deferred income taxes which FPL began amortizing in 2018. Deferred taxes have a 0% cost basis in the capital structure, so the decreased proportion of deferred taxes increases the weighted average cost

of capital. In total, the net effect of the items mentioned above results in increased revenue requirements of $147 million.

Q. Please describe the cumulative effect that inflation and customer growth will have on the 2022 revenue requirements.

A. Inflation represents the increased costs for goods and services in 2022 compared to the cost of the same goods or services in 2018. Changes to the Consumer Price Index ("CPI") since 2018, including the forecast through 2022, indicate that inflation will have added 6.3 percent to the cost of goods and services in 2022 relative to 2018. The forecast of CPI is derived from third party subject matter experts and is discussed in more detail by FPL witness Park.

As provided by FPL witness Park, FPL is projecting 5.4 percent cumulative growth in total customers from 2018 through 2022. FPL will incur additional non-fuel base O&M costs associated with providing operational and administrative support to its growing customer base.

To be conservative, the calculation of the impact of inflation and customer growth in this portion of the analysis has quantified only the impact on non-fuel base O&M. Clearly, inflation and customer growth have also had an impact on the cost of capital goods and services, but those impacts have not been quantified here. The impact of growth on capital investments was discussed earlier. The impact of base O&M inflation and customer growth over the 2019 to 2022 period on 2022 revenue requirements is estimated to be $134 million. Refer to Exhibit

SRB-9 for the calculation of inflation and customer growth over the 2019 to 2022 period.

Q. Please explain the impact of the amortization of the Reserve Amount and its effect on the 2022 Test Year revenue requirements.

A. The 2016 Rate Settlement allowed FPL to amortize up to $1.0 billion of surplus depreciation, plus the $250 million that FPL had remaining at the end of the prior settlement period. Together, this total of $1.250 billion was defined in the 2016 Rate Settlement as the Reserve Amount. Amortization of the Reserve Amount is recorded as a credit to depreciation expense and a debit to the accumulated depreciation reserve (i.e., an increase to rate base). The Company continues to have flexibility in the timing and amount of that amortization through the end of the settlement term so long as FPL's ROE does not fall below 9.60% or exceed 11.60%.

Flexibility in the amortization of the Reserve Amount is one of the key features of the 2016 Rate Settlement. For the settlement period of 2017 to 2021, by amortizing the non-cash Reserve Amount, the Company has been able to offset variability in operating costs and revenues while continuing to invest in capital projects that provide long-term customer benefits and maintaining an appropriate earned ROE. In 2017, FPL incurred approximately $1.3 billion in storm costs related to Hurricane Irma. Rather than raise customer rates through a multi-year surcharge as provided for in the 2016 settlement agreement, FPL instead utilized the flexibility in the settlement agreement and chose to amortize the full $1.250

billion of the Reserve Amount remaining to offset most of the $1.3 billion storm costs. Utilizing savings from the TCJA, FPL then began to replenish the reserve in 2018. Subsequently, after evaluating its remaining expected reserve position, FPL also determined it would be able to absorb the costs associated with Hurricanes/Tropical Storms Dorian, Isaias and Eta, again avoiding a storm surcharge on customer bills. In addition, FPL utilized the flexibility afforded under the surplus mechanism to offer support to our customers during the CoVID-19 pandemic.

When comparing the 2022 Test Year to 2018 actual results, the amortization of the Reserve Amount during the settlement period affects the 2022 revenue requirements in two ways. First, during 2018, FPL reversed $541 million of amortization expense, primarily as a result of tax expense savings from the TCJA. This had the one-time effect of increasing revenue requirements in 2018 through higher depreciation expense. This reversal was unique to 2018 and is not projected in the 2022 revenue requirements, thereby creating a $541 million reduction in revenue requirements as compared to 2018. In addition, FPL had a decrease in rate base of $213 million when comparing the utilization of reserve amortization between the 2018 actual results and the 2022 test year. In 2018, rate base increased $1,106 million as result of reserve amortization, primarily related to utilizing the remaining reserve amortization to offset the cost of Hurricane Irma in December 2017. For the 2022 test year, the impact of utilization of the reserve amortization over the settlement period is an increase in rate base of $893 million,

resulting in the $213 million decrease over the period. This decrease in rate base reduces revenue requirements in 2022 by $19 million. The combined effect of both of these impacts is that 2022 revenue requirements are $560 million lower than 2018.

Q. Please describe the impact of FPL's productivity initiatives on the 2022 Test Year revenue requirements.

A. FPL is projecting a reduction in revenue requirements of $224 million when comparing the Company's projected 2022 base O&M to a benchmark level of base O&M in 2018. The benchmark used in this analysis begins with 2018 actual adjusted expenditures as the base year and follows the Commission benchmark approach, as reflected on MFR C-41, to calculate a 2022 benchmark level of O&M. See Exhibit SRB-9 for the calculation. This reduction in base O&M relative to the benchmark is comprised of $276 million of projected cost savings, partially offset by $52 million in revenue requirements associated with technology investments that will enable FPL to achieve these significant savings. As described earlier in my testimony, Project Accelerate is the main catalyst that has contributed to FPL's tremendous success in lowering its operating costs since the last base rate case. This has allowed FPL to continue to operate at a lower O&M cost in 2022, adjusted for inflation and customer growth, relative to 2018 while continuing to provide superior service to its customers. FPL's non-fuel O&M per kWh cost position already was best in class as a result of previous productivity gains achieved through Project Momentum during the 2012-2016 settlement period. Yet, the improvements made through Project Accelerate resulted in FPL

improving upon its best-in-class position among the benchmarked peer utilities described by FPL witness Reed. Based on FPL's O&M projections for 2022, which are $276 million lower than in 2018, it is highly doubtful that FPL relinquishes its best in class position anytime soon.

The productivity improvements that support this cost position are evident across the Company and support FPL's ongoing initiative to keep O&M expenses down to save our customers money and improve service. The efforts of FPL's Nuclear business unit, for example, have reduced 2022 revenue requirements when compared to 2018, despite cost increases due to inflation. As discussed in the testimony of FPL witness Coffey, this is primarily the result of the Nuclear Continuous Improvement Process, which engages employees to develop and implement solutions to operate more efficiently without compromising safety.

Throughout the rest of the organization, business units also have been able to find efficiencies to manage costs to fully offset the impact of customer growth and inflation. These ongoing productivity improvements enable FPL to mitigate inflation-related increases and help keep FPL's costs among the lowest in the industry.

Q. Please describe the impact of the RSAM depreciation parameters included as part of FPL's four-year rate plan.

A. FPL's four-year rate plan includes the adoption of the RSAM, which is facilitated by changes to the depreciation lives and parameters as described in greater detail

by FPL witness Ferguson. As noted by FPL witness Barrett, if the RSAM is not adopted, then the depreciation parameters and resulting depreciation rates provided in the 2021 depreciation study presented by FPL witness Allis should be adopted, which results in a $203 million increase to the 2022 revenue requirements.

Q. Please describe the impact of Revenue Growth and its effect on 2022 revenue requirements.

A. As provided by FPL witness Park, FPL is projected to have higher retail sales in 2022 than in 2018, resulting in an increase in retail base revenues and a corresponding decrease in FPL's revenue requirements in 2022 by $123 million.

V. DRIVERS OF 2023 SYA

Q. What is the total amount of FPL's requested base revenue increase in the 2023 SYA?

A. As reflected on FPL witness Fuentes's Exhibit LF-3, FPL's requested base revenue increase for 2023 is $607 million. For further detail regarding the calculation of these revenue requirements, please refer to FPL witness Fuentes's testimony.

Q. Please explain why the 2023 SYA is necessary.

A. FPL's revenue requirement increases significantly in 2023, and as reflected on FPL witness Fuentes's Exhibit LF-5, without a subsequent year adjustment, FPL's ROE is expected to drop more than 100 basis points, putting it below the bottom

of the requested ROE range. Assuming FPL's 2022 request is granted in full, the 2023 SYA reflects only the incremental revenue need in 2023 to achieve a projected ROE equal to the requested midpoint of 11.50%. The drivers of the increase in revenue requirement from 2022 versus 2023 are depicted in Exhibit SRB-10.

Q. What are the primary drivers of the net increase in the 2023 SYA revenue requirements?

A. FPL's retail rate base is forecasted to increase approximately $4.1 billion, primarily as a result of the investments made to further the advancement of emission-free, large-scale solar generation, support system growth, improve reliability and enhance our combined cycle fleet. Exhibit SRB-10, page 2 of 2, depicts the revenue requirement in 2023 resulting from each of these capital initiatives.

The primary drivers of the increase in revenue requirements in 2023 are: (1) capital investment initiatives for solar generating facilities, system growth, increased reliability and enhancements to our combined cycle fleet; (2) the impact of inflation and customer growth; (3) an increase in the weighted average cost of capital; and (4) revenue growth that partially offsets the increase in revenue requirements. Each of these drivers will be discussed individually, and they are summarized as follows:

Capital Initiatives	$616 million
Change in Weighted Average Cost of Capital	$59 million
Inflation and Customer Growth	$23 million
Revenue Growth	($73) million
Other	($18) million
TOTAL	$607 million

Q. Please describe the capital initiatives that impact the 2023 revenue requirements.

A. FPL continues to invest in projects that support system growth and provide long-term customer benefits such as O&M cost savings, increased system efficiency, fuel and emissions savings and improved system reliability.

As described in greater detail by FPL witnesses Sim and Valle, FPL's resource planning process indicates that the addition of ten 74.5 MW solar generating facilities in 2023, combined with the six 74.5 MW solar additions in 2022, is cost-effective for customers. The total 745 MW of nameplate capacity associated with these 2023 facilities will continue FPL's deployment of zero-emission solar for the benefit of customers. These ten solar generating facilities have a revenue requirement of $105 million and will be offset by fuel savings.

As described in further detail by FPL witness Park, FPL projects to add approximately 68,000 customers within its service area in 2023. Capital

requirements for growth, in this analysis, represents the revenue requirements associated with the power delivery infrastructure needed to support the addition of new customers to the system during 2023. In order to support future growth, FPL will incur approximately $1.35 billion of capital expenditures to expand the transmission and distribution infrastructure. This results in an increase of $150 million in revenue requirements for 2023.

During 2023, as discussed by FPL witness Spoor, the Company will invest approximately $1.41 billion in order to continue to provide superior reliable service to our customers through the continued rebuild of the 500 kV transmission system and the further deployment of smart devices to reduce outage durations. These reliability investments increase the 2023 revenue requirement by approximately $190 million.

FPL also projects an increase in base revenue requirements of approximately $120 million for the period 2022 to 2023 related to investments made to enhance FPL's combined cycle generation fleet. This includes the remaining five months of the full year revenue requirement for the highly efficient Dania Beach Clean Energy Center projected to enter service June 1, 2022. Also, in 2023, as described by FPL witness Broad, FPL will continue to invest in the combined cycle fleet to further improve the heat rate which will provide long-term benefits to customers.

Q. Please describe the impact of inflation and customer growth on the 2023 revenue requirements.

A. As described previously, inflation represents the increased cost of goods and services in 2023 as compared to 2022. The CPI projection for 2023 indicates that goods and services will cost 0.8% more relative to 2022. In addition, as described by FPL witness Park, the Company projects to add an additional 68,000 customers in 2023. The impact of inflation and projected customer growth on O&M in 2023 results in a $23 million increase in revenue requirements.

Q. Please explain the increase in the weighted average cost of capital and its effect on the 2023 revenue requirements.

A. As demonstrated on MFR D-1a, the 2023 weighted average cost of capital is 0.10% higher than the 2022 weighted average cost of capital. The difference is primarily attributable to the continued amortization of excess deferred income taxes, which lowers the amount of zero cost capital included in our capital structure, and an increase in the long-term cost of debt. The increase in the weighted average cost of capital is projected to increase the 2023 revenue requirements by $59 million.

Q. Please describe the impact of revenue growth on the 2023 revenue requirements.

A. Retail base revenue resulting from increased sales reflects modest growth, resulting in a decrease in 2023 revenue requirements of $73 million.

VI. FPL'S FOUR-YEAR RATE PLAN

Q. Please refer to the four-year rate plan described by FPL witness Barrett. Are there specific elements that you plan to describe?

A. Yes. FPL is requesting to accelerate the amortization of excess unprotected deferred income taxes as part of the four-year rate plan.

Q. Please describe FPL's proposal to accelerate the amortization of unprotected excess deferred income taxes as part of the four-year rate plan.

A. FPL is currently amortizing unprotected excess deferred income taxes generated by the TCJA over a 10-year period pursuant to the settlement reached in Docket No. 20180046-EI, which the Commission approved in Order No. PSC-2019-0225-FOF-EI. FPL began amortizing unprotected excess deferred income taxes in 2018, meaning there will be two years of amortization remaining at the end of the 2022-2025 period contained in FPL's four-year rate plan. In support of the four-year rate plan, FPL is requesting to accelerate the amortization of the amount of unprotected excess deferred income taxes that would be amortized in 2026 and 2027 such that those amounts would instead be amortized in 2024 and 2025. As noted by FPL witness Barrett, FPL's four-year rate plan offers customers base rate certainty at least until January 2026. This certainty is being accomplished by deferring cash rate increases in 2024 and 2025 even though FPL's revenue requirements will continue to increase. The acceleration of the remaining two years of unprotected excess deferred income tax amortization will help offset the

increasing revenue requirements and is a key component of the four-year plan and FPL's ability to manage the uncertainty over that length of time.

Q. Please quantify the amount of unprotected excess deferred income tax amortization that FPL is seeking to accelerate as part of its proposal.

A. FPL is seeking to accelerate $163 million of unprotected excess deferred income tax amortization, or $81.3 million in both 2024 and 2025.

Q. Are there any Internal Revenue Service ("IRS") regulations or other accounting rules that must be considered prior to changing the amortization period?

A. No. As discussed in my testimony in Docket No. 20180046-EI, unprotected excess deferred income taxes are not subject to IRS normalization rules; therefore, the Commission has the discretion to establish any amortization period it deems appropriate and could approve the proposed amortization as part of the four-year rate plan.

VII. SCHERER UNIT 4 RETIREMENT

Q. Please provide an overview of the Scherer Unit 4 retirement.

A. FPL currently owns an approximately 76% interest in the Scherer Unit 4 coal generating facility located in Georgia. The remaining approximately 24% of the unit is owned by JEA. Scherer is inefficient and expensive to maintain compared to the rest of FPL's efficient and modern generating fleet. As described in greater detail by FPL witness Forrest, FPL and JEA have agreed to partner together to

retire their interests in Scherer Unit 4, which will create significant value for customers.

Q. What value does the retirement of Scherer Unit 4 create for FPL customers?

A. FPL's analysis of retiring Scherer Unit 4 effective January 1, 2022, projects $583 million of CPVRR savings for customers as reflected on Exhibit SRB-11. The savings primarily result from avoiding costly ongoing capital and O&M expenses specific to operating Unit 4 as well as an annual transmission service payment that was required to transmit electricity from the unit in Georgia to the FPL balancing authority. FPL will remain obligated for common facility costs at the Scherer site that are required whether Unit 4 is operational or retired. In addition, to ensure the needed partnership with JEA for the joint retirement, FPL has agreed to make a $100 million payment to JEA as discussed by FPL witness Forrest. As described in greater detail by FPL witness Fuentes, FPL is requesting that the payment to JEA be recorded as a regulatory asset and amortized over a 10-year period. All of these savings and costs are included in the CPVRR analysis that shows $583 million of savings as well as the 2022 Test Year forecast and the 2023 SYA forecast presented in this docket.

Q. Please describe the economic analysis performed for this transaction.

A. The economic analysis for this transaction compared two FPL system resource plans: (1) the base case scenario ("base case scenario"), in which FPL would continue to operate its 76% ownership share in Scherer Unit 4 through the end of its useful life, currently expected to be 2052 per the depreciation parameters approved in FPL's 2016 Rate Settlement; and (2) the scenario included in this

filing whereby FPL partners with JEA to shut down Scherer Unit 4 and avoid the costly ongoing operating costs.

Q. How does FPL plan to cover the shortfall in generating capacity caused by retiring Scherer Unit 4?

A. FPL's share of Scherer Unit 4 amounts to approximately 635 MW of net generating capacity. Consistent with what FPL presented in the 2020 Ten-Year Site Plan approved by the Commission, FPL plans to make up for the lost generation capacity through a combination of efficient generation additions. This includes the addition of combined cycle upgrades on the GE 7FA fleet as discussed by FPL witness Broad as well as the addition of zero-emission solar generating facilities as described in greater detail by FPL witness Valle. The cost of these generation upgrades is included in the CPVRR analysis that results in $583 million of projected net benefits for FPL's customers.

Q. How has FPL accounted for the remaining net book value within its economic analysis?

A. The economic analysis includes the impact of establishing regulatory assets for the projected $831 million in remaining unrecovered net book value associated with retired assets. As described in greater detail by FPL witness Ferguson, FPL is proposing a 10-year amortization period for the regulatory asset representing the remaining net book value of the Scherer facility. The economic analysis contemplates that these investments are recovered on a straight-line basis over a 10-year period, with $367 million recovered through base rates and $463 million

related to environmental clause assets recovered through the environmental cost recovery clause.

VIII. POTENTIAL CHANGE IN TAX LAW

Q. Please provide an overview of the potential change in tax law.

A. With the change in administration and the inauguration of President Biden, there exists the possibility for a change in tax law either during or after the conclusion of the rate case that could have a material impact on the four-year proposal being presented by FPL. President Biden has indicated he plans to reverse a portion of the tax cuts contained in the TCJA, with a potential outcome being an increase in the federal corporate tax rate from the current 21%. There also exists the potential for other provisions of tax law to impact FPL, but those cannot be assessed until the final law is passed.

Q. Has FPL accounted for or included any potential tax law changes in its current filing?

A. No. FPL's 2022 Test Year forecast and 2023 SYA are based on current tax law as passed in the 2017 TCJA. In addition, FPL is following Order No. PSC-2019-0225-FOF-EI as it relates to accounting for excess deferred income taxes.

Q. How would changes to the corporate income tax rate impact the financial position of FPL?

A. While the ultimate impact of the potential legislation is still unknown, the Biden Administration has discussed an increase in the federal corporate income tax rate,

which would significantly increase FPL's cost of service. A higher tax rate would result in an increase in FPL's tax expense and revenue requirements, which would be partially offset over time by the increase in deferred income tax liabilities in FPL's capital structure.

Q. Please describe FPL's proposal for accounting for a change in tax law.

A. FPL proposes that the impact of any change in tax law be handled through an adjustment to the base rates. Within 90 days of the enactment of the new tax law, FPL will submit the calculation of the required change in base rates to the Commission for review. If timing permits, FPL will submit a revised revenue requirement calculation for Commission consideration as part of FPL's base rate request. Otherwise, FPL will submit the calculation for Commission approval of a subsequent base rate adjustment. In no instance will FPL defer incremental income tax expense for 2021 or request the tax-related base rate adjustment be implemented before January 1, 2022.

Q. How does FPL propose to quantify the impact of any potential change in tax law?

A. FPL will prepare two sets of updated MFR schedules A-1, B-1, C-1 and D-1a for both the 2022 test year and 2023 SYA that reflect the Commission's final base rate order. These MFR schedules will be prepared two ways: 1) utilizing current tax law under the TCJA; and 2) applying the new tax law. The difference in revenue requirements between the two sets of MFR schedules will demonstrate the difference resulting from the new tax law and will be the amount that FPL proposes to utilize to calculate an adjustment to base rates for both 2022 and

2023. For 2024 and 2025, FPL proposes no adjustment to base rates consistent with its four-year proposal. If new tax law is not enacted until after 2023, FPL will still utilize the 2023 updated MFRs, reflecting the Commission's final base rate order, to determine the amount of the one-time base rate adjustment needed to ensure that FPL is not subject to an unplanned increase in revenue requirements as a result of changes in tax law. For the time period between enactment of the new tax law and implementation of new tax-adjusted base rates, FPL will defer the impact of new tax law to the balance sheet for collection through the Capacity Clause in the subsequent year. Any difference between actual income tax expense and the amount of the 2022 or 2023 base rate increase will be recorded in net operating income and reflected in FPL's earnings surveillance reports for all periods.

Q. How will FPL account for any changes in deferred taxes as a result of a new tax law?

A. Depending on the nature of any final tax law, any deficient or excess deferred income taxes that arise will be deferred as a regulatory asset or liability on the balance sheet and included within FPL's capital structure. If the tax law continues to prescribe the use of the Average Rate Assumption Method, FPL will flow back or collect the protected deferred income taxes over the underlying assets remaining life to ensure compliance with Internal Revenue Service normalization rules. Similar to the TCJA, if the new tax law does not specify the treatment of unprotected deferred income taxes, FPL proposes to flow back or collect the unprotected deferred income taxes over a 10-year period, consistent

with FPL's treatment under the TCJA and Order No. PSC-2019-0225-FOF-EI. FPL will account for the impact of deferred income taxes as part of the calculation that will be completed within 90 days of enactment of the new tax law.

Q. In the event that the Commission does not grant FPL's request to unify rates and instead directs FPL and Gulf to remain separate ratemaking entities, how do the separate ratemaking entities propose to account for a change in tax law?

A. An increase in the federal corporate income tax rate would significantly increase the cost of service for FPL and Gulf as separate ratemaking entities just as it would for consolidated FPL. Therefore, the impact of the tax law change on FPL and Gulf as separate ratemaking entities should be addressed through an adjustment to base rates calculated and implemented in the same manner as I described for unified FPL.

Q. Does this conclude your direct testimony?

A. Yes.

Florida Power & Light Company

CONSOLIDATED MFRs SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

MFR	Period	Title
SOLE SPONSOR:		
B-03	Prior Test Subsequent	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-05	Test Subsequent	DETAIL OF CHANGES IN RATE BASE
B-07	Test Subsequent	PLANT BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-08	Test Subsequent	MONTHLY PLANT BALANCES TEST YEAR - 13 MONTHS
B-09	Test Subsequent	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-10	Test Subsequent	MONTHLY RESERVE BALANCES TEST YEAR - 13 MONTHS
B-11	Test Subsequent	CAPITAL ADDITIONS AND RETIREMENTS
B-13	Test Subsequent	CONSTRUCTION WORK IN PROGRESS
B-14	Test Subsequent	EARNINGS TEST
B-21	Test Subsequent	ACCUMULATED PROVISION ACCOUNTS - 228.1, 228.2 and 228.4
C-13	Subsequent	MISCELLANEOUS GENERAL EXPENSES
C-16	Test Subsequent	OUTSIDE PROFESSIONAL SERVICES
C-19	Test Subsequent	AMORTIZATION/RECOVERY SCHEDULE - 12 MONTHS
C-42	Subsequent	HEDGING COSTS
CO-SPONSOR:		
B-06	Test Subsequent	JURISDICTIONAL SEPARATION FACTORS - RATE BASE

Florida Power & Light Company

CONSOLIDATED MFRs SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

MFR	Period	Title
B-12	Prior Test Subsequent	PRODUCTION PLANT ADDITIONS
B-15	Test Subsequent	PROPERTY HELD FOR FUTURE USE - 13 MONTH AVERAGE
B-16	Prior Test Subsequent	NUCLEAR FUEL BALANCES
B-17	Test Subsequent	WORKING CAPITAL - 13 MONTH AVERAGE
B-22	Test Subsequent	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-23	Test Subsequent	INVESTMENT TAX CREDITS - ANNUAL ANALYSIS
B-24	Test Subsequent	LEASING ARRANGEMENTS
C-04	Test Subsequent	JURISDICTIONAL SEPARATION FACTORS-NET OPERATING INCOME
C-05	Test Subsequent	OPERATING REVENUES DETAIL
C-06	Test Subsequent	BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
C-08	Test Subsequent	DETAIL OF CHANGES IN EXPENSES
C-10	Test	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-12	Test Subsequent	ADMINISTRATIVE EXPENSES
C-14	Test Subsequent	ADVERTISING EXPENSES
C-15	Test Subsequent	INDUSTRY ASSOCIATION DUES
C-20	Prior Test Subsequent	TAXES OTHER THAN INCOME TAXES

Florida Power & Light Company

CONSOLIDATED MFRs SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

MFR	Period	Title
C-21	Test Subsequent	REVENUE TAXES
C-23	Test Subsequent	INTEREST IN TAX EXPENSE CALCULATION
C-29	Test Subsequent	GAINS & LOSSES ON DISPOSITION OF PLANT AND PROPERTY
C-33	Test Subsequent	PERFORMANCE INDICES
C-36	Test Subsequent	NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
C-37	Test Subsequent	O & M BENCHMARK COMPARISON BY FUNCTION
C-41	Test Subsequent	O & M BENCHMARK VARIANCE BY FUNCTION
C-42	Test	HEDGING COSTS
C-43	Test Subsequent	SECURITY COSTS
D-01a	Prior Test Subsequent	COST OF CAPITAL - 13-MONTH AVERAGE
D-06	Prior Test Subsequent	CUSTOMER DEPOSITS
F-05	Test Subsequent	FORECASTING MODELS
F-08	Test Subsequent	ASSUMPTIONS

Florida Power & Light Company

SUPPLEMENT 1 - FPL STANDALONE INFORMATION IN MFR FORMAT SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

Schedule	Period	Title
SOLE SPONSOR:		
B-03	Test Subsequent	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-05	Test Subsequent	DETAIL OF CHANGES IN RATE BASE
B-07	Test Subsequent	PLANT BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-08	Test Subsequent	MONTHLY PLANT BALANCES TEST YEAR - 13 MONTHS
B-09	Test Subsequent	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-10	Test Subsequent	MONTHLY RESERVE BALANCES TEST YEAR - 13 MONTHS
B-11	Test Subsequent	CAPITAL ADDITIONS AND RETIREMENTS
B-13	Test Subsequent	CONSTRUCTION WORK IN PROGRESS
B-14	Test Subsequent	EARNINGS TEST
B-21	Test Subsequent	ACCUMULATED PROVISION ACCOUNTS - 228.1, 228.2 and 228.4
C-13	Subsequent	MISCELLANEOUS GENERAL EXPENSES
C-16	Test Subsequent	OUTSIDE PROFESSIONAL SERVICES
C-19	Test Subsequent	AMORTIZATION/RECOVERY SCHEDULE -- 12 MONTHS
C-42	Subsequent	HEDGING COSTS
CO-SPONSOR:		
B-06	Historic Test Subsequent	JURISDICTIONAL SEPARATION FACTORS - RATE BASE

SUPPLEMENT 1 - FPL STANDALONE INFORMATION IN MFR FORMAT SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

Schedule	Period	Title
B-12	Test Subsequent	PRODUCTION PLANT ADDITIONS
B-15	Test Subsequent	PROPERTY HELD FOR FUTURE USE - 13 MONTH AVERAGE
B-16	Test Subsequent	NUCLEAR FUEL BALANCES
B-17	Test Subsequent	WORKING CAPITAL - 13 MONTH AVERAGE
B-22	Test Subsequent	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-23	Test Subsequent	INVESTMENT TAX CREDITS - ANNUAL ANALYSIS
B-24	Test Subsequent	LEASING ARRANGEMENTS
C-04	Test Subsequent	JURISDICTIONAL SEPARATION FACTORS-NET OPERATING INCOME
C-05	Test Subsequent	OPERATING REVENUES DETAIL
C-06	Test Subsequent	BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
C-08	Test Subsequent	DETAIL OF CHANGES IN EXPENSES
C-10	Test	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-12	Test Subsequent	ADMINISTRATIVE EXPENSES
C-14	Test Subsequent	ADVERTISING EXPENSES
C-15	Test Subsequent	INDUSTRY ASSOCIATION DUES
C-20	Prior Test Subsequent	TAXES OTHER THAN INCOME TAXES
C-21	Test Subsequent	REVENUE TAXES

SUPPLEMENT 1 - FPL STANDALONE INFORMATION IN MFR FORMAT SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

Schedule	Period	Title
C-23	Test Subsequent	INTEREST IN TAX EXPENSE CALCULATION
C-29	Test Subsequent	GAINS & LOSSES ON DISPOSITION OF PLANT AND PROPERTY
C-33	Test Subsequent	PERFORMANCE INDICES
C-36	Test Subsequent	NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
C-37	Test Subsequent	O & M BENCHMARK COMPARISON BY FUNCTION
C-41	Test Subsequent	O & M BENCHMARK VARIANCE BY FUNCTION
C-42	Test	HEDGING COSTS
C-43	Test Subsequent	SECURITY COSTS
D-01a	Test Subsequent	COST OF CAPITAL - 13-MONTH AVERAGE
D-06	Test Subsequent	CUSTOMER DEPOSITS
F-05	Test Subsequent	FORECASTING MODELS
F-08	Test Subsequent	ASSUMPTIONS

Florida Power & Light Company

SUPPLEMENT 2 - GULF STANDALONE INFORMATION IN MFR FORMAT SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

Schedule	Period	Title
SOLE SPONSOR:		
B-03	Test Subsequent	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-05	Test Subsequent	DETAIL OF CHANGES IN RATE BASE
B-07	Test Subsequent	PLANT BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-08	Test Subsequent	MONTHLY PLANT BALANCES TEST YEAR - 13 MONTHS
B-09	Test Subsequent	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-10	Test Subsequent	MONTHLY RESERVE BALANCES TEST YEAR - 13 MONTHS
B-11	Test Subsequent	CAPITAL ADDITIONS AND RETIREMENTS
B-13	Test Subsequent	CONSTRUCTION WORK IN PROGRESS
B-14	Test Subsequent	EARNINGS TEST
B-21	Test Subsequent	ACCUMULATED PROVISION ACCOUNTS - 228.1, 228.2 and 228.4
C-13	Subsequent	MISCELLANEOUS GENERAL EXPENSES
C-16	Test Subsequent	OUTSIDE PROFESSIONAL SERVICES
C-19	Test Subsequent	AMORTIZATION/RECOVERY SCHEDULE - 12 MONTHS
C-42	Subsequent	HEDGING COSTS
CO-SPONSOR:		
B-06	Historic Test Subsequent	JURISDICTIONAL SEPARATION FACTORS - RATE BASE

SUPPLEMENT 2 - GULF STANDALONE INFORMATION IN MFR FORMAT SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

Schedule	Period	Title
B-12	Test Subsequent	PRODUCTION PLANT ADDITIONS
B-15	Test Subsequent	PROPERTY HELD FOR FUTURE USE - 13 MONTH AVERAGE
B-16	Test Subsequent	NUCLEAR FUEL BALANCES
B-17	Test Subsequent	WORKING CAPITAL - 13 MONTH AVERAGE
B-22	Test Subsequent	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-23	Test Subsequent	INVESTMENT TAX CREDITS - ANNUAL ANALYSIS
B-24	Test Subsequent	LEASING ARRANGEMENTS
C-04	Test Subsequent	JURISDICTIONAL SEPARATION FACTORS-NET OPERATING INCOME
C-05	Test Subsequent	OPERATING REVENUES DETAIL
C-06	Test Subsequent	BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
C-08	Test Subsequent	DETAIL OF CHANGES IN EXPENSES
C-10	Test	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-12	Test Subsequent	ADMINISTRATIVE EXPENSES
C-14	Test Subsequent	ADVERTISING EXPENSES
C-15	Test Subsequent	INDUSTRY ASSOCIATION DUES
C-20	Prior Test Subsequent	TAXES OTHER THAN INCOME TAXES
C-21	Test Subsequent	REVENUE TAXES

SUPPLEMENT 2 - GULF STANDALONE INFORMATION IN MFR FORMAT SPONSORED OR CO-SPONSORED BY SCOTT R. BORES

Schedule	Period	Title
C-23	Test Subsequent	INTEREST IN TAX EXPENSE CALCULATION
C-29	Test Subsequent	GAINS & LOSSES ON DISPOSITION OF PLANT AND PROPERTY
C-33	Test Subsequent	PERFORMANCE INDICES
C-36	Test Subsequent	NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
C-37	Test Subsequent	O & M BENCHMARK COMPARISON BY FUNCTION
C-41	Test Subsequent	O & M BENCHMARK VARIANCE BY FUNCTION
C-42	Test	HEDGING COSTS
C-43	Test Subsequent	SECURITY COSTS
D-01a	Test Subsequent	COST OF CAPITAL - 13-MONTH AVERAGE
D-06	Test Subsequent	CUSTOMER DEPOSITS
F-05	Test Subsequent	FORECASTING MODELS
F-08	Test Subsequent	ASSUMPTIONS

Gulf Standalone
2018 FPSC Adjusted Actual O&M compared to 2022 FPSC Adjusted Test Year O&M ($ thousands)

Functional O&M	Gulf FPSC Adjusted 2018 Actual O&M	Storm Protection Plan	Gulf Power Energy Services	Gulf FPSC Adjusted 2018 Actual O&M - As Adjusted	2022 Gulf Standalone Test Year O&M	Revenue Enhancement	2022 Gulf Test Year O&M - As Adjusted	2022 vs. 2018 Gulf Test Year O&M - As Adjusted
	(1)	(2)	(3)	(4) = (1) - (2) - (3)	(5)	(6)	(7) = (5) - (6)	(8) = (7) - (4)
STEAM PRODUCTION	$ 81,071	$ -	$ -	$ 81,071	$ 47,137	$ -	$ 47,137	$ (33,933)
NUCLEAR PRODUCTION	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OTHER PRODUCTION	$ 16,632	$ -	$ -	$ 16,632	$ 12,264	$ -	$ 12,264	$ (4,368)
OTHER POWER SUPPLY	$ 3,254	$ -	$ -	$ 3,254	$ 36	$ -	$ 36	$ (3,218)
TRANSMISSION	$ 14,153	$ 2,938	$ -	$ 11,215	$ 7,420	$ -	$ 7,420	$ (3,795)
DISTRIBUTION	$ 42,655	$ 8,828	$ -	$ 33,827	$ 23,058	$ -	$ 23,058	$ (10,769)
CUSTOMER ACCOUNTS	$ 23,024	$ -	$ -	$ 23,024	$ 17,876	$ -	$ 17,876	$ (5,147)
CUSTOMER SERVICE	$ 12,703	$ -	$ 701	$ 12,002	$ 14,630	$ 12,552	$ 2,078	$ (9,924)
SALES	$ 2,015	$ -	$ -	$ 2,015	$ 510	$ -	$ 510	$ (1,505)
ADMINISTRATIVE & GENERAL[1]	$ 70,557	$ -	$ -	$ 70,557	$ 57,650	$ 12	$ 57,638	$ (12,919)
TOTAL	**$ 266,063**	**$ 11,766**	**$ 701**	**$ 253,596**	**$ 180,582**	**$ 12,564**	**$ 168,018**	**$ (85,578)**

[1]The 2018 actual FPSC adjusted O&M excludes $24.2 million of discretionary storm accruals made by Gulf Power and allowed under the terms of their settlement agreement

Florida Power & Light and Gulf Power

Annual Planning Process Guideline

Effective: June 2020
Version: 2021v1

Table of Contents

Guideline Overview

General

- This process applies to Florida Power & Light (includes Florida City Gas) and Gulf Power. The processes discussed in the guideline are managed using BPC budget versions.

- The 2021-2025 planning cycle focuses on the development of FPL and Gulf Power standalone plans for 2021-2025 and the development of a combined merger scenario for 2022-2025.
  - 2021-2025 O&M and Capital detailed plans will be developed for FPL (company 1500) and Gulf Power (company 1600). Budget schedules and walks are to be generated and included in the appendix of the Executive presentations.
  - Gulf Power will prepare a separate Executive presentation deck which will include O&M, Capital and Employee budget schedules and walks through 2021. The presentation appendix will include budget walks and schedules through 2025.
  - 2022-2025 combined plan will result from adding the Gulf Power plan into the FPL plan beginning in 2022. O&M, Capital and Employee schedules and walks will be generated for the content of the FPL Executive presentations.
    - 2019 Actuals – 2021 Plan (Standalone FPL)
    - 2022 Plan – 2025 Plan (Gulf Power added to FPL)

- There are a number of key areas where increased due diligence is required when developing the plans. Additional information is included throughout the guideline.
  - Development of O&M and Capital plans that are accurate, complete, consistent, relevant and timely
  - Proper assignment of FERC accounts to the plan
  - Staffing plans that directly align with gross payroll plans (including existing staff, attrition, additions, reductions). All business units should account for natural attrition based on historical experience or known changes in the business, and ensure that is built into the payroll forecast for all years presented.
  - Budget walks that are clear and concise in communicating year over year changes
  - Merger costs and savings properly planned in the appropriate budget version
  - Affiliate Direct charge and CSC plans do not exist in a combined scenario and are eliminated through Version WV3

BPC Budget Version Utilization

- Version **PCY (Plan Current Year)** is created at the conclusion of the annual planning cycle. PCY will include five years of forecasted O&M and Capital for the period 2021-2025. Once approved by senior management, version PCY remains unchanged throughout the year and is the basis for reporting versus the approved plan. Because PCY is recycled every year each newly approved PCY is copied and preserved as P##, where ## are the last two digits of the first year of the version (e.g. approved 2021 plan will be saved as P21).

- Version **WV1 (Working Version 1)** is used to forecast the remaining months of the current year (i.e. 2020).

- Version **WV2 (Working Version 2)** is used to develop the next five-year plan (i.e. PCY/P21). On or before Work Day 5 of each month requested, a snapshot of all WV2 years will be taken and designated version B##, where ## is a sequential number (e.g. B07 is created at June close).

- Version **WV3 (Working Version 3)** is used for planning FPL/Gulf Power synergy savings that will directly result from the merger of the two companies. WV3 is also being used for eliminating the impact of Affiliate Direct Charge and CSC plans that exist on the stand alone companies. This version will be used specifically for the 2021 Planning Cycle on years 2022-2026. On or before Work Day 5 of each month requested, a snapshot of all WV3 years will be taken and designated version J##, where ## is a sequential number aligned with the WV2 snapshot above (e.g. J07 is created at June close). A snapshot of B## plus J## will be taken and designated as N##. N## represents the result of combining Florida Power & Light and Gulf Power, including synergies (e.g. N07 is created at June close).
  - WV3 will be used for recording plans for synergies and elimination activities in O&M and Capital

- By 5pm of WD 4 each month, the business unit should ensure WV2 and WV3 represents a complete forecast of each year, to the extent practicable. Maintaining WV2 and WV3 in a state of completeness will support a reliable plan.

- When working through the planning cycle, there may be times when some elements of a business unit's budget may require more than a month to update as a result of some material change to the business (e.g. revised outage schedule, addition of new clause). In these instances, the business unit should take the necessary time to update the impacted portion of the forecast with focus on providing a forecast that is accurate and complete.

Planning for Merger Costs/Savings

- Merger related costs and savings that are not a direct result of the merger itself will be planned in WV2. The specific process steps are currently under development and will be distributed when final.
  - Merger costs will be planned by the affected business unit and will be isolated using Investment Manager (IM) position assigned at the WBS.
  - Merger costs impacting allocations to engineering overheads, stores loaders, affiliate direct charge and CSC will be planned at FPL Location 10 on a unique WBS element to isolate the activity from the Business Unit.

- Merger synergies that are a direct result of the merger will be planned in WV3.
  - Synergies are generally in the form of an identified savings and should be entered into WV3 as a credit resulting in a reduction to the combined plan.

- The business unit will make final determination if the costs/savings are a direct result of the merger or a cost incurred as a part of merging the companies.

- Affiliate Direct Charge and CSC plans would not exist as a result of the merger and will be eliminated in WV3 with guidance provided by FCOE FP&A.

Annual Planning Process Overview

General

- The annual planning process is managed through the use of an annual planning cycle calendar that is distributed at the beginning of the formal planning cycle in June.
- This section of the document contains instructions for preparing the executive budget presentation and general requirements for loading detail budget data into SAP BPC2 EPM.
- The Appendix to this document provides more detailed instructions for using SAP BPC2 EPM to load detail budgets, and can be a useful reference whenever using EPM.
- Throughout the Annual Planning Process (APP) all business unit presentation materials must be submitted through the FCOE FP&A e-Web page. The web site is designed to facilitate the entire APP and includes reference materials, data and presentation templates, references to BOBJ reports, and access to business unit folders.
- FCOE FP&A will rely upon the business unit level data in SAP BPC to roll up the total corporate funding requirements for each budget review meeting. It is required that all business unit presentations tie to the data in the system.
- To assist with the development of budgets and presentations, BOBJ reporting tools are available in the Corporate Portal. These reports are referenced throughout the guideline.

Budget Versions

- Enter and save forecast data in versions WV2 and WV3 throughout the APP
- Use the July MOPR year-end forecast (version R08/B08) for the first round of presentation submittals.
- Use the August MOPR year-end forecast (version R09/B09) for the subsequent rounds of presentation submittals.
- The table below provides a summary of the versions that will be used in the FPL SAP BPC system (Analysis and EPM) throughout the planning cycle.

Purpose	Version Code / Name		Time	Description
For input	WV2	Working Version 2	5 Years	Most recent budget / forecast data 2021-2025
	WV3	Working Version 3	4 Years	Most recent budget / forecast data 2022-2025
For review	R08	Aug-Dec Forecast	Current	July MOPR current year-end forecast

			Year	
	R09	Sep-Dec Forecast	Current Year	Aug MOPR current year-end forecast
	B##	Budget #	5 Years	Budget Snapshot of WV2 data
	J##	Synergy #	4 Years	Synergy Snapshot of WV3 data
	N##	Combine Companies #	5 Years	Combined Snapshot of WV2/WV3 data
	PCY	Plan Current Year	5 Years	Snapshot of WV2 final approved data
	P##	Combined Company Plan	5 Years	Snapshot of WV2/WV3 final approved data

Employee Headcount and Regular Payroll Planning

- Ensure that all business unit employees currently included on the HR organizational chart are accounted for in the "Headcount Planning" EPM workbook.

- Vacant positions that are not going to be filled in the plan should be removed from the HR organizational chart.

- Plans should clearly identify when headcount is planned to be added or removed and vacancies are planned to be filled. All business units should account for natural attrition based on historical experience or known changes in the business, and ensure that is built into the payroll forecast for all years presented.

- Update the business unit headcount plans to properly reflect when positions are needed to support business operations and project completion or when the headcount will no longer be needed.

- Use the "Topside Input" worksheet in the "Headcount Planning" EPM workbook to enter planned headcount increases or decreases when position master data does not currently exist in the HR organizational chart.

- It is critical that headcounts are accurately input to ensure proper alignment to the plans for gross payroll.

WBS element Level 3 to Level 4 Plan Distribution Templates

- Review and adjust O&M FERC Functionalization percentages as needed.

- Review and adjust CSC percentages (formerly AMF) as needed. Guidance to be provided by Accounting's Cost Measurement and Allocation group.

- Review and adjust Capital Installation, Removal & Demolition percentages as needed.

Accelerate

- Present the differences for Accelerate savings in the Base O&M and the Employee presentation "walks"

FCOE FP&A e-Web page

- The website is structured to help both the business units and FCOE FP&A with the preparation of deliverables.

- The website contains the following items:
  - Guidelines
  - Planning Calendar
  - Templates for developing presentations
  - Links to business unit folders in SharePoint
  - Reference materials

- Link: http://eweb.fpl.com/bunit/finance/FunctGroups/BgtFcst/budgetsubmissionportal.shtml

SAP BPC EPM – Models and Workbooks

- SAP BPC EPM is accessible on the path Corporate Portal / Applications / BPC2 (EPM-GP1) / "Model Name".

- A list of Models and Workbooks used to enter headcount, payroll, and non-payroll is available on page 22 of this guideline.

SAP BPC BOBJ – Budget Reports

- Budget reports specific to the APP are accessible on the path: ***Corporate Portal / Applications / SAP Financial Planning & Reporting – New / FPL / "Report Name"***.

- The budget reports that will help verify on-system data aligns with presentation material are identified throughout this guideline, beginning on page 22.

Executive Budget Presentation - General

- Each business unit is required to prepare a presentation deliverable for submittal to FCOE FP&A in advance of each scheduled review meeting.
  - Scheduled deliverable dates are identified in the 2021 Annual Planning Process Calendar.

- Presentation materials must be tied out to the on-system data at each submittal point during the Annual Planning Process.

- Use the budget reports in the Corporate Portal to verify the data loaded on-system is correct. The paths to the budget reports are available as follows.
  - Under Step 2 of the e-Web page: Prepare / Review Budget Submission using SAP BPC EPM & BOBJ.

- Once EPM has been updated and budgeted totals verified using BOBJ reports, transfer the results to the Excel templates. Then paste the templates into the business unit's Power Point presentation.
  - Blank Excel and PowerPoint templates are available on the e-Web page, Step 3: Prepare Budget Submission Documents in Microsoft Office.

- Submit the completed PowerPoint presentation to FCOE FP&A by depositing it in the business unit's folder on SharePoint.
  - Access to the business unit's folder on SharePoint is available via the e-Web page, Step 4: Submit Budget Deliverables in Business Unit SharePoint Folder
  - Link to e-Web page **http://eweb.fpl.com/bunit/finance/FunctGroups/BgtFcst/budgetsubmissionportal.shtml**

Executive Budget Presentation - Development

The Budget Presentation must contain the following sections.

NOTE: BOBJ reports supporting the required schedules are located in the SAP Business Objects BI Platform using the following path.

- Stand Alone Reports located at ***>Finance >FPL >Variance Analysis >Spend Reporting***
- Combined Company Reports located at **>Finance >FPL >Variance Analysis >Spend Reporting >Combined Reporting**

Executive Summary

- Business Unit's own design

Base O&M Schedules

- Prepare a schedule identifying your business unit's major projects and activities for the years indicated. ***Select a level of detail appropriate for a thorough senior executive review.***

- **(new)** Separate O&M Base schedules will be required for a standalone company view and combined company view. The schedules from 2019 Actuals through 2025 Plan will reflect FPL and Gulf Power as standalone entities. The schedules from 2022 Plan through 2025 Plan will reflect FPL and Gulf Power as a combined entity.
  - 2021-2025 detailed plans will be developed for FPL (company 1500) and Gulf Power (company 1600). Budget schedules and walks are to be generated and included in the appendix of the Executive presentations.
  - Gulf Power will prepare a separate Executive presentation deck which will include budget schedules and walks through 2021. The presentation appendix will include budget walks and schedules through 2025.
  - 2022-2025 combined plan will result from adding the Gulf Power plan into the FPL plan beginning in 2022. Schedules and walks will be generated for the content of the FPL Executive presentations.
    - 2019 Actuals – 2021 Plan (Standalone FPL)
    - 2022 Plan – 2025 Plan (Gulf Power added to FPL)

- The following BOBJ reports are useful to stratify your Base O&M budget.
  - Stand Alone: Expense Forecast (9Yr -2/+7 PY-FC-FC)
  - Combined: Expense Forecast – FPL-Gulf (9Yr -2& +7 PY-FC-FC)

Base O&M
Business Unit: _____
($millions) or ($thousands)

Project / Activity	2019 Actual	2020 Forecast	2021 Funds Request	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Project 1							
Activity A							
Activity B							
Project 2							
Activity A							
Activity B							
Project 3							
Activity A							
Activity B							
Total Base O&M	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**

- Prepare a year to year "walk" patterned after the following example for each of the following comparisons:
  - 2020 MOPR Year End Forecast to 2021 Funds Request
  - 2021 Funds Request to 2022 Forecast
  - 2022 Forecast to 2023 Forecast
  - 2023 Forecast to 2024 Forecast
  - 2024 Forecast to 2025 Forecast

- Include an explanation for each step-up and step-down in each of the categories shown on the table.

- The Inflation category should include merit increases and any other cost increases related to inflation. When applying inflation, do not inflate any cost that will be identified as a non-recurring cost in the Changes in the Business category.

- As you "walk" from year to year, be sure to add back all of the Accelerate savings in the prior year, in anticipation of removing a full year of Accelerate savings in each forecasted year. This will ensure the same savings are not deducted twice in the same year, and will allow the Full Year Accelerate Savings category in the "walk" to be reconciled with Accelerate source information, which is expressed in terms of annual savings, not incremental savings.

- The Changes in the Business category should include cost increases for new work, including increased levels of activity such as from customer growth, and also should include cost reductions for non-recurring events. Do not include Accelerate cost changes in the Changes in the Business category.

Base O&M
Business Unit: _____
($millions) or ($thousands)

2020 Year End Forecast		**$100.0**
Inflation		2.2
2019 Estimated/Actual Accelerate Savings - Add Backs		
2019 Estimated/Actual Savings - item 1	4.0	
2019 Estimated/Actual Savings - item 2	2.0	
		6.0
Changes in the Business - Increase / (Decrease)		
New Activity - item 3	2.0	
Non-recurring - item 4	(1.0)	
		1.0
2020 Full Year Accelerate Savings - (Reductions)		
2020 Full Year Savings - item 1	(9.0)	
2020 Full Year Savings - item 2	(5.0)	
2020 Full Year Savings - item 5	(10.0)	
		(24.0)
2021 Funds Request		**$85.2**
Repeat 2020 to 2021 Walk Elements	50.0	
2022 Forecast		**$135.2**
Repeat 2020 to 2021 Walk Elements	50.0	
2023 Forecast		**$185.2**
Repeat 2020 to 2021 Walk Elements	50.0	
2024 Forecast		**$235.2**
Repeat 2020 to 2021 Walk Elements	50.0	
2025 Forecast		**$285.2**

Below the Line O&M Schedules

- Prepare a schedule identifying your business unit's major projects and activities for the years indicated.

- **(new)** Separate Below the Line O&M schedules will be required for a standalone company view and combined company view. The schedules from 2019 Actuals through 2025 Plan will reflect FPL and Gulf Power as standalone entities. The schedules from 2022 Plan through 2025 Plan will reflect FPL and Gulf Power as a combined entity.
  - 2021-2025 detailed plans will be developed for FPL (company 1500) and Gulf Power (company 1600). Budget schedules and walks are to be generated and included in the appendix of the Executive presentations.
  - Gulf Power will prepare a separate Executive presentation deck which will include budget schedules and walks through 2021. The presentation appendix will include budget walks and schedules through 2025.
  - 2022-2025 combined plan will result from adding the Gulf Power plan into the FPL plan beginning in 2022. Schedules and walks will be generated for the content of the FPL Executive presentations.
    - 2019 Actuals – 2021 Plan (Standalone FPL)
    - 2022 Plan – 2025 Plan (Gulf Power added to FPL)

- The following BOBJ reports are useful to stratify your Below the Line budget.
  - Stand Alone: Expense Forecast (9Yr -2/+7 PY-FC-FC)
  - Combined: Expense Forecast – FPL-Gulf (9Yr -2& +7 PY-FC-FC)

Below the Line
Business Unit: _____
($millions) or ($thousands)

Project / Activity	2019 Actual	2020 Forecast	2021 Funds Request	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Project 1							
Activity A							
Activity B							
Project 2							
Activity A							
Activity B							
Total Below the Line	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**

- Prepare a year to year walk patterned after the following example for each of the following comparisons:
  - 2020 MOPR Year End Forecast to 2021 Funds Request
  - 2021 Funds Request to 2022 Forecast
  - 2022 Forecast to 2023 Forecast
  - 2023 Forecast to 2024 Forecast
  - 2024 Forecast to 2025 Forecast

- Include a brief explanation for each step-up and step-down on the table.

Below the Line
Business Unit: _____
($millions) or ($thousands)

2020 Year End Forecast		**$1,000**
Additional …	5.0	
Required….	50.0	
Non-recurring …	(30.0)	
		25.0
2021 Funds Request		**$1,025**
Additional …	5.0	
Required….	50.0	
Non-recurring …	(30.0)	
		25.0
2022 Forecast		**$1,050**
Additional …	5.0	
Required….	50.0	
Non-recurring …	(30.0)	
		25.0
2023 Forecast		**$1,075**
Additional …	5.0	
Required….	50.0	
Non-recurring …	(30.0)	
		25.0
2024 Forecast		**$1,100**
Additional …	5.0	
Required….	50.0	
Non-recurring …	(30.0)	
		25.0
2025 Forecast		**$1,125**

Capital Schedules

- Prepare a schedule identifying your business unit's major projects and activities for the years indicated.

- **(new)** Separate Capital schedules will be required for a standalone company view and combined company view. The schedules from 2019 Actuals through 2025 Plan will reflect FPL and Gulf Power as standalone entities. The schedules from 2022 Plan through 2025 Plan will reflect FPL and Gulf Power as a combined entity.
  - 2021-2025 detailed plans will be developed for FPL (company 1500) and Gulf Power (company 1600). Budget schedules and walks are to be generated and included in the appendix of the Executive presentations.
  - Gulf Power will prepare a separate Executive presentation deck which will include budget schedules and walks through 2021. The presentation appendix will include budget walks and schedules through 2025.
  - 2022-2025 combined plan will result from adding the Gulf Power plan into the FPL plan beginning in 2022. Schedules and walks will be generated for the content of the FPL Executive presentations.
    - 2019 Actuals – 2021 Plan (Standalone FPL)

- 2022 Plan – 2025 Plan (Gulf Power added to FPL) Provide a level of detail appropriate for a thorough senior executive review.

- Provide a summary explanation of the benefits to support the request for the capital including identification of the customer benefit that the capital investment drives.

- The Total Capital schedule should be stratified into two categories
  - Earning Projects
    - Project receives AFUDC
    - Clause projects (indicate which clause)
    - Automated Meter Reading Infrastructure project (Customer Service only)
  - Infrastructure Projects
    - All other capital expenditures not included in Earning Projects

- The following BOBJ reports are useful to stratify your Capital budget.
  - Stand Alone: Capital Forecast (9Yr -2/+7 PY-FC-FC)
  - Combined: Capital Forecast – FPL-Gulf (9Yr -2& +7 PY-FC-FC)

Total Capital
Business Unit: _____
($millions) or ($thousands)

Project / Activity	2019 Actual	2020 Forecast	2021 Funds Request	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
AFUDC / Carrying Charges / Clause / AMI							
Project / Activity 1							
Project / Activity 2							
Project / Activity 3							
Total AFUDC / Carrying Charges / Clause / AMI	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Infrastructure							
Project / Activity 1							
Project / Activity 2							
Project / Activity 3							
Total Infrastructure	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Capital	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**

Employees Schedules

- Prepare a schedule of your business unit's Employee count for the years indicated. Count all positions as 1.0 each. Do not count any position as fractional even if it will only be working part time.

- **(new)** Separate Employees schedules will be required for a standalone company view and combined company view. The schedules from 2019 Actuals through 2025 Plan will reflect FPL and Gulf Power as standalone entities. The schedules from 2022 Plan through 2025 Plan will reflect FPL and Gulf Power as a combined entity.
  - 2021-2025 detailed plans will be developed for FPL (company 1500) and Gulf Power (company 1600). Budget schedules and walks are to be generated and included in the appendix of the Executive presentations.
  - 2022-2025 combined plan will result from adding the Gulf Power plan into the FPL plan beginning in 2022. Schedules and walks will be generated for the content of the FPL Executive presentations.
    - 2019 Actuals – 2021 Plan (Standalone FPL)
    - 2022 Plan – 2025 Plan (Gulf Power added to FPL)

- Utilize the following BOBJ report to stratify your employee budgets: Headcount (9Yr-2/+7 A/Fc/Fc).

- Employee Headcount
  - Ensure that all business unit employees currently included on the HR organizational chart are accounted for in the "Headcount Planning" EPM workbook.
  - Vacant positions that are not going to be filled in the plan should be removed from the HR organizational chart.

  - Plans should clearly identify when headcount is planned to be added or removed and vacancies are planned to be filled. All business units should account for natural attrition

based on historical experience or known changes in the business, and ensure that is built into the payroll forecast for all years presented.

- Update the business unit headcount plans to properly reflect when positions are needed to support business operations and project completion or when the headcount will no longer be needed.
- Use the "Topside Input" worksheet in the "Headcount Planning" EPM workbook to enter planned headcount increases or decreases when position master data does not currently exist in the HR organizational chart.
- It is critical that headcounts are accurately input to ensure proper alignment to the plans for gross payroll.

FPL Employees
Business Unit: _____

FPL Employees	2019 Actual	2020 Forecast	2021 Request	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Full Time (excluding Temporaries)							
FPL Exempt							
FPL Non-Exempt							
FPL Bargaining Unit							
Total FPL Full Time Employees	0	0	0	0	0	0	0
Part Time (count each as 1.0)							
FPL Exempt							
FPL Non-Exempt							
FPL Bargaining Unit							
Total FPL Part Time Employees	0	0	0	0	0	0	0
Total FPL Employees (excl Temporaries)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

- Prepare a year to year walk patterned after the example for each of the following comparisons:
  - 2019 Actual to 2020 MOPR Year End Forecast
  - 2020 MOPR Year End Forecast to 2021 Funds Request
  - 2021 Funds Request to 2022 Forecast
  - 2022 Forecast to 2023 Forecast
  - 2023 Forecast to 2024 Forecast
  - 2024 Forecast to 2025 Forecast

- Include a brief explanation for each step-up and step-down on the table. Include the month of action and the number of positions associated with the addition / reduction.

- Regarding changes due to Accelerate, please note that the employee "walk" is on an incremental basis, not an annual basis. Unlike the Base O&M "walk," the employee "walk" does not add back the prior year's reductions related to Accelerate.

FPL Employees
Business Unit: _____

	Month - Year	Increment	Total
2019 Actual			**1,000**
Accelerate ...	Sep-19	(2)	
Replace open postion ...	Oct-19	1	
Accelerate ...	Dec-19	(3)	
			(4.0)
2020 Forecast			**996**
Replace open postion ...	Feb-20	1	
Accelerate ...	Mar-20	(5)	
Accelerate ...	Jul-20	(3)	
			(7.0)
2021 Request			**989**
Accelerate ...	Mar-21	(2)	
			(2.0)
2022 Forecast			**987**
Accelerate ...	Jun-22	(1)	
			(1.0)
2023 Forecast			**986**
Accelerate ...	Jun-23	(1)	
			(1.0)
2024 Forecast			**985**
Accelerate ...	Jun-24	(1)	
			(1.0)
2025 Forecast			**984**

Impact of Forecasts on Key Performance Measures

- Business units should provide a discussion of the relationship between the proposed forecasts and the unit's key performance indicators.

- Provide correlations and sensitivities to illustrate the relationships. No templates are provided. Use an appropriate format:
  - Tables
  - Graphs
  - Other

IT Funded Business Cases

- Each business unit must prepare a summary of the business cases it is sponsoring that will be presented by the IT business unit for funding in the IT budget for 2021 through 2025. Each summary must contain at least the following information:
  - Description of Business Case
  - Accelerate Idea #, if applicable
  - Project Benefits
    - Estimated cost savings
    - Productivity gains, etc.
  - Project Costs
    - O&M and/or capital components
    - Annual / total project costs

Final Approved 2021 Executive Planning and Budgeting Presentation

- This section provides the requirements for the development of the Final Approved 2021 Budget Presentation deliverable.

- At the conclusion of the budget review and approval process, each business unit may be requested to provide a final approved version of its presentation for submittal to FCOE FP&A.

- Minimum requirements include all templates and walks used during the budget review process, and key performance indicators.
  - Base O&M Schedules
  - Below the Line Schedules
  - Capital Schedules
  - FPL Employee Schedules
  - Key Performance Indicators

- Ensure all budgets and forecast amounts are final approved and tie to version PCY in SAP BOBJ reports.

- Revise all walks as necessary to support the changed annual amounts.

- At the discretion of the business unit, the final approved presentation may be expanded to include elements such as the following.
  - Objectives and Goals
  - Key Initiatives
  - Assumptions
  - Additional Benchmarking and Performance Indicators

Appendix

Using the FPL SAP BPC System

Planning and Forecasting in versions WV1, WV2 and WV3

Appendix Contents

Data Requirements for Forecasting and Budgeting

The following outline provides a summary of the level of data detail required to be reviewed and updated, using the FPL SAP BPC system, prior to each forecast or budget submittal

Cash Flow Plan Data (Payroll and Non-Payroll)

- Review of on system data:
  - Monthly cash flow projections (Payroll and Non-Payroll) with appropriate WBS element (Level 4) and account data
    - Operating Expense (O&M) and Revenue
    - Capital and Deferred Expenditures

- Review and update of on system data:
  - WBS element (Level 3) non-payroll monthly cash flow projections
  - Internal order non-payroll monthly cash flow projections (as applicable)
  - WBS element (Level 4) plan allocations
  - WBS element (Level 3) plan allocations (as applicable)
  - O&M internal order payroll / non-payroll plan settlement rule allocations
  - Payroll / Headcount Plan Data

- Review of on system data:
  - Monthly headcounts with appropriate headcount movement data

- Review and update of on system data:
  - Headcount input form
  - Time / payroll cost allocations
  - Salary adjustments

- The following table provides the Project Types / Business Area combinations for which forecasts and budgets should be entered into the system:

Project Type	Business Area	Description
Operating Expenses		
E	A01	Base O&M
E	A02	ECCR (Energy Conservation Cost Recovery)
E	A04	O&M Fuel (Clause)
E	A05	O&M Capacity (Clause)
E	A06	Below the Line
E	A08	ECRC (Environmental Cost Recovery Clause)
E	A09	O&M NR Fuel (not recoverable through the Fuel Clause)
E	A12	Clearing/Overheads (Benefits, EO, Non Productive, Worker's Comp, Stores)
E	A20	Revenue Enhancement Expense
E	A21	Gas Reserves
E	A22	Inter-Company Expenses
E	A23	Rider Programs (Base)
E	A25	Rider Programs (Clause)
E	A26	O&M SPPCRC (Storm Protection Plan Cost Recovery Clause)
Capital Expenditures		
C	A01	Capital Base
C	A02	Capital ECCR (Energy Conservation Cost Recovery Clause)
C	A05	Capital Capacity (Clause)
C	A06	Capital Below the Line
C	A08	Capital ECRC (Environmental Cost Recovery Clause)
C	A17	Capital Storm
C	A18	Capital New Nuclear (Above the Line)
C	A21	Capital Gas Reserves
C	A23	Rider Programs (Base)
C	A25	Rider Programs (Clause)
C	A26	Capital SPPCRC (Storm Protection Plan Cost Recovery Clause)
Deferred Expenditures		
D	A10	Budgeted Deferred Projects (Considered a capital expenditure)
D	A11	Other Balance Sheet Activity (Optional)
Revenues		
E	A20	Revenue Enhancement Revenue

- Special notes regarding Revenue Enhancement:
  - The assignment of Revenue Enhancement business area A20 is determined solely by the accounting treatment the actual transaction receives when recorded in the general ledger
  - Use of business area A20 is limited to existing revenue enhancement programs
  - Business unit proposals for new revenue enhancement programs should be submitted to Accounting and Corporate Budgets prior to the inclusion of required resources in the 2021 budgeting and planning deliverables
  - Revenues are entered as credits in the appropriate Gross Margin accounts
  - Expenses are entered as debits in the appropriate Other Operating Expense accounts

Entering and Reviewing Required Data

Workbooks Available for Forecast and Budget Data Entry / Review

- The table below provides a summary of the workbooks (Analysis and EPM) available to review and update different levels of forecast and budget data details required in the FPL SAP BPC system

Activity	Data Type	Sub-Activity	Analysis / EPM Workbook
Review of on system data, using Analysis workbooks	Cash flow plan data (payroll and non-payroll)	Review monthly cash flow projections (Payroll and Non-Payroll) with appropriate WBS element (Level 4) and account data	
		• Operating Expense (O&M) and Revenue	"BPC - Expense Forecast (8Yr -2/+6 PY/Fc/Fc)" Analysis workbook
		• Capital and Deferred Expenditures	"BPC - Capital Forecast (8Yr -2/+6 PY/Fc/Fc)" Analysis workbook
	Payroll / headcount plan data	Review monthly headcounts	"BPC - Headcount (6Yr -2/+4 A/Fc/Fc)" Analysis workbook
Review and update of on system data, using EPM workbooks	Cash flow plan data (payroll and non-payroll	Review / update WBS element (Level 3) non-payroll monthly cash flow projections	"WBS Spend Budget Management" EPM workbook
		Review / update internal order non-payroll monthly cash flow projections (as applicable)	"IO Spend Budget Management" EPM workbook
		Review / update WBS element (Level 4) plan allocations	"WBS_L3L4_PERCENT_INPUT" EPM workbook
		Review / update WBS element (Level 3) plan allocations (as applicable for payroll / non-payroll plan values entered using mixed capital internal order)	"WBSL2L3_PERCENT_INPUT" EPM workbook
		Review / update O&M internal order payroll / non-payroll plan settlement rule allocations	"IO_SETTLEMENT_INPUT" EPM workbook
	Payroll / headcount plan data	Review / update headcount monthly movement projections (i.e. baseline of current employees and increases / decreases to account for new hires, separations, and transfers)	"Headcount Planning" EPM workbook
		Review / update time / payroll cost allocations	"Timesheet Planning" EPM workbook
		Review / update salary adjustments (i.e. merit, MOA, other increases / decreases as needed)	"Assumptions Planning" EPM workbook

Notes on Budget Data Entry/Review using EPM workbooks

FPL Employee Headcount

- Ensure that all business unit employees currently included on the HR organizational chart are accounted for in the "Headcount Planning" EPM workbook.
- Vacant positions that are not going to be filled in the plan should be removed from the HR organizational chart.
- Plans should clearly identify when headcount is planned to be added or removed and vacancies are planned to be filled. It is assumed that natural attrition is built into the payroll forecast.
- Update the business unit headcount plans to properly reflect when positions are needed to support business operations and project completion or when the headcount will no longer be needed.
- Use the "Topside Input" worksheet in the "Headcount Planning" EPM workbook to enter planned headcount increases or decreases when position master data does not currently exist in the HR organizational chart.
- It is critical that headcounts are accurately input to ensure proper alignment to the plans for gross payroll.

Straight-Time Payroll

- Ensure every headcount entry in the "Headcount Planning" EPM workbook has time and payroll cost allocations that equal 100% in the "Timesheet Planning" EPM workbook.
- Time and payroll cost allocations coming from another business unit to your business unit's internal orders are not visible in the "Timesheet Planning" EPM Workbook, but the corresponding payroll will be visible in the "IO Spend Budget Management" and/or "WBS Spend Budget Management" EPM workbooks and Analysis report workbooks.

Payroll (Other Than Straight-Time Payroll)

- Ensure the following payroll and payroll related costs are entered using either the "WBS Spend Budget Management" and/or the "IO Spend Budget Management" workbooks in EPM
  - Overtime
  - Overtime Meals
  - Other Earnings
  - Lump Sum Awards
  - Relocation
  - Recruiting
  - Sign-on Bonus
  - Severance
  - Payroll Charges from Affiliates (at fully loaded cost)

Non-Payroll

- The "IO Spend Budget Management" EPM workbook will show the following items as not editable
  - Straight-time payroll
  - Overheads

- The "WBS Spend Budget Management" EPM workbook will show the following items as not editable
  - Straight-time payroll
  - Non-payroll entered using "IO Spend Budget Management" EPM workbook
  - Overheads

- Be aware of the relationship between the "IO Spend Budget Management" and the "WBS Spend Budget Management" EPM workbooks
  - Data entered using the "IO Spend Budget Management" EPM workbook is visible for the corresponding WBS element in the "WBS Spend Budget Management" EPM workbook, based on plan allocations, but is not editable in the "WBS Spend Budget Management" EPM workbook
  - Data entered into the "WBS Spend Budget Management" EPM workbook is not visible in the "IO Spend Budget Management" (no reverse allocations)

- Amounts entered into the "IO Spend Budget Management" and "WBS Spend Budget Management" EPM workbooks for the same WBS element are summed together
  - If the "IO Spend Budget Management" EPM workbook is chosen to load data, ensure any corresponding duplicate entries are cleared in the "WBS Spend Budget Management" EPM workbooks; otherwise, reports will reflect a "double-count", as data entered in both the "IO Spend Budget Management" and "WBS Spend Budget Management" EPM workbooks will be totaled
  - Straight-time payroll amounts will appear in both the "IO Spend Budget Management" and "WBS Spend Budget Management" EPM workbooks and will remain in sync as headcount timesheet changes are entered

- When certain payroll and non-payroll costs are budgeted, BPC EPM automatically generates additional budgeted costs in the form of an overhead or loader
  - For the current rates being applied by the system, use the following link to access the Reference Material section on the e-Web page
    http://eweb.fpl.com/bunit/finance/FunctGroups/BgtFcst/budgetsubmissionportal.shtml

Additional FPL SAP BPC System training / reference materials

- Use the following link to access reference materials to guide you in using the FPL SAP BPC System EPM workbooks described in this document
  http://eweb/bpc

Notes on Budgeting Charges to Affiliates

Operations Support Charges – OSC (formerly Service Fees)

- This charge is specific to Nuclear Business Unit

- Business units having a specific service agreement with an affiliate should budget the OSC charges as a direct charge using an IO/WBS element defined as business area A22 Inter-company Expenses

- To provide a fully loaded view of the OSC, FCOE FP&A organization will budget the appropriate affiliate overheads in Loc10, based on all dollars budgeted in A22 by the Nuclear Business Unit

- Any IO/WBS element used to budget A22 dollars should not contain charges of any other nature

- Nuclear Business Unit is not included in the FPL/Gulf Power Merger Synergy. Elimination of the OSC charges through WV3 are not required.

Corporate Service Charges (CSC)

- CSC was previously referred to as Affiliate Management Fee (AMF)
- Staff business unit expenditures that are allocable to affiliate entities through the CSC should be budgeted 100% in an IO/WBS defined as business area A01 Base O&M
- Costs that are applicable to the CSC should be allocated to WBS elements (Level 4) that are marked with the appropriate CSC drivers (Investment Reason) and receiving company (WBS Services)
- CSC WBS element (Level 4) allocations will be based on driver percentages determined by Accounting's Cost Measurement and Allocations (CMA) department
- CMA will work with the business units to determine if budgeted costs are applicable to the CSC
- CMA will calculate the appropriate allocation percentages for CSC costs. It will be the responsibility of the business units to ensure that the correct WBS element (Level 4) allocations are reflected in the system using the "IO_SETTLEMENT_INPUT" and / or "WBS_L3L4_PERCENT_INPUT" EPM workbooks.
- Once a WBS element is determined to be eligible for the CSC, any non-CSC costs should not be allocated to that WBS element
- CSC charges to Gulf Power will not exist in a merger scenario. The elimination of the plan in WV3 is to ensure that FERC impacts are properly reflected on a merger scenario.
  - The FPL CSC credit resulting from distribution of CSC to the affiliates is planned at FPL in Version WV2. The credit systematically calculates as a result of the forecast being input on specific master data established for CSC allocation. CSC credits are reflected in Location 10 for non-Executive activity and Executive Business Unit for Executive activity
  - The CSC debit to be received by Gulf Power is planned in Version WV2.
  - FPL/Gulf Power Merger scenario requires the elimination of the CSC without disruption to the stand alone plans at FPL and Gulf Power.
  - WV3 elimination entries will be completed by FCOE FP&A Forecasting.

Direct Charges

- A business unit planning direct charges to affiliate entities should budget 100% of its cash expenditures in an Internal Order (IO)/WBS defined as business area A22 Inter-company expenses. Payroll dollars need to be planned on the internal order to allow the system to calculate the overheads rates established in the BPC EPM forecast tables
- It is recommended that the costs be allocated to WBS elements unique to a single receiving company. The WBS Services field may be used for that purpose
- To provide a fully loaded view of the Direct Charge plan, FCOE FP&A will budget the appropriate affiliate incremental overheads in Loc10, based on all dollars budgeted in A22 by the business units
- Any IO/WBS element used to budget A22 dollars should not contain charges of any other nature

- Direct charges to Gulf Power will not exist in a merger scenario. The elimination of the plan in WV3 is to ensure that FERC impacts are properly reflected in a merger scenario.
  - FPL/Gulf Power merger scenario requires the elimination of the direct charge plans without disruption to the stand alone plans at FPL and Gulf Power.
  - Direct charge plans will be eliminated in version WV3 by the business unit with support of FCOE FP&A Forecasting.
  - FPL plans in business area A22 will be reversed in WV3 using the master data on the existing plan in WV2.
  - The activity reversed in FPL business area A22 will be debited to business area A01 at the business unit to keep the business unit whole from a plan perspective. Direct Charge incremental overheads will be reversed in FPL Location 10.
  - Gulf Power plans resulting from FPL direct charge will be reversed in WV3. Cost element 8120902-Planned FPL Labor-Loaded (Forecast Only) has been created to specifically isolate direct charge forecasts in Gulf Power.
  - Direct charge plans from Gulf Power to FPL will be handled using the same process.

Notes on FERC Functionalization of O&M

- Shortly after the due date for initial completion of detail budgets in FPL SAP BPC system, FCOE FP&A will initiate the FERC Functionalization of the O&M budgets loaded into versions WV2/WV3

- Once the FERC Functionalization has been completed, each business unit will review, and if necessary adjust, the FERC Functionalization of all O&M project type / business area combinations entered by the business unit. This will ensure an accurate forecast of O&M from a regulatory perspective. Use BW reports such as the “FERC O&M Trend Analysis (A/FFc/FFc)” report to perform the review.

- If your unit’s O&M FERC allocations appear to be incorrectly allocated compared to historical FERC actuals or other plan years, update your allocation percentages using the “IO_SETTLEMENT_INPUT” and / or “WBS_L3L4_PERCENT_INPUT” EPM workbooks.

- When all business units have completed their changes to the percentage splits, Corporate Budgets will re-run the FERC Functionalization of the O&M budgets loaded into WV2, so the units can see the impact of the percentage changes on their budgeted / forecasted dollars.

- The above sequence may be iterated during the planning and budgeting process as necessary on a schedule to be announced.

- The schedule for final FERC Functionalization of the O&M budgets will be announced.

Capital Forecasting and Budgeting

General

- Each business unit is required to provide capital forecast and budget details in accordance with the foregoing instructions for entering detail forecasts and budgets into BPC EPM and the following guidance specific to capital forecasting and budgeting

- Enter monthly cash flows in whole dollars for all years
  - Do not budget annual amounts in December; provide monthly cash flows
  - Major projects should be cash flowed monthly based on the best information available
  - Minor projects may be budgeted using an even monthly spread if better information is not available

- Ensure all master data is correct for all capital WBS elements

- Capital synergies resulting from the combination of Gulf Power with FPL beginning 2022 will be planned in version WV3.

Installation, Removal, Demolition and Nuclear Fuel Assignment

- Review, and if necessary adjust, the BPC EPM WBS_L3L4_Percent_Input workbook (Level 3 to Level 4 WBS percentage allocations) percentage splits for installation, removal and demolition capital. This will ensure accurate cost detail is available to support depreciation calculations in the Financial Forecasting Model.
  - **All capital projects** must be classified as either installation, removal, demolition or Nuclear Fuel capital, by assigning percentages to the Level 4 WBS elements
  - In most cases a capital project will be assigned one or both of the following level 4 WBS elements
    - Install: FERC Indicator 9901
    - Remove: FERC Indicator 9902
  - When a plan represents the demolition of assets, such as in the case of the demolition of a plant, the "Demolition" FERC Indicator 9904 must be assigned as the level 4 WBS element
  - When a plan represents the purchase of Nuclear Fuel, a Level 4 WBS element with a unique FERC Indicator 9903 and Capital Type 3 must be created and the Level 4 WBS allocation assigned.
  - The push of dollars from Level 3 to Level 4 is automatic and will immediately reflect any changes to the percentages splits made using the BPC EPM WBS_L3L4_Percent_Input workbook (Level 3 to Level 4 WBS percentage allocations).

Capital Project Master Data Assignments

Capital Type	GAAP Account	FERC Indicator	FERC Account
1 – Install	2609300 - CWIP	9901	9107100
2 – Remove	2650200 - ACC. DEPRECIATION (DP)	9902	9108050
3 – Nuclear Fuel	2607200 - NUCLEAR FUELS - In Process	9903	9120100
	2607100 - NUCLEAR FUELS - In Stock	9903	9120200
	2607310 - NUCLEAR FUELS: Inventory In Rx	9903	9120300
4 – Demolition	3701010 - DISMANTLEMENT RESERVE: Fossil	9904	9108332

Capital WBS Element Master Data

- Master Data for all capital WBS elements includes "corporate attributes" that define the capital project:
  - Business Area
  - IM Position
  - WBS Project Type
  - WBS Capital Type
  - FERC Function code
  - Plant Site code
  - Major Project designation
  - In-service date (Required only for Major Projects)
  - AFUDC relevance
  - Earning a Return status
  - Depreciation status
  - Storm Secure status

- When budgeting capital expenditures, it is important to ensure the corporate attributes that define the Project or WBS element accurately describe all of the capital expenditures budgeted or forecasted under that Project or WBS element. If not, then the expenditures should be allocated to two or more WBS elements as necessary

- **FERC Function Code (FERCFnclD)**
  - A single digit code describing a classification of expenditures under the FERC System of Accounts
  - All costs associated with a single WBS should be reflective of the FERC Function selected. Multiple WBS elements may be needed for proper differentiation
    - 1 – Steam Generation
    - 2 – Nuclear Generation
    - 3 – Other Generation
    - 4 – Transmission
    - 5 – Distribution Line
    - 6 – Distribution Substation
    - 7 – Buildings
    - 8 – General Plant Equipment
    - 9 – Transportation Equipment
    - 0 – Intangible Plant

- **Plant Site Code**
  - A three-digit code
  - Expenditures pertaining to a specific plant site must be budgeted in a WBS element unique to that site, per the following table; for all other expenditures use default plant site 000

Plant Site	Co
NON-PRODUCTION PLANT	000
CUTLER	010
RIVIERA UNIT #3 & #4	040
RIVIERA BEACH ENERGY CENTER U5	041
RIVIERA UNIT #2	042
TURKEY POINT UNIT #3 EPU LAR	043
TURKEY POINT UNIT #4 EPU LAR	044
PUTNAM	050
ST LUCIE UNIT #1 EPU LAR	051
ST LUCIE UNIT #2 EPU LAR	052
PALATKA	060
PALATKA PLANT UNIT 3	061
Sanford Unit 3	070
Sanford Unit 5	071
Sanford Unit 4	072
Sanford U4/U5 Common	073
Ft. Lauderdale Unit 4	080
FT LAUDERDALE Gas Turbines - Blackstart	081
Ft Lauderdale Simple Cycle Peakers U6	082
DANIA BEACH ENERGY CENTER	083
Ft. Lauderdale Unit 5	084
Ft. Lauderdale Common	085
Ft. Lauderdale U4/U5 Common	086
FLORIDA GAS PIPELINE	090
Ft Myers Total Site Common	110
Ft. Myers Unit 2	112
Ft Myers Simple Cycle Peakers U3	113
Ft. Myers Unit 3	114
Ft. Myers Common	115
Ft Myer Gas Turbines - Blackstart	116
Ft. Myers U2/U3 Common	117
Port Everglades Energy Center Common	120
Port Everglades Energy Center Unit 5	121
Port Everglades Gas Turbines	122
CAPE CANAVERAL	130
Cape Canaveral Unit 3	131
Turkey Point Unit 1	139
Turkey Point Total Site Common	140
TURKEY POINT UNIT 5	141
TURKEY POINT UNIT #3 EPU	142
TURKEY POINT UNIT 3	143
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ST LUCIE COMMON	150
ST LUCIE UNIT 1	151
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Manatee Unit 1	173
Manatee Unit 2	174
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Dania Beach Energy Storage	374
Babcock Ranch Solar Battery Storage	375
FIU Microgrid Energy Storage	376
Wynwood Energy Storage Center	400
Unidentified Battery Storage	994

Plant Site	Co
SOLAR SITES	
MANATEE PV SOLAR	172
MARTIN SOLAR ENERGY CENTER	188
DESOTO SOLAR ENERGY CENTER	192
SPACECOAST SOLAR ENERGY CENTER	193
BABCOCK RANCH SOLAR PV.	197
CITRUS PV SOLAR	199
St Lucie River Farms Solar	201
VOLUNTARY SOLAR PARTNERSHIP (VSP)	210
C & I SOLAR PARTNERSHIP	211
IOTA CAROL (SOLAR PROJECT)	212
Magnolia Springs Solar	213
Hibiscus Solar	214
Sandricourt Farms Solar	215
CLYMAN SOLAR	216
Egret Solar	217
CORAL FARM SOLAR	260
HORIZON SOLAR	261
IBIS SOLAR	262
Hammock Solar	263
INTERSTATE SOLAR	264
Twin Lakes Solar	265
KROME SOLAR	266
Wildflower Solar	267
Blue Cypress Solar	268
Loggerhead Solar	269
Barefoot Bay Solar	270
Indian River Solar	271
Miami Dade Solar	272
Echo River Solar	273
DE SOTO POWER PLANT COMMON	274
Pioneer Trail Solar	275
Northern Preserve Solar	276
Commonwealth Solar	277
Sunshine Gateway Solar	278
Blue Heron Solar	279
Sweetbay Solar	280
Tesoro Groves Solar	281
Weyerhaeuser Solar	282
Ryland Solar	283
Skinner Solar (aka Trailside Solar)	284
Lakeside Solar	285
Cattle Ranch Solar	286
Okeechobee Solar	287
Southfork Solar	288
Jebbie Solar	300
Davis & Davis LLP	301
Palm Bay Solar	302
Willow Solar (Del Monte)	305
Elder Branch (Del Monte (north) solar	306
Nassau Solar (aka Crawford Dia)	307
Union Springs Solar (aka Plum Creek)	308
Norris (land for solar)	309
Trucane Sugar	310
Orange Blossom	311
Lakewood Park	312
Southeast Grove	313
Rayonier Atlantic Timber	314
St Joe Company	315
Sundew Solar	316
Ridge Farm North 320	317
First Citrus	318

Plant Site	Code
Roper (land for solar)	319
Nail Ranch	320
Woodland III	321
B&E Holdings	322
St Lucie River Farms 969	323
AW Hatcher Farms Inc	324
Babcock Ranch Reserve Solar	325
Jones Road LLC (aka Lincoln Energy)	326
Discovery Solar Energy Center	327
Rodeo Solar Energy Center	328
Etonia Solar(Weyerhaeuser)	329
Mortimer Bates(solar land)	330
Family Alaska, LLC (solar land)	331
Future Solar Site	775
Unidentified Solar	993

- **Major Project Designation**
  - A specific project is considered a Major project when the total cost over the life of the project is $10 million or more
  - A Major project should be identified with a Level 1 WBS Element
  - Stratify a Major project into sub-activities using separate Level 3 WBS elements for the following reasons:
    - When a project comprises individual sub-projects that have individual total life time costs of $10 million or more
    - When the sub-projects have different in-service dates, regardless of their respective sub-project cost
    - To identify demolition or removal costs (see below for further guidance)
    - To identify asbestos removal costs (see below for further guidance)
    - To identify land held for future use (see below for further guidance)
    - When the business unit finds a further breakdown to be a meaningful way to forecast the project
  - Use "Y" to indicate a Major project and "N" if not a major project

- **In Service Date (ISD)**
  - The date a Major project will be completed and go into service
  - ISDs are used for Major projects only; it is not necessary to provide or maintain ISDs for minor projects
  - The ISD is used by the Financial Forecasting Model (FFM), which is a non-SAP system. The FFM uses the ISD to determine when a project's Construction Work In-Progress (CWIP) balance should be reclassified to Plant In-Service and for initiating Depreciation. The FFM only requires a MM/YYYY ISD format. However, the SAP convention for entering dates is the MM/DD/YYYY format. To reconcile the formatting differences and to minimize the need to update changes in ISDs the following guidance is provided.
  - Creating a new major capital WBS Element
    - Enter the ISD in the format MM/DD/YYYY
    - Always enter the <u>last day of the month</u> that the project will go into service
    - Examples
      - Enter 06/30/YYYY for a June ISD
      - Enter 08/31/YYYY for an August ISD
  - Revising the ISD for an existing major capital WBS Element
    - Revise the ISD only when the month or year has changed; it is not necessary to revise the ISD to reflect a change in the day of the month within the same month
    - When revising an ISD always enter the <u>last day of the month</u> that the project will go into service

    - Examples
        - If the current ISD is 06/15/2021 and the new ISD is 06/30/21, no change is required
        - If the current ISD is 06/15/2021 and the new ISD is 07/15/21, revise the ISD to 07/31/21

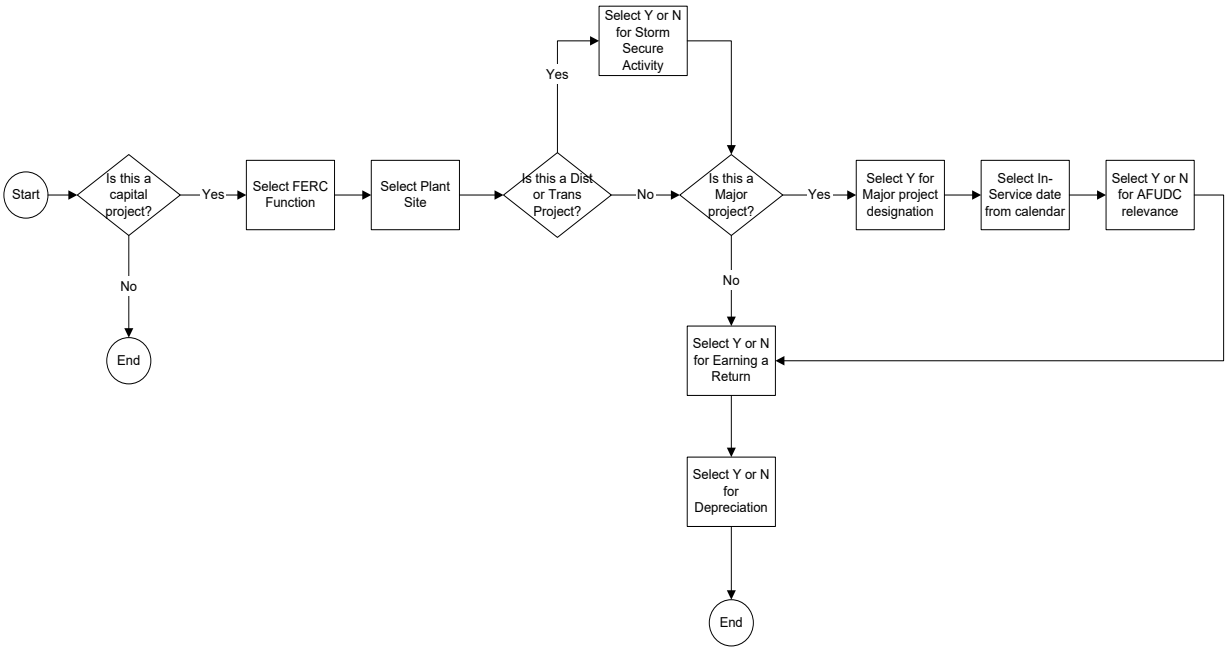
- **AFUDC Relevance**
    - Indicates eligibility for an accounting treatment known as Allowance for Funds Used During Construction
    - Used only for a WBS element designated as a Major Project; check with Accounting to make the determination for AFUDC eligibility
    - Enter "Y" if the project is AFUDC relevant and "N" if not
    - AFUDC rates and thresholds are different for standalone FPL and standalone Gulf Power.
        - AFUDC forecasts are calculated through Utilities International (UI) and provided as inputs to each of the Capital plans.
        - AFUDC will be recalculated for the combined scenario for 2022-2025 and any identified differences are to be recorded in WV3 to properly reflected the changes resulting from the combination.

- **Earning a Return**
    - A project is considered earning a return if it meets any of the following requirements
        - Project receives AFUDC
        - Project is Clause related (ECCR, ECRC, Capacity, New Nuclear, Gas Reserves)
        - Project is Automated Meter Reading Infrastructure (AMI) related
    - Enter "Y" if the project is earning a return and "N" if not

- **Depreciation Status**
    - Use "Y" if depreciable and "N" if non-depreciable
    - Land is the only capital expenditure that is non-depreciable; land should be in a separate WBS with a code of "N"

- **Storm Secure**
    - Applicable for Power Delivery projects only
    - Enter "Y" if a Storm Secure project and "N" if not

- **Flow Diagram for Assigning Corporate Defined Attributes**
  - The following is a flow diagram to help guide in the set-up of WBS elements and projects using the "Corporate" defined WBS attributes for Capital projects



Special Capital Budgeting Requirements

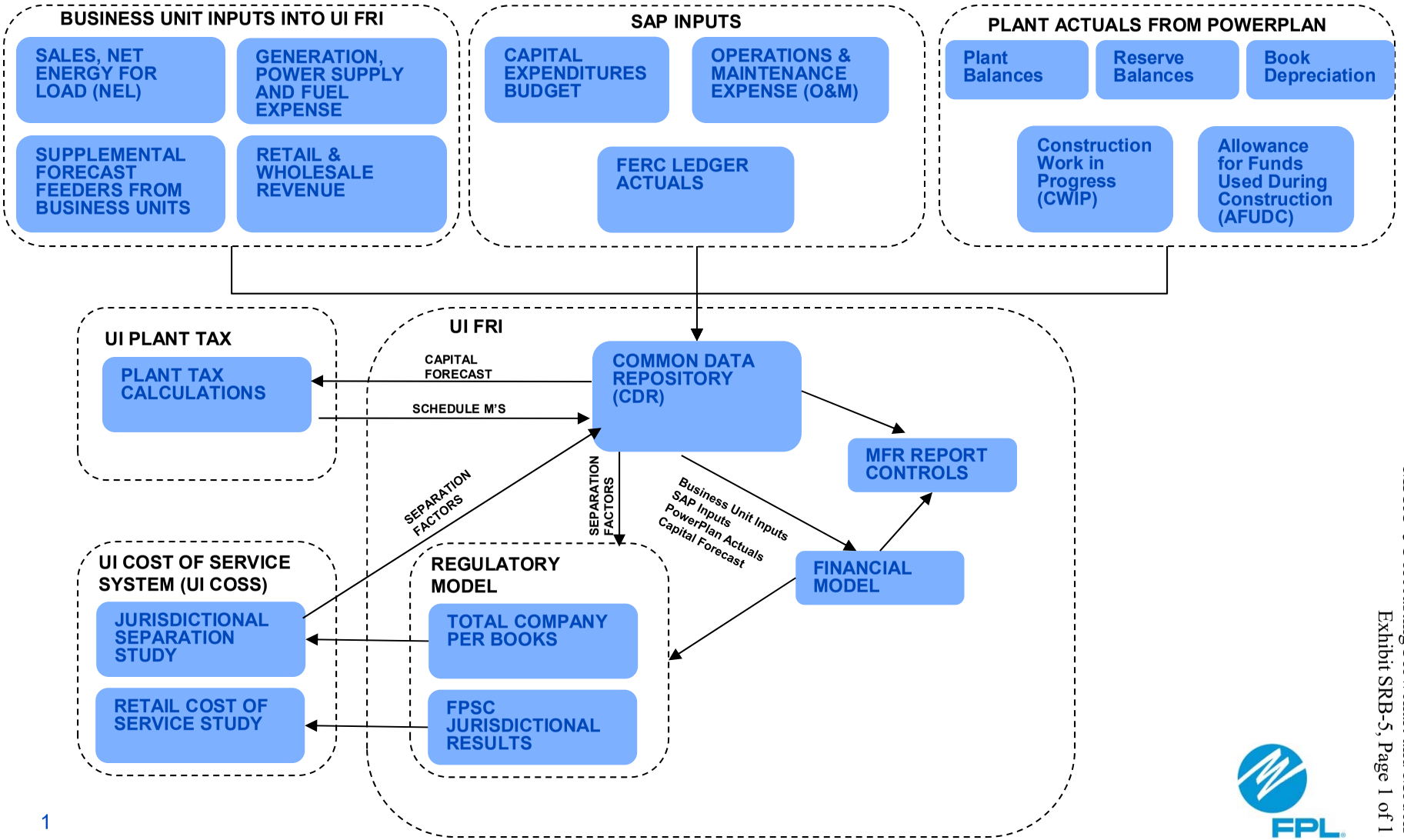
- **Demolition or Dismantlement Costs for a major project**
  - must be budgeted in a separate level 3 WBS element
  - the words Demolition or Dismantlement must appear in the WBS element name and description
  - must have a level 4 WBS element with FERC Indicator 9904 and 100% of the plan assigned to that WBS element

- **Land Held for Future Use**
  - must be budgeted in a separate level 3 WBS element
  - the words Future Use must appear in the WBS element name and description
  - All land purchases for future generation sites should be set up as Major Projects with an In-Service Date for proper treatment by the Financial Forecasting Model (FFM)

- **Asbestos Removal Activity**
  - must be budgeted in a separate level 3 WBS element
  - the words Asbestos Removal must appear in the WBS element name and description
  - must have a level 4 WBS element with FERC Indicator 9904 and 100% of the plan assigned to that WBS element
  - Also, see the Accounting Department memo of July 30, 2009 titled "FPL-2016 Asbestos Removal Accounting Process Reference," in the "Reference Material" section of the corporate budgets e-Web page for additional requirements relative to FIN 47 and FASB 143

- **Retirements**
  - Units must submit a list of major project retirements for individual items of property with historical costs of $10 million or more
  - Identify the month and year of retirement
  - If none, submit notification indicating nothing to report

FLORIDA POWER & LIGHT COMPANY
FORECASTING PROCESS OVERVIEW



Docket No. 20210015-EI
MFR F-5 Forecasting Flowchart and Models
Exhibit SRB-5, Page 1 of 1

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
X Projected Test Year Ended 12/31/22
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	**I. SALES, CUSTOMERS, NET ENERGY FOR LOAD**							
2	**GENERAL ASSUMPTIONS**							**FPL**
3								**2022**
4								
5	**A. Households (Florida)**							8,573,140
6								
7	**B. Employment (Florida)**							9,006,668
8								
9	**C. Unemployment Rate (Florida)**							6.61
10								
11	**D. Florida Real Income per Household**							111,863
12								
13	**E. Real Electric Price Increase (12-month moving average)**							17.45
14								
15	**F. FPL Service Territory Cooling Degree Hours per Bill Day (Base 72 Degree Temperature)**							1,665.16
16								
17	**G. FPL Service Territory Cooling Degree Hours per Bill Day (Base 72-80 Degree Temperature)**							1,281.86
18								
19	**H. FPL Service Territory Cooling Degree Hours per Bill Day (Base 80 Degree Temperature)**							383.30
20								
21	**I. FPL Service Territory Cooling Degree Hours per Bill Day (Base 66 Degree Temperature)**							3,086.62
22								
23	**J. FPL Service Territory Heating Degree Days per Bill Day (Base 56 Degree Temperature)**							53.47
24								
25	**K. Energy Efficiency Codes and Standards per Residential Customer (MWh)**							-1.03
26								
27	**L. Energy Efficiency Codes and Standards per Commercial Customer (MWh)**							-5.43
28								
29								**GULF**
30								**2022**
31								
32	**M. Households (Florida, weighted by area population)**							395,031
33								
34	**N. Retail Sales (Florida, weighted by area population)**							219,537,063
35								
36	**O. Real Electric Price Increase (12-month moving average)**							17.06
37								
38	**P. Real Electric Price (12-month moving average)**							10.81
39								
40	**Q. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 67-75 Degree Temperature)**							228.79
41								

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

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Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

I. SALES, CUSTOMERS, NET ENERGY FOR LOAD

GENERAL ASSUMPTIONS

	GULF
	2022
R. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 75-85 Degree Temperature)	1,242.81
S. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 85 Degree Temperature)	343.33
T. Gulf Service Territory Heating Degree Hours per Bill Days (Base 50-59 Degree Temperature)	153.69
U. Gulf Service Territory Heating Degree Hours per Bill Days (Base 50 Degree Temperature)	484.64
V. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 75 Degree Temperature)	1,585.65
W. Gulf Service Territory Heating Degree Hours per Bill Days (Base 59 Degree Temperature)	638.33
X. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 60-73 Degree Temperature)	578.75
Y. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 73 Degree Temperature)	2,594.22
Z. Energy Efficiency Codes and Standards per Residential Customer (MWh)	-0.66
AA. Energy Efficiency Codes and Standards per Commercial Customer (MWh)	-0.63

AB. 2022 Sales by Revenue Class - Most likely (in Million KWH)

Residential	Commercial	Industrial	Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
65,361	51,411	4,858	362	20	85	122,097	7,130	129,226

AC. 2022 Customers by Revenue Class

Residential	Commercial	Industrial	Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
5,057,606	640,371	13,115	6,239	164	27	5,717,522	12	5,717,534

[1] Totals may not add-up due to rounding.

Supporting Schedules: E-18 E-10, C-40

Schedule F-8 ASSUMPTIONS

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Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

I. SALES, CUSTOMERS, NET ENERGY FOR LOAD

GENERAL ASSUMPTIONS

AD. 2022 Net Change in Customers by Revenue Class

Residential	Commercial	Industrial	Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [2]
46,896	6,407	178	372	0	0	53,853	-2	53,851

AE. Most Likely Forecast of Monthly Net Energy for Load (Million KWH)

	2022
January	10,037
February	9,182
March	9,963
April	10,370
May	11,850
June	12,635
July	13,538
August	13,617
September	12,588
October	11,736
November	10,012
December	10,052
	135,579

AF. Most Likely Forecast of System Monthly Peaks (Megawatts)

	2022
January	22,436
February	20,503
March	20,527
April	21,970
May	24,487
June	26,258
July	26,686
August	27,205
September	26,102
October	24,205
November	21,224
December	20,270

[2] average 2022 customers - average 2021 customers.

Supporting Schedules: E-18 E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

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Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)
1	**II. INFLATION RATE FORECAST**		
2	**Most Likely Annual**		
3	**Rates of Change**		
4	**2022**		
5	**A.** 1.67%	**Consumer Price Index (CPI)**	
6		The CPI Measures the price change of a constant market basket of goods and services over time.	
7		For company purposes it is a useful escalator for determining trends in wage contracts and income	
8		payments, excluding construction work.	
9			
10	**III. FINANCING AND INTEREST RATE ASSUMPTIONS**		
11			
12	**General Assumptions**		
13			
14	**A. Target Capitalization Ratios**		
15	During the projected test year, Florida Power & Light Company's investor sources of capitalization is projected to be approximately 59.6% equity and approximately 40.4% debt.		
16			
17	**B. Preferred Stock Premium and Underwriting Discount**		
18	It is assumed that no preferred stock will be issued.		
19			
20	**C. First Mortgage Bond Prices and Underwriting Discount**		
21	It is assumed that first mortgage bonds will be issued to the public at par with an underwriting commission of 0.875%.		
22			
23	**Interest Rate Assumptions**		
24		**2022**	
25	**D. Long Term Debt**	2.67%	
26			
27	**E. Short Term Debt** - Excluding Commercial Paper	Although the Company maintains several lines of credit, the Company forecasts them at zero balance and includes the cost of having these lines of credit	
28		available in the cost rate.	
29			
30	**F. Short Term Debt** - 30-Day Commercial Paper	0.37%	
31			
32	**G. Pollution Control Bonds**	0.47%	
33			
34	**H. Preferred Stock**	No preferred stock outstanding.	
35			
36			
37			
38			
39			
40			
41			

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
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____ Historical Test Year Ended ___/___/___

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

IV. IN SERVICE DATES OF MAJOR PROJECTS

A.

Line No.	BUDGET ITEM #	PROJECT DESCRIPTION	IN SERVICE DATE*	
5	UENC.00000119	Dania Beach Energy Center	Jun-22	
6	UENC.00000106.60	Large Scale Solar Projects - 2022	Dec-22	
7	UENC.00000106.62	Large Scale Solar Projects - 2023	Dec-23	
8	UTRN.00000551	500 kV Rebuild	2022 - 2025	(Various In-Service Dates)
9	UTRN.00000660	Quarry to ClearSky	Dec-24	
10	UENC.00022002	North Florida Resiliency Connection - Intangible	Jun-22	
11	UTRN.00022067.06	Major Transmission Project - Argyle - Santa Rosa	Jun-23	
12	UTRN.00022325	Major Transmission Project - Deaton Injection	Jun-22	
13	UTRN.00022344	Major Transmission Project - Deaton Project	Dec-22	

V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS

A. Nuclear Maintenance Schedules (Including outage period and reason)

Unit	2022 Outage Period	2022 Outage Description
St. Lucie Unit 1	9/3/2022 – 10/3/2022	Refueling
Turkey Point Unit 4	3/12/2022 – 4/10/2022	Refueling, Eddy Current testing, 10 Year Reactor Vessel In-Service Inspection

B. Fossil Units Outage Schedule (including outage period and reason)

Unit	2022 Outage Start	2022 Outage End	2022 Outage Description
Martin 3	2/15/22	4/25/22	STEAM TURBINE MAJOR
West County 2	4/1/22	6/9/22	COMBUSTION TURBINE MAJOR
West County 2	4/1/22	6/9/22	COMBUSTION TURBINE MAJOR
West County 2	4/1/22	6/9/22	COMBUSTION TURBINE MAJOR
West County 2	4/1/22	6/9/22	STEAM TURBINE MAJOR / GENERATOR MAJOR
Okeechobee 3	7/1/22	8/22/22	COMBUSTION TURBINE ROTOR SWAP
West County 1	8/1/22	9/19/22	COMBUSTION TURBINE MAJOR / GENERATOR MAJOR
West County 1	9/1/22	10/20/22	COMBUSTION TURBINE MAJOR / GENERATOR MAJOR
West County 1	11/1/22	12/20/22	COMBUSTION TURBINE MAJOR / GENERATOR MAJOR
West County 1	9/11/22	10/24/22	BALANCE OF PLANT INSPECTION
Cape Canaveral 3	3/23/22	4/23/22	HOT GAS PATH

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

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____ Historical Test Year Ended ___/___/___

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

V. B. Fossil Units Outage Schedule (including outage period and reason)

Line No.	Unit	2022 Outage Start	2022 Outage End	2022 Outage Description
5	Cape Canaveral 3	5/1/22	6/1/22	HOT GAS PATH
6	Port Everglades 5	3/7/22	4/3/22	GENERTOR MINOR / STEAM TURBINE VALVE OUTAGET / CYBERVULNARABILITY ASSESSMENT
7	Manatee 3	7/1/22	7/28/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
8	Manatee 3	8/1/22	8/28/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
9	Port Everglades 5	10/1/22	10/28/22	COMBUSTOR INSPECTION
10	Martin 3	2/15/22	3/9/22	HOT GAS PATH
11	Martin 3	2/15/22	3/9/22	HOT GAS PATH
12	Okeechobee 1	2/15/22	3/9/22	HOT GAS PATH
13	Cape Canaveral 3	3/1/22	3/23/22	HOT GAS PATH
14	Manatee 3	4/15/22	5/7/22	HOT GAS PATH
15	Martin 8	5/1/22	5/23/22	HOT GAS PATH
16	Manatee 3	6/1/22	6/23/22	HOT GAS PATH
17	Okeechobee 2	9/5/22	9/27/22	HOT GAS PATH
18	Martin 4	9/15/22	10/7/22	HOT GAS PATH
19	Martin 8	11/1/22	11/23/22	HOT GAS PATH / GENERATOR MINOR
20	Sanford 4	12/1/22	12/23/22	HOT GAS PATH
21	Cape Canaveral 3	4/1/22	4/19/22	GENERATOR INSPECTION / BALANCE OF PLANT INSPECTION
22	West County 3	4/7/22	4/22/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
23	West County 3	4/7/22	4/22/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
24	West County 3	4/7/22	4/22/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
25	West County 3	4/7/22	4/22/22	BALANCE OF PLANT INSPECTION
26	Ft Myers 3	1/1/22	1/14/22	GENERATOR MINOR / RELIABILITY OUTAGE
27	Ft Myers 3	1/1/22	1/14/22	GENERATOR MINOR / RELIABILITY OUTAGE
28	Ft Myers 3	1/1/22	1/14/22	GENERATOR MINOR / RELIABILITY OUTAGE
29	Ft Myers 3	3/1/22	3/14/22	GENERATOR MINOR / RELIABILITY OUTAGE
30	Turkey Point 1	3/19/22	4/1/22	SYNCHRONOUS CONDENSER MAINTENANCE
31	Sanford 5	4/15/22	4/28/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
32	Turkey Point 2	4/20/22	5/3/22	SYNCHRONOUS CONDENSER MAINTENANCE
33	Sanford 5	4/30/22	5/13/22	GENERATOR MINOR
34	Okeechobee	9/5/22	9/18/22	BALANCE OF PLANT INSPECTION
35	Martin 4	9/15/22	9/28/22	GENERATOR MINOR
36	Sanford 4	10/1/22	10/14/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
37	Martin 8	1/10/22	1/19/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
38	Martin 8	1/10/22	1/19/22	GENERATOR MINOR
39	Port Everglades 5	2/7/22	2/16/22	HEAT RECOVERY STEAM GENERATOR INSPECTION
40	Port Everglades 5	2/15/22	2/24/22	COMBUSTOR INSPECTION

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

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X Projected Test Year Ended 12/31/22
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)
1	**V. B.**				
2	**Unit**	**2022 Outage Start**	**2022 Outage End**		**2022 Outage Description**
3	Martin 8	2/26/22	3/7/22		GENERATOR MINOR
4	Turkey Point 5	5/15/22	5/24/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
5	Turkey Point 5	5/17/22	5/26/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
6	Turkey Point 5	5/20/22	5/29/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
7	Turkey Point 5	5/20/22	5/29/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
8	Riviera 5	9/17/22	9/26/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
9	Riviera 5	9/26/22	10/5/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
10	Riviera 5	10/5/22	10/14/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
11	Lauderdale 6	3/31/22	4/6/22		RELIABILITY OUTAGE
12	Lauderdale 6	3/31/22	4/6/22		RELIABILITY OUTAGE
13	Lauderdale 6	3/31/22	4/6/22		RELIABILITY OUTAGE
14	Lauderdale 6	3/31/22	4/6/22		RELIABILITY OUTAGE
15	Lauderdale 6	3/31/22	4/6/22		RELIABILITY OUTAGE
16	Ft Myers 2	4/2/22	4/8/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
17	Ft Myers 2	4/2/22	4/8/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
18	Ft Myers 2	4/9/22	4/15/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
19	Ft Myers 2	4/9/22	4/15/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
20	Sanford 5	4/15/22	4/21/22		BALANCE OF PLANT INSPECTION
21	Ft Myers 2	4/16/22	4/22/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
22	Ft Myers 2	4/16/22	4/22/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
23	Turkey Point 5	5/20/22	5/26/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
24	Manatee 3	6/1/22	6/7/22		BALANCE OF PLANT INSPECTION
25	Sanford 5	9/3/22	9/9/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
26	Sanford 5	9/3/22	9/9/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
27	Martin 4	9/15/22	9/21/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
28	Sanford 4	10/1/22	10/7/22		GENERATOR MINOR
29	Sanford 4	10/1/22	10/7/22		HEAT RECOVERY STEAM GENERATOR INSPECTION
30	Sanford 4	10/1/22	10/7/22		BALANCE OF PLANT INSPECTION
31	Ft Myers 2	4/2/22	4/6/22		CYBERVULNARABILITY ASSESSMENT
32	Smith 3	3/11/22	3/19/22		COMBUSTION TURBINE INSPECTION/RELIABILITY OUTAGE
33	SCHERER 3	3/12/22	4/24/22		BOILER INSPECTION
34	Crist 7	3/15/22	5/23/22		STEAM TURBINE MAJOR OVERHAUL
35	Smith 3	9/10/22	9/18/22		COMBUSTION TURBINE INSPECTION/RELIABILITY OUTAGE
36	DANIEL 2	9/28/22	11/3/22		BOILER INSPECTION
37	DANIEL 1	10/10/22	10/18/22		BALANCE OF PLANT INSPECTION
38					
39					
40					
41					

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
X Projected Test Year Ended 12/31/22
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)
1	**VI.**	**INTERCHANGE AND PURCHASED POWER ASSUMPTIONS**			
2					
3	**A.**	**Contractual Commitments for Scheduled Interchange/Purchased Power**			
4					
5	**1.**	**Power Sold and Economy Energy Purchases (Schedule "OS")**			
6		a. Schedule OS sales are based upon projected market prices and expected available generation relative to FPL's projected incremental cost of sales (generation and transmission).			
7		b. Schedule OS purchases are based upon FPL's projected incremental generation cost relative to projected market prices plus incremental costs and transmission costs.			
8		c. Energy & transmission costs of OS purchases are recovered through the FCRC. For OS sales, the FCRC is credited for incremental generation cost, the CCRC is credited for FPL			
9		transmission costs incurred to make the sale. Base is credited for the incremental costs of running gas turbines, if applicable, and the FCRC is credited for the gain on a sale.			
10					
11	**2.**	**Interchange related to St Lucie Unit 2 Reliability Exchange agreement**			
12		a. Based on GenTrader projection for PSL 1 and PSL 2 output as applied to the contract formula.			
13					
14	**3.**	**Schedule of New and Expiring Interchange/Purchase Power Contracts for the period**			
15		None			
16					
17	**4.**	**Purchased Power from Qualifying Facilities:**			
18		a. Firm		Capacity (MW)	Energy (MWH)
19			2022	4	30,695
20			2023	4	30,695
21		b. As Available			
22			2022	n/a	516,884
23			2023	n/a	516,808
24					
25	**5.**	**Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2022)**			
26		**a. Sales:** FPL's load forecast includes projected wholesale sales served under full and partial requirements contracts that provide other utilities all or a portion of their load			
27		requirements at a level of service equivalent to the Company's own native load customers. The wholesale requirements contracts included in the 2022 load forecast			
28		with their annual peak contributions are:			
29		Lee County Electric Cooperative, Inc.: 950 MW			
30		JEA: 200 MW (Note: The agreement is not effective until JEA has acquired the necessary FPL firm point-to-point transmission.)			
31		Florida Keys Electric Cooperative Association, Inc.: 160 MW			
32		Florida Public Utilities Northeast: 80 MW			
33		City of Homestead: 76 MW			
34		Florida Public Utilities Northwest: 70 MW			
35		City of Quincy: 20 MW			
36		City of Wauchula: 14 MW			
37		City of Moore Haven: 4 MW			
38					
39					
40					
41					

Supporting Schedules: E-18

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

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____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)
1	**VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS**			
2				
3	**A. Contractual Commitments for Scheduled Interchange/Purchased Power**			
4				
5	**5. Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2022)**			
6				
7	**b. Purchases:**	Solid Waste Authority of Palm Beach County capacity and energy 40 MW (1/1/2022 to 12/31/2023)		
8		Solid Waste Authority of Palm Beach County capacity and energy 70 MW (1/1/2022 to 12/31/2023)		
9		MSCG – Kingfisher I: 53 MW (1/1/2022 to 12/31/2023)		
10		MSCG – Kingfisher II: 28 MW (1/1/2022 to 12/31/2023)		
11		SENA – Shell: 885 MW (1/1/2022 to 5/24/2023		
12				
13	**VII. FUEL ASSUMPTIONS**			
14				
15	**A. Fuel Related Assumptions**			
16	**1. Fossil Fuel**			
17	The fuel price forecast for light and heavy fuel oil, natural gas, coal, and petroleum coke, and the projection for the availability of natural gas to the FPL system for 2022 and 2023 was issued on July 1, 2020.			
18	This forecast was used as input into the GenTrader production costing model for development of forecasted information.			
19				
20	**2. Nuclear Fuel**			
21	The Nuclear Fuel Forecast model was used to project fuel costs. The 2021 Fuel Cost Projections used in the impending rate case filing are consistent with the Approved Operating Schedule dated June 11, 2020.			
22				
23	**VIII. OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS**			
24				
25	**A. INFLATION RATE FORECAST**			
26	**See Section II. Inflation Rate Forecast**			
27				
28	**B. PAY PROGRAMS**			
29	**1. Merit Pay Program Increases 2022**			
30	3%			
31				
32	**IX. OTHER ASSUMPTIONS**			
33				
34	**A. Amount of CWIP and NFIP in Rate Base - FPSC**			
35	1. CWIP: All Construction Work in Progress (CWIP) which does not meet the criteria for the accrual of Allowance for Funds Used During Construction (AFUDC)			
36	are included in CWIP for rate base in accordance with Rule No. 25-6.0141, Florida Administrative Code.			
37	2. NFIP: All Nuclear Fuel in Process is included in rate base.			
38				
39				
40				
41				

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
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____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)
1	**IX. OTHER ASSUMPTIONS**		
2			
3	**B. Amount of CWIP and NFIP in Rate Base - FERC**		
4	1. CWIP: None.		
5	2. NFIP: None.		
6			
7	**C. AFUDC Rates for Capital Expenditures (FPSC and FERC)**		
8	FPL's current AFUDC rate is 6.22% as approved by the Florida Public Service Commission in Order No. PSC-2019-0218-PAA-EI, in Docket No. 20190087-EI issued on June 3, 2019.		
9	Gulf's current AFUDC rate is 5.73% as approved by the Florida Public Service Commission in Order No. PSC-2014-0175-PAA-EI, in Docket No. 20140046-EI issued on April 18, 2014.		
10			
11	**D. AFUDC Debt/Equity Split - FPSC and FERC**		
12		FPSC Ratio	FERC Ratio
13	1. Debt %	22.5277	22.5277
14	2. Equity %	77.4723	77.4723
15			
16	All major projects that began construction at Gulf in the periods preceding the 2022 Test year are forecasted to earn AFUDC based on the Gulf approved AFUDC rates.		
17			
18	**E. Depreciation Rates**		
19	1. For the 2022 Test Year, depreciation expense is based on depreciation rates approved by the Florida Public Service Commission in FPL Docket No. 160021-EI/160062-EI, Order No. PSC-16-0560-AS-EI issued		
20	on December 15, 2016, and Gulf Docket No. 160186-EI/160170-EI, Order No. PSC-17-0178-S-EI issued on May 16, 2017.		
21	2. The Company has filed its current depreciation study in accordance with Rule No. 25-6.0436, Florida Administrative Code.		
22	3. For the 2022 Test Year, FPL included an accrual of $26,839,546 for the Dismantlement of Fossil-Fueled and Solar Generating Stations. This annual amount was approved by the Florida Public Service Commission		
23	in Docket Nos. 160021-EI/160062-EI, Order No. PSC-16-0560-AS-EI issued on December 15, 2016.		
24	4. The Company has filed its current dismantlement study in accordance with Rule 25-6.04364, Florida Administrative Code.		
25			
26	**F. Total Line Losses**	**2022**	**of Net Energy for Load**
27		4.53%	
28			
29	**G. Company Usage**	**2022**	**of Net Energy for Load**
30		0.11%	
31			
32	**H.** 21% **FEDERAL INCOME TAX RATE (REGULAR)**		
33			
34	**I.** 5.5% **FLORIDA STATE INCOME TAX RATE**		
35	6.0% **OKLAHOMA STATE INCOME TAX RATE**		
36			
37	**J.** 0.00072 **REGULATORY ASSESSMENT FEE RATE (FPSC)**		
38	Per Rule 25-6.0131,"Investor Owned Electric Company Regulatory Assessment Fee" in the Florida Administrative Code.		
39			
40			
41			

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Schedule F-8 ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

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____ Prior Year Ended ___/___/___
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Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)
1	**IX. OTHER ASSUMPTIONS**	
2		
3	**K.** 2.50%	**GROSS RECEIPTS TAX RATE**
4		Provided as a pass through to customers as provided in Florida Statute Chapter 203.
5		
6	**L.**	**FRANCHISE FEE RATE**
7	4.471%	**2020**
8	4.476%	**2021**
9	4.530%	**2022**
10		**Percentage represents composite rate.**
11		
12	**M.**	**PRIOR YEAR**
13		Year 2021 Forecast
14		
15	**N.**	**TEST YEAR**
16		Year 2022 Forecast
17		
18	**O.**	**HISTORICAL YEAR**
19		Year 2020
20		
21	**P.**	**LAST MONTH OF HISTORICAL DATA**
22		September 2020
23		
24	**Q.**	**MILLAGE RATE FOR PROPERTY TAXES**
25		The overall millage rate used for historical, prior and test year are as follows:
26		2020 1.711%
27		2021 1.720%
28		2022 1.735%
29		
30	**R.**	**STATUTORY SALES TAX RATE**
31	6.95%	Is the statutory sales tax rate. This may be coupled with a sur-tax that is levied by the County from 1/2% up to 1 1/2%.
32	7.713%	is the blended forecasted rate, based on 2020 actual payments.
33		
34	**S.**	**FEDERAL AND STATE UNEMPLOYMENT TAX RATES**
35	0.6%	FUTA on the first $7,000 of wage base per employee
36	0.10%	SUTA on the first $7,000 of wage base per employee
37		
38	**T.**	**FICA TAX RATES**
39	6.2%	Social Security Tax on $142,800 wage base
40	1.45%	Medicare tax on wage base up to $200,000; 2.35% Medicare tax on wage base > $200,000
41		

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

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____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___
X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	**I. SALES, CUSTOMERS, NET ENERGY FOR LOAD**							
2	**GENERAL ASSUMPTIONS**							**FPL**
3								**2023**
4								
5	**A. Households (Florida)**							8,719,877
6								
7	**B. Employment (Florida)**							9,288,020
8								
9	**C. Unemployment Rate (Florida)**							4.66
10								
11	**D. Florida Real Income per Household**							113,128
12								
13	**E. Real Electric Price Increase (12-month moving average)**							17.99
14								
15	**F. FPL Service Territory Cooling Degree Hours per Bill Day (Base 72 Degree Temperature)**							1,665.16
16								
17	**G. FPL Service Territory Cooling Degree Hours per Bill Day (Base 72-80 Degree Temperature)**							1,281.86
18								
19	**H. FPL Service Territory Cooling Degree Hours per Bill Day (Base 80 Degree Temperature)**							383.30
20								
21	**I. FPL Service Territory Cooling Degree Hours per Bill Day (Base 66 Degree Temperature)**							3,086.62
22								
23	**J. FPL Service Territory Heating Degree Days per Bill Day (Base 56 Degree Temperature)**							53.47
24								
25	**K. Energy Efficiency Codes and Standards per Residential Customer (MWh)**							-1.06
26								
27	**L. Energy Efficiency Codes and Standards per Commercial Customer (MWh)**							-6.01
28								
29								**GULF**
30								**2023**
31								
32	**M. Households (Florida, weighted by area population)**							400,413
33								
34	**N. Retail Sales (Florida, weighted by area population)**							229,700,081
35								
36	**O. Real Electric Price Increase (12-month moving average)**							17.57
37								
38	**P. Real Electric Price (12-month moving average)**							11.32
39								
40	**Q. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 67-75 Degree Temperature)**							228.79
41								

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

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X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**I. SALES, CUSTOMERS, NET ENERGY FOR LOAD**								
2	**GENERAL ASSUMPTIONS**							**GULF**	
3								**2023**	
4									
5	**R. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 75-85 Degree Temperature)**							1,242.81	
6									
7	**S. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 85 Degree Temperature)**							343.33	
8									
9	**T. Gulf Service Territory Heating Degree Hours per Bill Days (Base 50-59 Degree Temperature)**							153.69	
10									
11	**U. Gulf Service Territory Heating Degree Hours per Bill Days (Base 50 Degree Temperature)**							484.64	
12									
13	**V. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 75 Degree Temperature)**							1,585.65	
14									
15	**W. Gulf Service Territory Heating Degree Hours per Bill Days (Base 59 Degree Temperature)**							638.33	
16									
17	**X. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 60-73 Degree Temperature)**							578.75	
18									
19	**Y. Gulf Service Territory Cooling Degree Hours per Bill Day (Base 73 Degree Temperature)**							2,594.22	
20									
21	**Z. Energy Efficiency Codes and Standards per Residential Customer (MWh)**							-0.65	
22									
23	**AA. Energy Efficiency Codes and Standards per Commercial Customer (MWh)**							-0.66	
24									
25	**AB. 2023 Sales by Revenue Class - Most likely (in Million KWH)**								
26									
27	Residential	Commercial	Industrial	Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
28									
29	65,602	51,887	5,006	337	20	85	122,937	7,281	130,217
30									
31	**AC. 2023 Customers by Revenue Class**								
32									
33	Residential	Commercial	Industrial	Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [1]
34									
35	5,117,117	648,333	13,194	6,611	164	27	5,785,444	12	5,785,456
36									
37									
38									
39									
40									
41	[1] Totals may not add-up due to rounding.								

Supporting Schedules: E-18

E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
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X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**I. SALES, CUSTOMERS, NET ENERGY FOR LOAD**								
2	**GENERAL ASSUMPTIONS**								
3									
4	**AD. 2023 Net Change in Customers by Revenue Class**								
5									
6		Residential	Commercial	Industrial	Highway Lighting	Other	Railroads	Total Retail	**Sales for Resale**	**Total** [2]
7									
8		59,511	7,961	78	372	0	0	67,922	0	67,922
9									
10	**AE. Most Likely Forecast of Monthly Net Energy for Load (Million KWH)**								
11		**2023**							
12	January	10,102							
13	February	9,224							
14	March	10,010							
15	April	10,434							
16	May	11,931							
17	June	12,732							
18	July	13,645							
19	August	13,730							
20	September	12,697							
21	October	11,839							
22	November	10,103							
23	December	10,139							
24		136,586							
25									
26	**AF. Most Likely Forecast of System Monthly Peaks (Megawatts)**								
27		**2023**							
28	January	22,826							
29	February	20,841							
30	March	20,867							
31	April	22,337							
32	May	24,899							
33	June	26,698							
34	July	27,132							
35	August	27,661							
36	September	26,541							
37	October	24,610							
38	November	21,582							
39	December	20,611							
40									
41	[2] average 2022 customers - average 2021 customers.								

Supporting Schedules: E-18

E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

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____ Historical Test Year Ended ___/___/___
X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)
1	**II. INFLATION RATE FORECAST**		
2	**Most Likely Annual**		
3	**Rates of Change**		
4	**2023**		
5	**A.** 0.76%	**Consumer Price Index (CPI)**	
6		The CPI Measures the price change of a constant market basket of goods and services over time.	
7		For company purposes it is a useful escalator for determining trends in wage contracts and income	
8		payments, excluding construction work.	
9			
10	**III. FINANCING AND INTEREST RATE ASSUMPTIONS**		
11			
12	**General Assumptions**		
13			
14	**A. Target Capitalization Ratios**		
15	During the projected test year, Florida Power & Light Company's investor sources of capitalization is projected to be approximately 59.6% equity and approximately 40.4% debt.		
16			
17	**B. Preferred Stock Premium and Underwriting Discount**		
18	It is assumed that no preferred stock will be issued.		
19			
20	**C. First Mortgage Bond Prices and Underwriting Discount**		
21	It is assumed that first mortgage bonds will be issued to the public at par with an underwriting commission of 0.875%.		
22			
23	**Interest Rate Assumptions**		
24		**2023**	
25	**D. Long Term Debt**	3.75%	
26			
27	**E. Short Term Debt** - Excluding Commercial Paper	Although the Company maintains several lines of credit, theCompany forecasts them at zero balance and includes the cost of having these lines of credit	
28		available in the cost rate.	
29			
30	**F. Short Term Debt** - 30-Day Commercial Paper	0.55%	
31			
32	**G. Pollution Control Bonds**	0.48%	
33			
34	**H. Preferred Stock**	No preferred stock outstanding.	
35			
36			
37			
38			
39			
40			
41			

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

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____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___
X Proj. Subsequent Yr Ended 12/31/23

DOCKET NO.: 20210015-EI

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No. (1) (2) (3) (4) (5) (6)

IV. IN SERVICE DATES OF MAJOR PROJECTS

A.

BUDGET ITEM #	PROJECT DESCRIPTION	IN SERVICE DATE*	
UENC.00000106.62	Large Scale Solar Projects - 2023	Dec-23	
UTRN.00000551	500 kV Rebuild	2023- 2025	(Various In-Service Dates)
UTRN.00000660	Quarry to ClearSky	Dec-24	
UTRN.00022067.06	Major Transmission Project - Argyle - Santa Rosa	Jun-23	

V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS

A. Nuclear Maintenance Schedules (Including outage period and reason)

Unit	2023 Outage Period	2023 Outage Description
St. Lucie Unit 2	2/18/2023 – 3/22/2023	Refueling, 15 year Reactor Vessel In-Service Inspection
Turkey Point Unit 3	4/8/2023 – 5/6/2023	Refueling, 10 Year Reactor Vessel In-Service Inspection
Turkey Point Unit 4	9/30/2023 – 10/24/2023	Refueling

B. Fossil Units Outage Schedule (including outage period and reason)

Unit	2023 Outage Start	2023 Outage End	2023 Outage Description
Ft Myers 3	1/1/23	1/7/23	RELIABILITY OUTAGE
Ft Myers 3	1/1/23	1/7/23	RELIABILITY OUTAGE
Ft Myers 3	1/1/23	1/7/23	RELIABILITY OUTAGE
Martin 8	1/14/23	1/23/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
Martin 8	1/21/23	1/30/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
Sanford 5	2/15/23	3/9/23	HOT GAS PATH
Martin 3	2/15/23	3/9/23	HOT GAS PATH
Martin 3	2/15/23	2/28/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
Martin 3	2/15/23	2/28/23	STEAM TURBINE OUTAGE / GENERATOR MINOR
Ft Myers 3	2/18/23	2/24/23	HOT GAS PATH
Dania Beach 1	3/1/23	3/10/23	WARRANTY OUTAGE
Dania Beach 1	3/1/23	3/10/23	WARRANTY OUTAGE
Dania Beach 1	3/1/23	3/10/23	WARRANTY OUTAGE
Port Everglades 5	3/1/23	3/10/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
Port Everglades 5	3/6/23	3/15/23	COMBUSTOR INSPECTION
Sanford 4	3/6/23	3/19/23	GENERATOR MINOR
Turkey Point 1	3/18/23	3/31/23	SYNCHRONOUS CONDENSER MAINTENANCE

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

EXPLANATION: For a projected test year, provide a schedule of assumptions used in developing projected or estimated data. As a minimum, state assumptions used for balance sheet, income statement and sales forecast.

Type of Data Shown:
____ Projected Test Year Ended ___/___/___
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___
X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

V. B. Fossil Units Outage Schedule (including outage period and reason)

Line No.	Unit	2023 Outage Start	2023 Outage End	2023 Outage Description
5	Lauderdale 6	3/31/23	4/6/23	RELIABILITY OUTAGE
6	Lauderdale 6	3/31/23	4/6/23	RELIABILITY OUTAGE
7	Lauderdale 6	3/31/23	4/6/23	RELIABILITY OUTAGE
8	Cape Canaveral 3	4/1/23	4/10/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
9	Cape Canaveral 3	4/1/23	4/10/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
10	Cape Canaveral 3	4/1/23	4/10/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
11	West County 3	4/1/23	6/9/23	STEAM TURBINE MAJOR / GENERATOR MAJOR
12	West County 3	4/1/23	4/16/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
13	West County 3	4/1/23	4/16/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
14	West County 3	4/1/23	4/16/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
15	Okeechobee	4/1/23	4/10/23	BALANCE OF PLANT INSPECTION
16	Okeechobee 2	4/1/23	5/23/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
17	Okeechobee 3	4/1/23	4/10/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
18	Sanford 4	4/1/23	4/23/23	HOT GAS PATH
19	Sanford 5	4/1/23	4/7/23	BALANCE OF PLANT INSPECTION
20	Lauderdale 6	4/7/23	4/13/23	RELIABILITY OUTAGE
21	Lauderdale 6	4/7/23	4/13/23	RELIABILITY OUTAGE
22	Manatee 3	4/9/23	4/22/23	GENERATOR MINOR
23	Manatee 3	4/9/23	4/22/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
24	Manatee 3	4/9/23	4/18/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
25	Sanford 4	4/22/23	4/28/23	BALANCE OF PLANT INSPECTION
26	Turkey Point 2	4/22/23	5/5/23	SYNCHRONOUS CONDENSER MAINTENANCE
27	Manatee 3	4/23/23	5/6/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
28	Manatee 3	4/23/23	5/6/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
29	Ft Myers 2	5/1/23	5/7/23	HOT GAS PATH
30	Port Everglades 5	5/1/23	5/10/23	HEAT RECOVERY STEAM GENERATOR INSPECTION
31	Turkey Point 5	5/1/23	5/23/23	HOT GAS PATH
32	Turkey Point 5	5/1/23	5/23/23	HOT GAS PATH
33	Turkey Point 5	5/1/23	5/23/23	HOT GAS PATH
34	Turkey Point 5	5/1/23	5/7/23	BALANCE OF PLANT INSPECTION
35	Ft Myers 2	5/6/23	6/2/23	GENERATOR MINOR
36	Ft Myers 2	5/13/23	5/19/23	HOT GAS PATH
37	Port Everglades 5	5/13/23	5/17/23	BALANCE OF PLANT INSPECTION / CYBERVULNERABILITY ASSESSMENT
38	Ft Myers 2	5/20/23	5/26/23	HOT GAS PATH
39	Ft Myers 2	5/20/23	5/26/23	HOT GAS PATH
40	Ft Myers 2	7/1/23	7/23/23	HOT GAS PATH

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

DOCKET NO.: 20210015-EI

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____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___
X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)
1	**V. B.**	**2023**	**2023**		**2023**
2	**Unit**	**Outage Start**	**Outage End**		**Outage Description**
3	Turkey Point 5	7/1/23	7/23/23		HOT GAS PATH
4	Ft Myers 2	9/1/23	9/23/23		HOT GAS PATH
5	Riviera 5	9/1/23	9/10/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
6	Riviera 5	9/1/23	9/10/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
7	Riviera 5	9/1/23	9/10/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
8	Sanford 5	9/1/23	9/23/23		HOT GAS PATH
9	Martin 4	9/2/23	9/11/23		HOT GAS PATH
10	Martin 4	9/2/23	9/11/23		GENERATOR MINOR
11	Martin 4	9/2/23	9/15/23		GENERATOR MINOR
12	West County 2	9/16/23	11/7/23		COMBUSTION TURBINE MAJOR
13	West County 1	9/16/23	10/1/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
14	West County 2	9/19/23	9/28/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
15	West County 1	9/19/23	10/4/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
16	West County 2	9/22/23	10/1/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
17	West County 2	9/22/23	10/1/23		BALANCE OF PLANT INSPECTION
18	West County 1	9/22/23	10/7/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
19	West County 1	9/22/23	10/1/23		BALANCE OF PLANT INSPECTION
20	Okeechobee 1	10/1/23	11/22/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
21	Sanford 5	10/15/23	11/6/23		HOT GAS PATH / GENERATOR MINOR
22	Sanford 4	10/22/23	10/28/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
23	Sanford 5	11/8/23	11/14/23		HEAT RECOVERY STEAM GENERATOR INSPECTION
24	Martin 8	12/1/23	12/23/23		GENERATOR MINOR / HOT GAS PATH
25	Martin 8	12/1/23	12/23/23		GENERATOR MINOR / HOT GAS PATH
26	Sanford 4	12/1/23	12/23/23		GENERATOR MINOR / HOT GAS PATH
27	Crist 6	3/4/23	5/7/23		STEAM TURBINE MAJOR OVERHAUL
28	Smith 3	3/11/23	3/27/23		STEAM TURBINE VALVE OVERHAUL
29	Crist 4	3/25/23	4/17/23		BOILER MINOR/RELIABILITY OVERHAUL
30	Crist 5	4/18/23	5/11/23		BOILER MINOR/RELIABILITY OVERHAUL
31	DANIEL 1	4/23/23	5/29/23		BOILER MAJOR
32	Smith 3	12/2/23	12/10/23		COMBUSTION TURBINE INSPECTION/RELIABILITY OUTAGE
33					
34					
35					
36					
37					
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40					
41					

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

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X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)	(4)	(5)
1	**VI.**	**INTERCHANGE AND PURCHASED POWER ASSUMPTIONS**			
2					
3	**A.**	**Contractual Commitments for Scheduled Interchange/Purchased Power**			
4					
5	**1.**	**Power Sold and Economy Energy Purchases (Schedule "OS")**			
6		a. Schedule OS sales are based upon projected market prices and expected available generation relative to FPL's projected incremental cost of sales (generation and transmission).			
7		b. Schedule OS purchases are based upon FPL's projected incremental generation cost relative to projected market prices plus incremental costs and transmission costs.			
8		c. Energy & transmission costs of OS purchases are recovered through the FCRC. For OS sales, the FCRC is credited for incremental generation cost, the CCRC is credited for FPL			
9		transmission costs incurred to make the sale. Base is credited for the incremental costs of running gas turbines, if applicable, and the FCRC is credited for the gain on a sale.			
10					
11	**2.**	**Interchange related to St Lucie Unit 2 Reliability Exchange agreement**			
12		a. Based on GenTrader projection for PSL 1 and PSL 2 output as applied to the contract formula.			
13					
14	**3.**	**Schedule of New and Expiring Interchange/Purchase Power Contracts for the period**			
15		None			
16					
17	**4.**	**Purchased Power from Qualifying Facilities:**			
18		a. Firm		Capacity (MW)	Energy (MWH)
19			2023	4	30,695
20		b. As Available			
21			2023	n/a	516,808
22					
23					
24					
25	**5.**	**Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2023)**			
26		**a. Sales:** FPL's load forecast includes projected wholesale sales served under full and partial requirements contracts that provide other utilities all or a portion of their load			
27		requirements at a level of service equivalent to the Company's own native load customers. The wholesale requirements contracts included in the 2023 load forecast			
28		with their annual peak contributions are:			
29		Lee County Electric Cooperative, Inc.: 950 MW			
30		JEA: 200 MW (Note: The agreement is not effective until JEA has acquired the necessary FPL firm point-to-point transmission.)			
31		Florida Keys Electric Cooperative Association, Inc.: 160 MW			
32		Florida Public Utilities Northeast: 80 MW			
33		City of Homestead: 76 MW			
34		Florida Public Utilities Northwest: 70 MW			
35		City of Quincy: 20 MW			
36		City of Wauchula: 14 MW			
37		City of Moore Haven: 4 MW			
38					
39					
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41					

Supporting Schedules: E-18

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES (CONSOLIDATED)

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X Proj. Subsequent Yr Ended 12/31/23

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Line No.	(1)	(2)	(3)	(4)

VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS

A. Contractual Commitments for Scheduled Interchange/Purchased Power

5. Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2023)

b. Purchases:
Solid Waste Authority of Palm Beach County capacity and energy 40 MW (1/1/2022 to 12/31/2023)
Solid Waste Authority of Palm Beach County capacity and energy 70 MW (1/1/2022 to 12/31/2023)
MSCG – Kingfisher I: 53 MW (1/1/2022 to 12/31/2023)
MSCG – Kingfisher II: 28 MW (1/1/2022 to 12/31/2023)
SENA – Shell: 885 MW (1/1/2022 to 5/24/2023

VII. FUEL ASSUMPTIONS

A. Fuel Related Assumptions

1. Fossil Fuel

The fuel price forecast for light and heavy fuel oil, natural gas, coal, and petroleum coke, and the projection for the availability of natural gas to the FPL system for 2022 and 2023 was issued on July 1, 2020. This forecast was used as input into the GenTrader production costing model for development of forecasted information.

2. Nuclear Fuel

The Nuclear Fuel Forecast model was used to project fuel costs. The 2021 Fuel Cost Projections used in the impending rate case filing are consistent with the Approved Operating Schedule dated June 11, 2020.

VIII. OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS

A. INFLATION RATE FORECAST
See Section II. Inflation Rate Forecast

B. PAY PROGRAMS

1. Merit Pay Program Increases 2022
3%

IX. OTHER ASSUMPTIONS

A. Amount of CWIP and NFIP in Rate Base - FPSC

1. CWIP: All Construction Work in Progress (CWIP) which does not meet the criteria for the accrual of Allowance for Funds Used During Construction (AFUDC) are included in CWIP for rate base in accordance with Rule No. 25-6.0141, Florida Administrative Code.
2. NFIP: All Nuclear Fuel in Process is included in rate base.

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

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____ Historical Test Year Ended ___/___/___
X Proj. Subsequent Yr Ended 12/31/23

Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)	(3)
1	**IX. OTHER ASSUMPTIONS**		
2			
3	**B. Amount of CWIP and NFIP in Rate Base - FERC**		
4	1. CWIP: None.		
5	2. NFIP: None.		
6			
7	**C. AFUDC Rates for Capital Expenditures (FPSC and FERC)**		
8	FPL's current AFUDC rate is 6.22% as approved by the Florida Public Service Commission in Order No. PSC-19-0218-PAA-EI, in Docket No. 190087-EI issued on June 3, 2019.		
9	Gulf's current AFUDC rate is 5.73% as approved by the Florida Public Service Commission in Order No. PSC-14-0175-PAA-EI, in Docket No. 140046-EI issued on April 18, 2014.		
10			
11	**D. AFUDC Debt/Equity Split - FPSC and FERC**		
12		FPSC Ratio	FERC Ratio
13	1. Debt %	22.5277	22.5277
14	2. Equity %	77.4723	77.4723
15			
16	All major projects that began construction at Gulf in the periods preceding the 2022 Test year are forecasted to earn AFUDC based on the Gulf approved AFUDC rates		
17			
18	**E. Depreciation Rates**		
19	1. For the 2023 Subsequent Year, depreciation expense is based on depreciation rates approved by the Florida Public Service Commission in FPL Docket No. 160021-EI/160062-EI, Order No. PSC-16-0560-AS-EI		
20	issued on December 15, 2016, and Gulf Docket No. 160186-EI/160170-EI, Order No. PSC-17-0178-S-EI issued on May 16, 2017.		
21	2. The Company has filed its current depreciation study in accordance with Rule No. 25-6.0436, Florida Administrative Code.		
22	3. For the 2023 Subsequent Year, FPL included an accrual of $26,839,546 for the Dismantlement of Fossil-Fueled and Solar Generating Stations. This annual amount was approved by the Florida Public Service		
23	Commission in Docket Nos. 160021-EI/160062-EI, Order No. PSC-16-0560-AS-EI issued on December 15, 2016.		
24	4. The Company has filed its current dismantlement study in accordance with Rule 25-6.04364, Florida Administrative Code.		
25			
26	**F. Total Line Losses**	**2023**	**of Net Energy for Load**
27		4.53%	
28			
29	**G. Company Usage**	**2023**	**of Net Energy for Load**
30		0.11%	
31			
32	**H.** 21% **FEDERAL INCOME TAX RATE (REGULAR)**		
33			
34	**I.** 5.5% **FLORIDA STATE INCOME TAX RATE**		
35	6.0% **OKLAHOMA STATE INCOME TAX RATE**		
36			
37	**J.** 0.00072 **REGULATORY ASSESSMENT FEE RATE (FPSC)**		
38	Per Rule 25-6.0131,"Investor Owned Electric Company Regulatory Assessment Fee" in the Florida Administrative Code.		
39			
40			
41			

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Schedule F-8
2023 Subsequent Year Adjustment

ASSUMPTIONS

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
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____ Historical Test Year Ended ___/___/___
X Proj. Subsequent Yr Ended 12/31/23

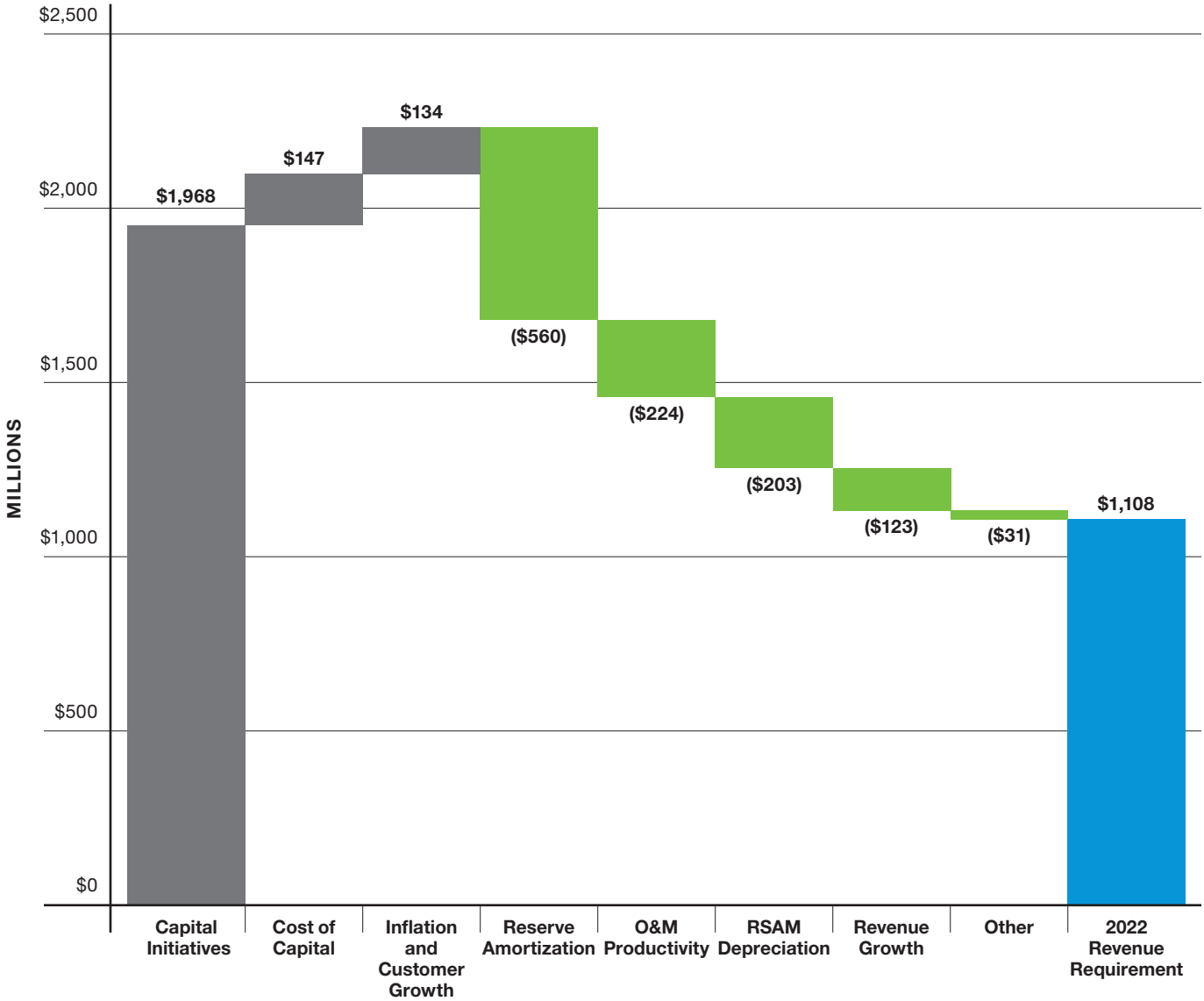
Witness: Scott R. Bores, Liz Fuentes, Thomas Broad, Robert Coffey, Jun K. Park

Line No.	(1)	(2)
1	**IX. OTHER ASSUMPTIONS**	
2		
3	**K.**	2.50% **GROSS RECEIPTS TAX RATE**
4		Provided as a pass through to customers as provided in Florida Statute Chapter 203.
5		
6	**L.**	**FRANCHISE FEE RATE**
7		4.53% **2023**
8		**Percentage represents composite rate.**
9		
10	**M.**	**PRIOR YEAR**
11		Year 2021 Forecast
12		
13	**N.**	**TEST YEAR**
14		Year 2022 Forecast
15		
16	**N.**	**SUBSEQUENT YEAR**
17		Year 2023 Forecast
18		
19	**O.**	**HISTORICAL YEAR**
20		Year 2020
21		
22	**P.**	**LAST MONTH OF HISTORICAL DATA**
23		September 2020
24		
25	**Q.**	**MILLAGE RATE FOR PROPERTY TAXES**
26		The overall millage rate used for subsequent year is as follows:
27		2023 1.750%
28		
29	**R.**	**STATUTORY SALES TAX RATE**
30		6.95% Is the statutory sales tax rate. This may be coupled with a sur-tax that is levied by the County from 1/2% up to 1 1/2%.
31		7.705% is the blended forecasted rate, based on 2020 actual payments.
32		
33	**S.**	**FEDERAL AND STATE UNEMPLOYMENT TAX RATES**
34		0.6% FUTA on the first $7,000 of wage base per employee
35		0.10% SUTA on the first $7,000 of wage base per employee
36		
37	**T.**	**FICA TAX RATES**
38		6.2% Social Security Tax on $142,800 wage base
39		1.45% Medicare tax on wage base up to $200,000; 2.35% Medicare tax on wage base > $200,000
40		
41		

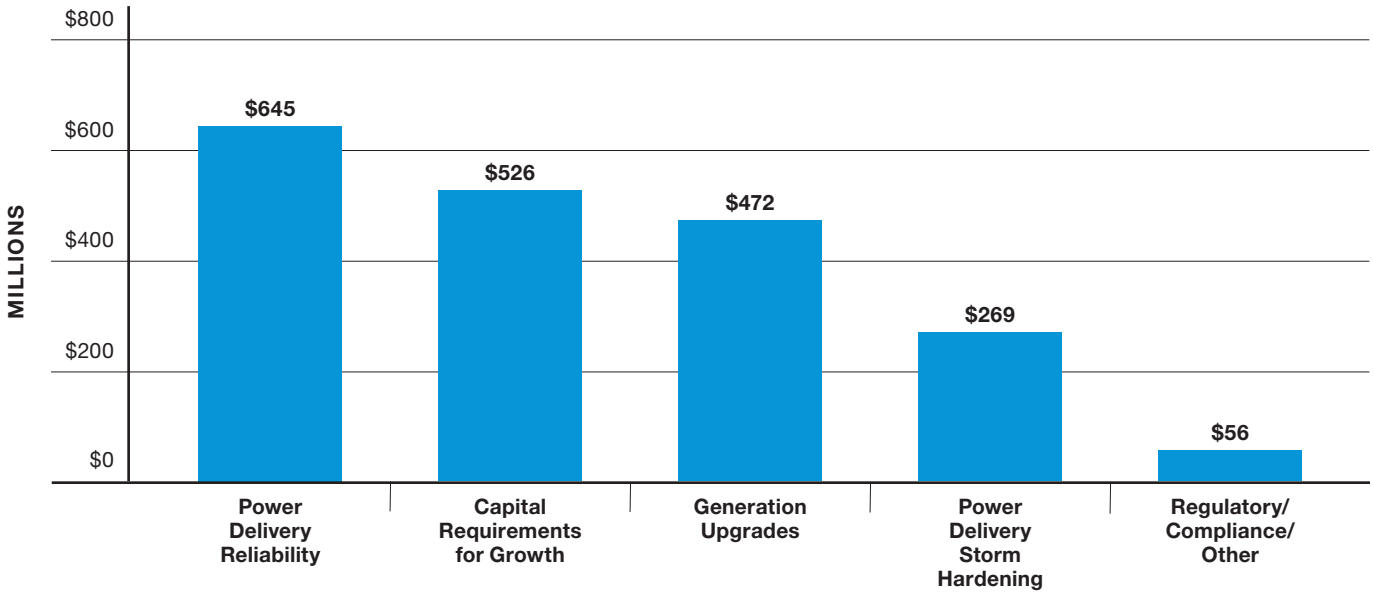
Supporting Schedules: E-18

Recap Schedules: E-10, C-40

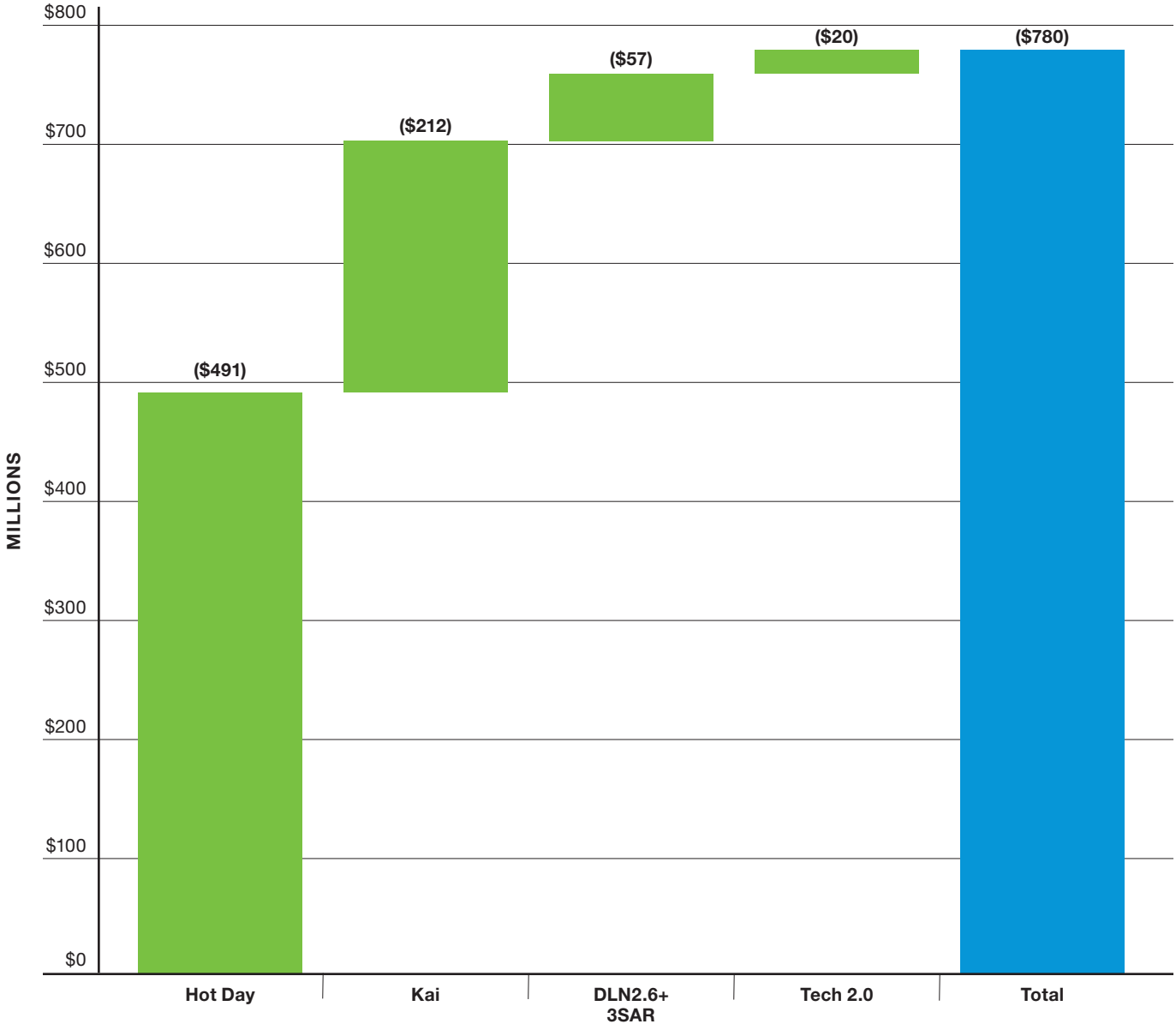
2022 Test Year Base Revenue Request of $1,108 million



Capital Initiatives 2022 Revenue Requirement of $1,968 million



Generation Upgrade Projects CPVRR[1] Analysis of ($780) Million



[1] *Cumulative Present Value Revenue Requirement ("CPVRR") (Favorable)/Unfavorable*

CPVRR
(in $ millions)

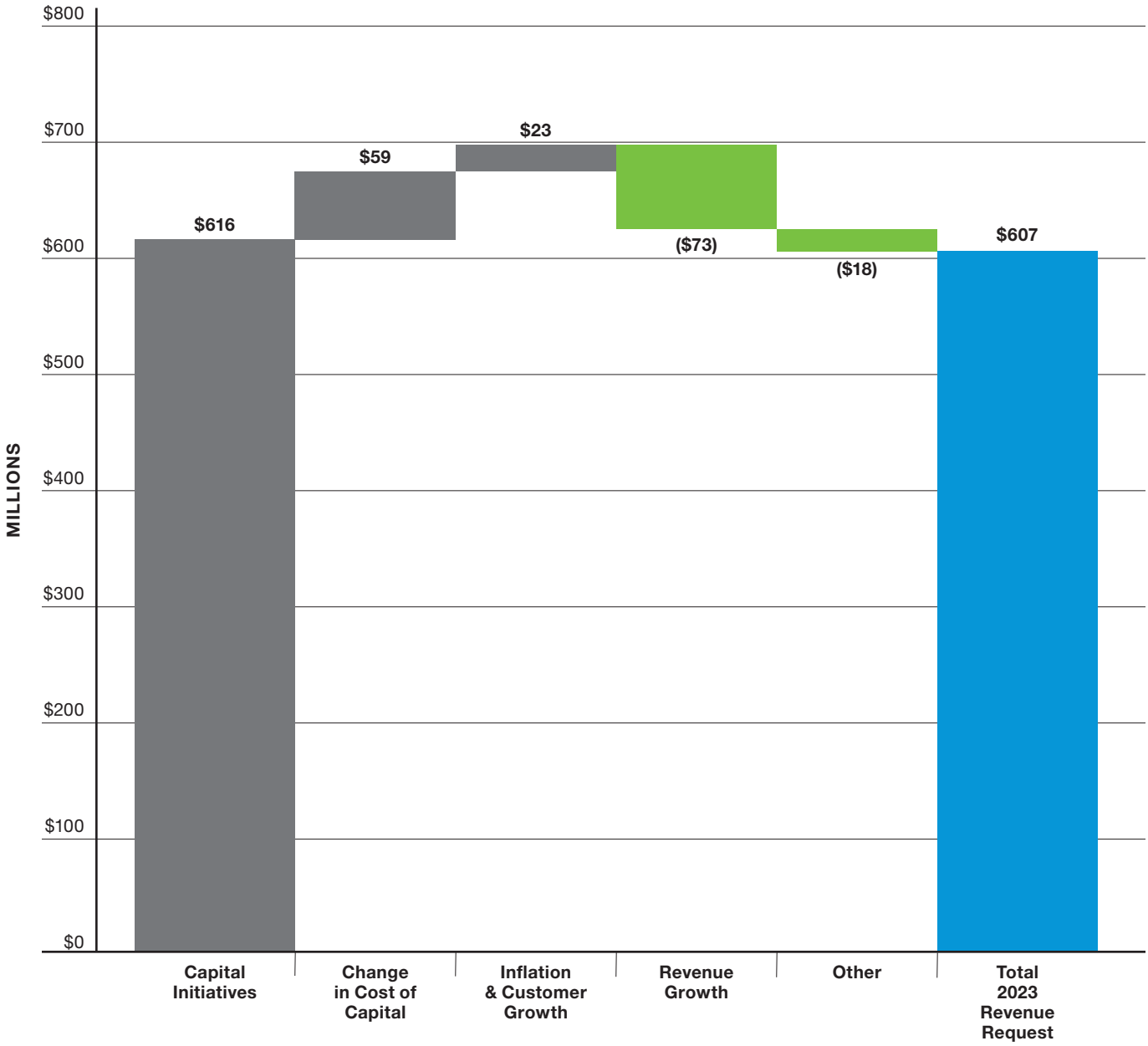
	Hot Day	*Kai*	*DLN2.6+ 3SAR*	*Tech 2.0*	*Totals*
Equipment and Installation	$ 499	$ 250	$ 786	$ 288	$ 1,824
Avoided Replacement Costs	(167)	(248)	(468)	(58)	(941)
Incremental Fixed O&M	(134)	-	-	-	(134)
Other	-	-	-	-	-
Subtotal	$ 198	$ 2	$ 319	$ 230	$ 749
Generation Capital	$ (418)	$ (77)	$ (41)	$ (258)	$ (795)
Fixed O&M and Capital Replacement	(129)	(10)	(5)	(18)	(162)
Transmission Interconnect	-	-	-	(67)	(67)
Gas Transport	(53)	(16)	-	-	(69)
Fuel, Startup, VOM & Short-Term Purchases	(138)	(104)	(230)	64	(409)
Emissions	50	(7)	(99)	30	(27)
Net System Benefits	$ (689)	$ (214)	$ (376)	$ (250)	$ (1,529)
CPVRR (Favorable)/Unfavorable	$ (491)	$ (212)	$ (57)	$ (20)	$ (780)

2018 FPSC Adjusted Actual O&M compared to 2022 FPSC Adjusted Test Year O&M ($ thousands)

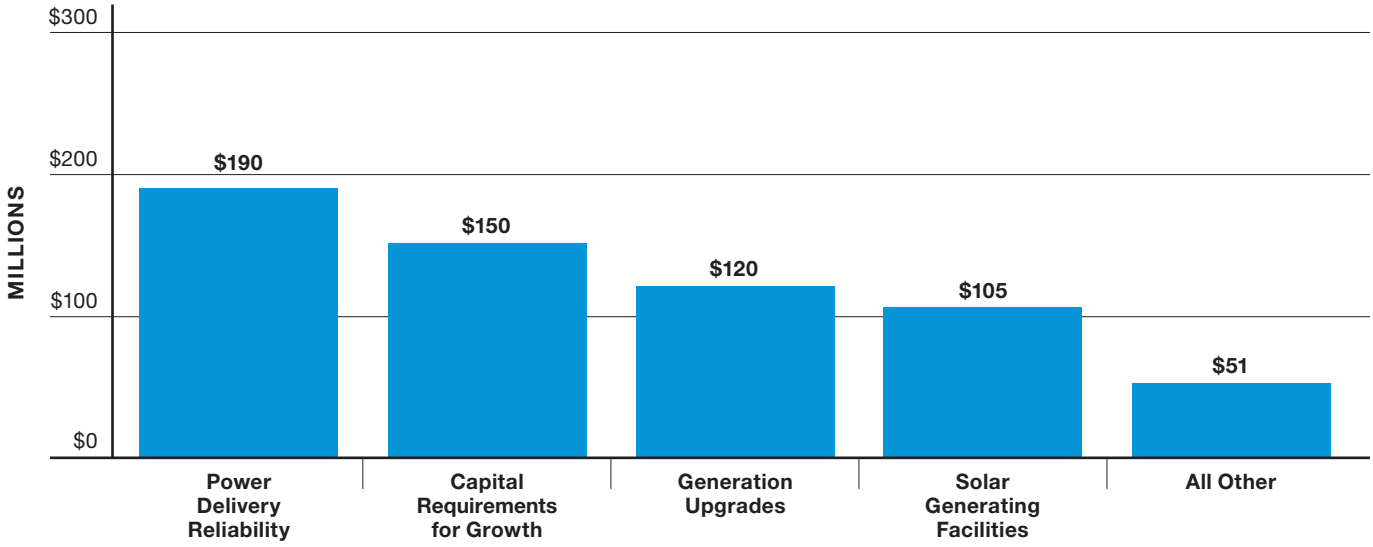
Functional O&M	FPL Adjusted 2018 Actual O&M	Compound Multiplier	2022 FPL Test Year Adjusted Benchmark O&M	Gulf Adjusted 2018 Actual O&M	Compound Multiplier	2022 Gulf Test Year Adjusted Benchmark O&M	2022 FPL + Gulf Test Year Adjusted Benchmark O&M	2022 Test Year Adjusted O&M	2022 Test Year Variance
STEAM PRODUCTION	$ 76,220	1.062663	$ 80,996	$ 81,071	1.062663	$ 86,151	$ 167,147	$ 78,649	**$ (88,498)**
NUCLEAR PRODUCTION	$ 306,499	1.062663	$ 325,705	$ -	1.062663	$ -	$ 325,705	$ 312,592	**$ (13,114)**
OTHER PRODUCTION	$ 150,109	1.062663	$ 159,515	$ 16,632	1.062663	$ 17,674	$ 177,189	$ 172,118	**$ (5,072)**
OTHER POWER SUPPLY	$ 4,481	1.062663	$ 4,762	$ 3,254	1.062663	$ 3,458	$ 8,219	$ 4,816.86	**$ (3,403)**
TRANSMISSION	$ 54,035	1.122049	$ 60,630	$ 11,215	1.095276	$ 12,284	$ 72,914	$ 48,087	**$ (24,826)**
DISTRIBUTION	$ 209,235	1.122049	$ 234,772	$ 33,827	1.095276	$ 37,050	$ 271,823	$ 198,298	**$ (73,524)**
CUSTOMER ACCOUNTS	$ 89,457	1.122049	$ 100,376	$ 23,024	1.095276	$ 25,217	$ 125,593	$ 109,833	**$ (15,760)**
CUSTOMER SERVICE	$ 12,886	1.122049	$ 14,459	$ 12,002	1.095276	$ 13,145	$ 27,604	$ 12,562	**$ (15,042)**
SALES	$ 22	1.122049	$ 25	$ 2,015	1.095276	$ 2,207	$ 2,231	$ 497	**$ (1,735)**
ADMINISTRATIVE & GENERAL	$ 265,946	1.122049	$ 298,405	$ 94,793	1.095276	$ 103,825	$ 402,229	$ 367,520	**$ (34,709)**
TOTAL	**$ 1,168,891**		**$ 1,279,644**	**$ 277,832**		**$ 301,011**	**$ 1,580,655**	**$ 1,304,972**	**$ (275,683)**
								Revenue Requirement - Accelerate Initiatives IT Projects:	**$ 51,637**
Inflation and Customer Growth	**$ 133,932**							**Total Productivity less Costs to Achieve**	**$ (224,046)**

Note: Amounts for 2018 actual and 2022 test year are adjusted to exclude expenses associated with FPL's GBRA, SolarTogether, and SoBRA Plants (Okeechobee and Solar Plants), Storm Protection Plan O&M expenses, nuclear outage amortization credit, as well as FPL's revenue enhancement program and Gulf's Energy Services program, for which revenues received under the program fully offset the costs.

2023 Subsequent Year adjustment of $607 million



Capital Initiatives 2023 Revenue Requirement of $616 million



	CPVRR ($ in millions) Scherer Unit 4
Scherer Operating Capital	$ (399)
Scherer Operating O&M	(542)
Transmission Charges	(227)
Post Retirement Common Costs	279
Subtotal	**$ (889)**
Fuel Savings	$ (1,025)
Emissions Savings	(442)
Variable O&M	30
Replacement Generation Capital	1,408
Net System Benefits	**$ (28)**
Payment to JEA	$ 89
Transmission System Upgrades	245
Subtotal	**$ 334**
CPVRR (Favorable)/Unfavorable	**$ (583)**