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September 23, 2022

-VIA ELECTRONIC FILING -

Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Petition by Florida Power & Light Company for Limited Proceeding To Approve Refund and Rate Reduction Resulting from Implementation of Inflation Reduction Act

Dear Mr. Teitzman:

I attach for electronic filing the prepared testimony and exhibits of FPL witness Ina Laney in support of Florida Power & Light Company's Petition for Limited Proceeding To Approve Refund and Rate Reduction Resulting from Implementation of Inflation Reduction Act.

A courtesy copy of this filing is being provided to the parties of record in Docket No. 20210015-EI. If you or your staff has any questions regarding this transmittal, please contact me at (561) 304-5795.

Attachments

Sincerely,

s/ Maria Jose Moncada
Maria Jose Moncada

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF INA P. LANEY

SEPTEMBER 23, 2022

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Ina P. Laney. 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 Director of Financial Forecasting.

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

A. I am responsible for FPL's financial forecast, monthly actual Earnings Surveillance Reports ("ESR"), annual forecasted ESRs ("FESR"), and other regulatory filings.

Q. Please describe your educational background and professional experience.

A. I hold a Bachelor of Science degree in Business Administration and a Bachelor of Science degree in Economics from the Academy of Economic Studies of Moldova. I also hold a Master of Business Administration from Harding University in Searcy, Arkansas.

I joined NextEra Energy, Inc. in 2015 and have held several positions of increasing responsibility, including Manager of Cost and Performance and my current position as Director of Financial Forecasting. Prior to FPL, I held various roles with Entergy Services, Inc. where I was responsible for preparation of cost-of-service studies, revenue requirements analyses, rider updates, and other rate-related filings.

Q. Have you previously filed testimony before a regulatory commission?

A. Yes. I provided testimony before the Arkansas Public Service Commission in Docket No. 87-166-TF, in which I discussed the Entergy Arkansas, Inc. ("EAI") 2013 Arkansas Nuclear One Decommissioning Cost Rider Update; Docket No. 13-116-TF, in which I explained EAI's 2013 Grand Gulf Rider update; Docket No. 14-118-U, in which I described EAI's proposal to recover costs associated with the application for approval to acquire a generating resource known as Power Block 2 at the Union Power Station; and Docket No. 15-015-U on regulatory accounting issues in EAI's base rate proceeding. I also provided testimony before the Louisiana Public Service Commission in Docket No. U-32707 on issues related to cost-of-service studies.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- IPL-1 – FPL's 2022 Forecasted Earnings Surveillance Report;
- IPL-2 – FPL's Pro Forma 2022 FESR Including the Impacts of the Inflation Reduction Act;
- IPL-3 – Differences in Rate Base and Net Operating Income;
- IPL-4 – Differences in Capital Structure;
- IPL-5 – 2022 Projected Jurisdictional Adjusted Revenue Requirement Impact; and

- IPL-6 – 2023 Projected Jurisdictional Adjusted Revenue Requirement Impact.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to:

1) Describe the provisions of the Inflation Reduction Act ("IRA") of 2022 that impact FPL's base revenue requirements;
2) Describe the IRA impacts on FPL's 2022 and 2023 base revenue requirements;
3) Describe how the pro forma 2022 FESR including the impacts of the IRA ("Pro Forma 2022 FESR"), as reflected on Exhibit IPL-2, was prepared;
4) Provide an overview of the IRA impact on FPL's forecasted 2022 and 2023 financial results; and
5) Describe FPL's proposal to refund the IRA impacts on 2022 and 2023 base revenue requirement to customers.

Q. Please summarize your testimony.

A. On August 16, 2022, U.S. President Joe Biden signed into law the IRA. As part of the Settlement Agreement approved by the Florida Public Service Commission ("Commission" or "FPSC") in Docket No. 20210015-EI,[1] the signatories agreed that FPL would quantify the impact of any permanent tax law changes on its base revenue requirement approved by the Commission under the Settlement Agreement using projected data from its forecasted earnings surveillance report for the calendar year that includes the period in

[1] Order No. PSC-2021-0446-S-EI

which the tax law is effective. FPL's 2022 FESR filed on March 15, 2022 with the Commission (the "As-Filed 2022 FESR"), included as Exhibit IPL-1 to this direct testimony, did not reflect the impacts associated with the IRA as the IRA had not been signed into law at that time. After the IRA was signed into law, FPL prepared a Pro Forma 2022 FESR, Exhibit IPL-2, which includes the impacts of the IRA. Comparing Exhibits IPL-1 and IPL-2 shows the differences in FPL's rate base, net operating income, and capital structure, which represent the impact of the IRA on FPL's forecasted 2022 financial results, as detailed on Exhibits IPL-3 and IPL-4. The total net impact of the IRA on FPL's projected 2022 base revenue requirements of approximately $25 million is summarized on Exhibit IPL-5. FPL proposes to flow back to customers the $25 million revenue requirement impact for 2022 as a one-time refund in the month of January 2023 through the Capacity Cost Recovery ("CCR") factors, and reflect the same amount as a prospective adjustment to base rates effective January 1, 2023.

Under the Commission-approved Settlement Agreement, FPL was also authorized to implement an incremental base rate increase effective January 1, 2023.[2] FPL's 2023 FESR will not be finalized until early 2023. To ensure the timely flow back to customers of IRA base revenue requirements impacts for the year 2023, FPL calculated the projected IRA impacts for 2023 and included them as Exhibit IPL-6 to this direct testimony. The incremental $44.7 million

[2] Order No. PSC-2021-0446-S-EI, Docket No. 20210015-EI

2023 base revenue requirement reduction will also be reflected through a prospective adjustment to base rates effective January 1, 2023. The total base revenue requirement reduction in 2023 will constitute $69.7 million, which is the sum of the $25 million projected revenue requirement reduction for 2022 and the incremental $44.7 million projected revenue requirement reduction for 2023.

II. IRA SUMMARY

Q. Please describe the IRA provisions effective in 2022 that apply to FPL.

A. Effective January 1, 2022, the IRA expands existing federal income tax benefits for renewable energy, including the existing Internal Revenue Code ("IRC") Section 45 production tax credits ("PTC") and Section 48 investment tax credits ("ITC").

The IRC Section 45 PTC allows taxpayers to claim a credit for certain renewable electricity produced at a qualified facility. Prior to the IRA, the PTC was unavailable for projects beginning construction after December 31, 2021. The IRA extends the beginning of construction deadline to December 31, 2024 and allows owners of solar projects the construction of which begins before 2025 to elect to receive the PTC in lieu of the ITC. Additionally, the IRA adds two new requirements for taxpayers to obtain the full 1.5 cent base amount (as adjusted for inflation) - a prevailing wage requirement and an apprenticeship requirement. The PTC rate calculation is described in more detail in Section III of my testimony below.

The IRC Section 48 ITC allows taxpayers a tax credit for certain investments in renewable property. The ITC is calculated as a percentage of the basis of energy property placed in service during the taxable year. Prior to the IRA, ITC rates phased down from 30 percent to 10 percent for projects placed in service between 2016 and 2026. Under the IRA, projects otherwise eligible for ITC that begin construction prior to 2025 and are placed in service after 2021 are eligible for the full 30 percent ITC and will no longer be subject to the phase-down described above. In addition, the IRA permits taxpayers to claim the ITC with respect to several additional technologies, including standalone energy storage.

Q. Please describe the IRA provisions effective in 2023 that apply to FPL.

A. Effective January 1, 2023, the IRA allows for a normalization opt-out on energy storage ITCs, a PTC benefit on clean hydrogen, and establishes a 15 percent corporate alternative minimum tax (referred to herein as "book minimum tax" or "BMT").

Q. Are all the provisions listed above reflected in FPL's calculated impacts to 2022 and 2023 base revenue requirements?

A. No. The 2022 and 2023 base revenue requirement impacts calculated in Exhibits IPL-5 and IPL-6 reflect the removal of ITCs associated with rate base solar sites going into service in 2022 and 2023 and instead, the inclusion of PTCs as that is projected to provide a greater long-term benefit for customers.

Three IRA changes effective January 1, 2023 are not reflected in the calculation of the impact to 2022 and 2023 base revenue requirements because they are not expected to apply to FPL:

1. The IRA allows a normalization opt-out related to energy storage ITCs. This provision is not applicable as FPL does not project to have any battery storage going in-service in 2023.
2. The IRA offers PTC benefits for clean hydrogen projects. FPL's As-Filed 2022 FESR includes the capital costs associated with constructing a 25 MW Green Hydrogen pilot project at its existing Okeechobee Clean Energy Center. The project was authorized under the Settlement Agreement in Docket No. 20210015-EI and has a projected in-service date of December 31, 2023; therefore, there is no generation or associated PTCs related to this project projected in 2023.
3. Lastly, the IRA includes a BMT for corporations with an average book income over the past three years exceeding $1 billion. This provision requires companies that meet the threshold to pay income taxes based on the greater of the BMT calculation or regular tax calculation. FPL estimates that it will not be subject to BMT in 2023. Should there be an impact based on actual 2023 results, the BMT will result in an increase in FPL's cost of service. FPL agrees to forgo seeking an

increase in base rates if this occurs and will reflect any potential BMT impacts in its actual earnings surveillance reports for 2023, if applicable.

III. 2022 IRA BASE REVENUE REQUIREMENTS IMPACTS

Q. What is the impact of the IRA on FPL's projected 2022 retail revenue requirements?

A. As reflected in Exhibit IPL-5, the total projected base revenue requirement impact in 2022 is a reduction of $25 million.

Q. Please describe the solar sites included in FPL's 2022 base revenue requirement calculation reflected in Exhibit IPL-5.

A. FPL's As-Filed 2022 FESR includes six solar sites with a combined 447 MW ("2022 rate base solar") that closed to plant in service on January 31, 2022.

Q. Did FPL reflect unamortized ITC associated with the 2022 rate base solar in its As-Filed 2022 FESR?

A. Yes. FPL reflected 30 percent of the cost of the 2022 rate base solar subject to ITC as deferred ITCs in its As-Filed 2022 FESR. The ITC is generated at the time a solar site is placed in service and amortized over the useful life of the project, with amortization starting at the time the ITC is utilized in the Company's quarterly estimated tax payments. The amortization period for the 2022 rate base solar is 35 years, which is based on the estimated useful life for FPL's solar facilities as approved in Docket No. 20210015-EI.

Q. What is the total ITC amortization amount associated with the 2022 rate base solar reflected in FPL's As-Filed 2022 FESR?

A. FPL projected $1,323,840 of ITC amortization related to 2022 rate base solar in its As-Filed 2022 FESR, which represents four months of amortization (September 2022 through December 2022).

Q. Why did FPL project only four months of ITC amortization in 2022 for the 2022 rate base solar that closed to plant-in-service on January 31, 2022?

A. FPL had an existing investment tax credit carryforward balance available from 2021. Therefore, the ITCs associated with the 2022 rate base solar generated in January 2022 were not projected to be utilized in the Company's quarterly estimated tax payments until September 2022, at which time the amortization was projected to start.

Q. How did FPL calculate the 2022 ITC amortization amount associated with the 2022 rate base solar?

A. The calculation of ITC amortization associated with the 2022 rate base solar is summarized below:

2022 Rate Base Solar ITCs	**Note**	**Amount, $ / Rate, %**
Cost Subject to ITC	(1)	$463,344,000
ITC Rate	(2)	30%
ITC Generated	(3)	$139,003,200
Monthly ITC Amortization	(4)	$330,960
Total 2022 ITC Amortization	(5)	$1,323,840
(1) Excludes transmission assets and any other generation assets that do not meet the definition of Energy Property as defined by IRC Sec. 48(a)(3)(A)(ii).		
(2) ITC Rate per IRC Code Section 48(a)(2)(A)(i)(III).		
(3) = (1) * (2)		
(4) = (3) / 35 Years / 12 Months. ITCs are amortized over the 35-year life of solar facilities approved in Docket No. 20210015-EI.		
(5) = (4) * 4 months		

Q. Please describe the difference between ITCs and PTCs.

A. ITCs are based on the amount of the qualifying investment in solar facilities. The PTC incentivizes solar investments by granting a per kilowatt-hour tax credit based on the amount of electricity produced.

Q. What is the total amount of projected net generation to be produced by the 2022 rate base solar?

A. As mentioned above, the 2022 rate base solar facilities closed to plant-in-service on January 31, 2022 and are projected to produce a total of 846,874 MWh from February through December 2022.

Q. How was the projected net generation for the 2022 rate base solar determined?

A. The projected net generation for the 2022 rate base solar applies the same solar net generation assumptions for these plants used in FPL's Ten-Year Power Plant Site Plan for 2022-2031.

Q. What PTC rate was used in the calculation of PTCs associated with the 2022 rate base solar reflected in Exhibit IPL-5?

A. As shown in the chart below, the PTC rate utilized by FPL in its calculation of PTCs associated with the 2022 rate base solar is $27.5/MWh. This rate is based on the Internal Revenue Service ("IRS") annual notice with the actual PTC rate to be applied for that calendar year. The rate originally published by the IRS for the calendar year 2022 was 2.6 cents/kWh,[3] or $26/MWh. The

[3] https://www.federalregister.gov/documents/2022/05/06/2022-09695/credit-for-renewable-electricity-production-and-publication-of-inflation-adjustment-factor-and

IRA changed the PTC calculation by adding a prevailing wage requirement and increased the 2022 PTC rate from $26/MWh to $27.5/MWh:

Base PTC Rate	GDP Deflator	Base GDP Deflator	Inflation Adjustment Factor	Inflation Adjusted PTC Rate	Prevailing Wage Requirement	PTC Rate, $/MWh
(a)	(b)	(c)	(d)	(e)	(f)	(g)
0.3	**151.98**	**86.3847**	**1.7593**	**0.55**	**5**	**27.5**
(a) I.R.C. § 45Y(a)(2)(A).						
(b) I.R.C. § 45Y(c)(3). GDP Deflator for the preceding year 2021 d by the Department of Commerce.						
(c) I.R.C. § 45Y(c)(3). GDP Deflator for calendar year 1992, the first year the PTC was enacted into law.						
(d) = (b) / (c)						
(e) = (a) * (d) Rounded to nearest 0.05 per I.R.C. § 45Y(2)(A).						
(f) IRC Code Sec. 48(a)(9)(A)(i). Prevailing wage requirement met when laborers/mechanics employed by contractors/subcontracts are paid Davis-Bacon prevailing wages.						
(g) = (e) * (f) * 10						

Q. What is the total amount of projected PTCs associated with the 2022 rate base solar?

A. As summarized below and as reflected in Exhibit IPL-5, Line 8, the total amount of PTCs associated with 2022 rate base solar is $23,289,046:

2022 Rate Base Solar PTCs	**2022**
Net Generation	846,874 MWh
PTC Rate	27.5 $/MWh
PTC Credits = Net Generation * PTC rate	**$23,289,046**

IV. IRA IMPACTS ON THE AS-FILED 2022 FESR

Q. Please describe the differences between FPL's Pro Forma 2022 FESR and FPL's As-Filed 2022 FESR filed with the Commission on March 15, 2022.

A. FPL's Pro Forma 2022 FESR, as reflected in Exhibit IPL-2, was prepared in the same manner as FPL's As-Filed 2022 FESR filed with the Commission on March 15, 2022; however, it includes several differences related to the IRA as discussed above in Section II of my testimony. These differences include removal of ITCs and inclusion of PTCs associated with the 2022 rate base solar. The differences between the Pro Forma 2022 FESR and the As-Filed 2022 FESR fall into three categories: rate base (reflected on Exhibit IPL-3), net operating income ("NOI") (reflected on Exhibit IPL-3), and capital structure (reflected on Exhibit IPL-4). The summary of the projected change in 2022 jurisdictional adjusted revenue requirement is reflected on Exhibit IPL-5 and is described later in my testimony.

Q. Please describe the differences in the rate base category.

A. As shown on Exhibit IPL-3, the 13-month average projected FPSC Adjusted Rate Base is $18.8 million lower in the 2022 Pro Forma FESR than in the As-Filed 2022 FESR. The decrease is primarily due to:

(1) Projected $19.2 million lower 13-month average 2022 rate base due to less depreciation reserve surplus amortization[4] used in the 2022 Pro Forma FESR as a result of replacing ITCs with PTCs;

[4] Refers to Reserve Amount amortization authorized in FPL's Settlement Agreement

(2) Projected $208 thousand higher clause net over-recoveries due to a lower amount of unamortized ITCs included in the calculation of FPL's forecasted weighted average cost of capital; and

(3) Projected $583 thousand increase in rate base due to lower accrued income taxes due to lower pre-tax book income as a result of less depreciation reserve surplus amortization used, which partially offsets the changes in rate base described in items 1 and 2 above.

Q. Please describe the differences in the NOI category.

A. As shown on Exhibit IPL-3, NOI is $6.7 million lower in the 2022 Pro Forma FESR compared to the As-Filed 2022 FESR. This decrease is being driven by a $37.2 million higher per book depreciation expense due to less depreciation reserve surplus amortization usage, offset by a $31.6 million reduction in per book operating income tax expense due to FPL's election to take PTCs versus ITCs. There is an additional $675 thousand decrease in NOI due to the allocation of PTCs to the non-retail jurisdiction and $106 thousand decrease in NOI due to higher jurisdictional FPSC adjustments, primarily interest synchronization adjustment.

Q. Please describe the differences in the capital structure category.

A. Both the As-Filed 2022 FESR and the Pro Forma 2022 FESR reflect an investor sources capital structure of 59.6% equity and 40.4% debt. However, as shown on Exhibit IPL-4, there are several differences in capital structure between the Pro Forma 2022 FESR and As-Filed 2022 FESR. The overall 13-month average FPSC adjusted capital structure is reduced in the Pro Forma 2022 FESR by $18.8 million, consistent with the decrease in FPSC adjusted rate base described above. The largest change in the components of the 13-month average jurisdictional adjusted capital structure is a $107.9 million reduction in unamortized ITCs due to fewer ITCs being generated as a result of electing PTCs instead of ITCs for the 2022 rate base solar. The change in unamortized ITCs is partially offset by a $64.1 million increase in accumulated deferred income taxes ("ADIT") due to the timing of utilizing the ITCs in the Company's estimated quarterly tax payments. As a result of the net decrease of unamortized ITCs and ADIT, both the equity and debt components of capital structure increase as reflected in FPL's Pro Forma 2022 FESR.

Q. Please summarize the overall change in FPL's 2022 FPSC adjusted revenue requirements as a result of the IRA.

A. As shown on Exhibit IPL-5, the projected change in 2022 base revenue requirements as a result of the IRA is a reduction of $25 million. The change is comprised of three primary items: 1) a $30 million reduction in operating income tax expense attributable to the retail portion of PTCs; 2) a $1.8 million increase due to higher income tax expense resulting from the removal of ITC amortization associated with the 2022 rate base solar sites; and 3) a $3.2 million increase due to a higher return on rate base resulting from a lower amount of unamortized ITCs in FPL's capital structure.

V. 2023 IRA BASE REVENUE REQUIREMENTS IMPACTS

Q. Does FPL propose a change in projected base revenue requirements for 2023?

A. Yes. A summary of the proposed base retail revenue requirement reduction for 2023 is included in Exhibit IPL-6.

Q. Please describe the impact of the IRA on FPL's projected 2023 base revenue requirements.

A. As described earlier in my testimony, FPL will not finalize the 2023 FESR until early 2023. Therefore, to ensure that FPL effectuates a change to base rates as soon as practicable, FPL included an estimated calculation of the change in FPL's 2023 base revenue requirement associated with both the 2022 and 2023 rate base solar. The total projected base revenue requirement impact in 2023 is a reduction of $69.7 million. This represents an incremental $44.7 million reduction in base revenue requirements compared to the 2022 projected base revenue requirement reduction of $25 million reflected in Exhibit IPL-5.

Q. What IRA provisions are incorporated into the 2023 projected base revenue requirement calculation?

A. The 2023 projected base revenue requirement reflects the inclusion of PTCs and removal of ITCs associated with the 2022 and 2023 rate base solar. The calculation in Exhibit IPL-6 does not take into account impacts to the capital structure that would likely decrease the 2023 base rate reduction, as noted in FPL's detailed 2022 calculation presented in Exhibit IPL-5.

Q. What rate base solar sites will enter service in 2023?

A. The 2023 rate base solar include ten sites with a combined capacity of 745 MW and an estimated in-service date of January 31, 2023.

Q. What is the amount of ITC amortization removed from the 2023 projected base revenue requirement?

A. The amount of projected ITC amortization removed from the 2023 base revenue requirement, associated with both the 2022 and 2023 rate base solar, is $9.5 million. ITC amortization is triggered when the ITCs are utilized in tax payments for a particular tax year. Accordingly, FPL's calculation includes twelve months of ITC amortization associated with the 2022 rate base solar but only ten months of ITC amortization associated with the 2023 rate base solar because the first tax payment after these units entered service will be made in March 2023. The calculation is summarized below:

2023 Rate Base Solar ITCs	**Note**	**Amount, $ / Rate, %**
Cost Subject to ITC	(1)	$770,170,136
ITC Rate	(2)	30%
ITC Generated	(3)	$231,051,041
Monthly ITC Amortization	(4)	$550,122
Total 2023 ITC Amortization	(5)	$5,501,215
2022 Rate Base Solar ITCs		
2023 ITC Amortization	(6)	$3,971,520
Total 2023 ITC Amortization	**(7)**	**$9,472,735**
(1) Excludes transmission assets and any other generation assets that do not meet the definition of Energy Property as defined by Code Sec. 48(a)(3)(A)(ii).		
(2) ITC Rate per IRC Code Section 48(a)(2)(A)(i)(III).		
(3) = (1) * (2)		
(4) = (3) / 35 Years / 12 Months. ITCs are amortized over the 35-year life of solar facilities approved in Docket No. 20210015-EI.		
(5) = (4) * 10 months. Assumed ITC amortization starts in March 2023, at the time of the first quarterly tax payment in 2023.		
(6) = $330,960 monthly ITC amortization of 2022 rate base solar * 12 months.		
(7) = (5) + (6)		

Q. What is the amount of PTCs included in the 2023 projected base revenue requirement?

A. Unlike ITCs, PTCs are triggered coincident with the production of solar generation. The projected 2023 base revenue requirement includes 12 months of PTCs associated with the 2022 rate base solar and eleven months of PTCs associated with the 2023 rate base solar for a total amount of $63.7 million. Below is a summary of PTCs included in the 2023 projected revenue requirement:

2022 Rate Base Solar PTCs	**2023**
Net Generation Jan-Dec 2023	913,047 MWh
PTC Rate	27.5 $/MWh
PTC Credits = Net Generation * PTC rate	**$25,108,793**
2023 Rate Base Solar PTCs	**2023**
Net Generation Feb-Dec 2023	1,403,650 MWh
PTC Rate	27.5 $/MWh
PTC Credits = Net Generation * PTC rate	**$38,600,380**
Total PTCs 2022 and 2023 Rate Base Solar	**$63,709,173**

Q. How was the 2023 projected net generation for the 2022 and 2023 rate base solar determined?

A. Similar to the projected net generation reflected in the calculation of PTCs for 2022 described previously, the 2023 projected net generation for the 2022 and 2023 rate base solar applies the same solar net generation assumptions for these sites used in FPL's Ten-Year Power Plant Site Plan for 2022 - 2031.

Q. Please summarize the overall change in FPL's 2023 FPSC adjusted revenue requirements as a result of the IRA.

A. As shown on Exhibit IPL-6, the projected change in FPL's 2023 base revenue requirements as a result of the IRA is a reduction of $69.7 million, which is $44.7 million more than the 2022 change. The change is comprised of two primary items: 1) a $82.4 million reduction due to lower operating income tax expense resulting from the inclusion of PTCs associated with the 2022 and 2023 rate base solar; and 2) a $12.7 million increase due to the removal of ITC amortization associated with the 2022 and 2023 rate base solar.

VI. BASE REVENUE REFUND

Q. How does FPL propose to refund the projected base revenue requirement impacts for 2022 to its customers?

A. FPL proposes to flow back the $25 million revenue requirement impact for 2022 as a one-time refund in FPL's CCR factors in the month of January 2023.

Q. How does FPL propose to adjust base rates for the IRA impacts to its 2023 base revenue requirements?

A. FPL proposes to reflect the $69.7 million revenue requirement, which includes the impact of both the 2022 and 2023 rate base solar, as a reduction in its base rate adjustment factors effective January 1, 2023.

Q. Does this conclude your direct testimony?

A. Yes.

FLORIDA PUBLIC SERVICE COMMISSION **SCHEDULE 1**
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT **PAGE 1 OF 1**
($000'S)

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

	(1)	(2)	(3)
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	PER BOOKS	FPSC ADJUSTMENTS	FPSC ADJUSTED
NET OPERATING INCOME	$4,213,479 (A)	($393,831) (B)	$3,819,648
AVERAGE RATE BASE	$56,961,396	($1,192,950)	$55,768,447
AVERAGE RATE OF RETURN	7.40%		6.85%

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

AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	
LOW	5.93%
MIDPOINT	6.37%
HIGH	6.91%

II. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	7.10	(SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	6.91	(SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	3.63%	(SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	67.81%	(SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	37.51%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	2.89%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.60%	(FPSC ADJUSTED BASIS)

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
RATE BASE ($000's)

SCHEDULE 2
PAGE 1 OF 2

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

		(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NUCLEAR FUEL (NET)	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	SYSTEM PER BOOKS	$72,051,166	$19,966,683	$52,084,483	$729,157	$5,168,023	$652,060	$58,633,724	$383,767	$59,017,491
2	JURISDICTIONAL PER BOOKS	69,447,570	16,037,443	53,410,127	698,784	4,905,914	615,947	59,630,773	(2,669,377)	56,961,396
	FPSC ADJUSTMENTS:									
3	ACCUM PROV DECOMMISSIONING COSTS		(6,371,643)	6,371,643				6,371,643		6,371,643
4	CAPITALIZED EXECUTIVE COMPENSATION	(54,370)		(54,370)				(54,370)		(54,370)
5	ENVIRONMENTAL	(2,036,940)	(676,970)	(1,359,969)				(1,359,969)		(1,359,969)
6	FUEL AND CAPACITY	(145,141)	(16,585)	(128,556)				(128,556)		(128,556)
7	LOAD CONTROL	(35,946)	(16,428)	(19,517)				(19,517)		(19,517)
8	ASSET RETIREMENT OBLIGATION	(132,443)	5,931,697	(6,064,141)				(6,064,141)		(6,064,141)
9	CAPITAL LEASES	(327,719)	(214,539)	(113,180)				(113,180)		(113,180)
10	NORTH ESCAMBIA FUTURE PLANT USE				(10,529)			(10,529)		(10,529)
11	STORM PROTECTION CLAUSE	(1,234,530)	(19,905)	(1,214,625)		(286,466)		(1,501,091)		(1,501,091)
12	CONSTRUCTION WORK IN PROGRESS					(2,431,785)		(2,431,785)		(2,431,785)
13	CWIP - CAPACITY ECCR & ECRC PROJECTS					(108,286)		(108,286)		(108,286)
14	ACCOUNTS RECEIVABLE - ASSOC COS								(232,552)	(232,552)
15	JOBBING ACCOUNTS								(168)	(168)
16	NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(253,466)	(253,466)
17	NUCLEAR COST RECOVERY								241,631	241,631
18	DEFERRED DEBITS & CREDITS – CLAUSES								(72,195)	(72,195)
19	CEDAR BAY TRANSACTION								(215,720)	(215,720)
20	ICL TRANSACTION								(168,219)	(168,219)
21	POLE ATTACHMENTS RENTS RECEIVABLE								(41,833)	(41,833)
22	PREPAYMENTS - ECCR								(1,776)	(1,776)
23	PREPAYMENTS - INTEREST ON COMMERCIAL PAPER								(10,680)	(10,680)
24	STORM DEFICIENCY RECOVERY								5,377	5,377
25	TEMPORARY CASH INVESTMENTS								(57)	(57)
26	ACCUM DEFERRED RETIREMENT BENEFITS								13,266	13,266
27	ACCUM. PROV. - PROPERTY & STORM INSURANCE								(81,443)	(81,443)
28	ASSET RETIREMENT OBLIGATION								6,064,141	6,064,141
29	GAIN ON SALE OF EMISSION ALLOWANCE								0	0
30	SJRPP CAPACITY/ECRC								(41,491)	(41,491)
31	EARLY RETIRED ASSETS								(961,402)	(961,402)
32	INTEREST & DIV RECEIVABLE								(1)	(1)
33	OPERATING LEASES								(25,352)	(25,352)
34	EMPLOYEE LOANS RECEIVABLE								(2)	(2)
35	CARE TO SHARE LIABILITY								141	141
36	DEFERRED TRANSMISSION CREDIT								8,634	8,634
37	TOTAL FPSC ADJUSTMENTS	(3,967,088)	(1,384,372)	(2,582,716)	(10,529)	(2,826,536)		(5,419,782)	4,226,832	(1,192,950)
38	FPSC ADJUSTED	65,480,482	14,653,071	50,827,411	688,255	2,079,378	615,947	54,210,991	1,557,455	55,768,447

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
INCOME STATEMENT ($000's)

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER O&M	DEPRECIATION AND AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES AND INVESTMENT TAX CREDIT	GAIN LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
1	SYSTEM PER BOOKS	$15,818,398	$4,956,223	$1,635,769	$2,316,433	$1,743,880	$935,954	($936)	$11,587,324	$4,231,074
2	JURISDICTIONAL PER BOOKS	15,255,884	4,735,169	1,587,894	2,234,332	1,719,083	901,319	(936)	11,176,861	4,079,023
	FPSC ADJUSTMENTS:									
3	CAPACITY COST RECOVERY	(305,261)	(226,663)	(34,448)	(8,780)	(175)	(8,920)		(278,986)	(26,275)
4	CONSERVATION COST RECOVERY	(64,304)		(49,767)	(10,163)	(1,107)	(828)		(61,865)	(2,440)
5	ENVIRONMENTAL COST RECOVERY	(377,521)		(44,264)	(123,260)	(266)	(53,156)	0	(220,946)	(156,575)
6	FUEL COST REC RETAIL	(4,514,346)	(4,495,982)	(8)		(29)	(4,645)		(4,500,663)	(13,682)
7	STORM PROTECTION COST RECOVERY	(237,567)		(84,173)	(32,175)	(166)	(30,681)		(147,195)	(90,372)
8	STORM DEFICIENCY RECOVERY	(92,885)		(5,459)	(87,426)		(0)		(92,885)	
9	FRANCHISE REVENUE & EXPENSE	(642,343)				(641,880)	(117)		(641,997)	(345)
10	GROSS RECEIPTS TAX AND RAF	(368,831)		(10,941)		(358,262)	94		(369,109)	277
11	MISCELLANEOUS O&M EXPENSES			(688)			174		(514)	514
12	AVIATION - EXPENSES			(193)			49		(144)	144
13	EXECUTIVE COMPENSATION			(52,133)			13,213		(38,920)	38,920
14	INTEREST TAX DEFICIENCIES			22			(6)		17	(17)
15	INTEREST SYCHRONIZATION						9,524		9,524	(9,524)
16	TOTAL FPSC ADJUSTMENTS	(6,603,058)	(4,722,645)	(282,052)	(261,803)	(1,001,885)	(75,299)	0	(6,343,684)	(259,375)
17	FPSC ADJUSTED	$8,652,825	$12,524	$1,305,841	$1,972,529	$717,198	$826,020	($936)	$4,833,177	$3,819,648

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
CAPITAL STRUCTURE ($000'S)
FPSC ADJUSTED BASIS

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

							LOWPOINT		MIDPOINT		HIGHPOINT	
	SYSTEM PER	RETAIL PER	ADJUSTMENTS		ADJUSTED		COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED
AVERAGE	BOOKS	BOOKS	PRORATA	SPECIFIC	RETAIL	RATIO	RATE	COST	RATE	COST	RATE	COST
LONG TERM DEBT	$17,927,774	$17,299,342	($276,853)	($149,213)	$16,873,276	30.26%	3.59%	1.08%	3.59%	1.08%	3.59%	1.08%
SHORT TERM DEBT	$1,368,685	$1,320,681	($21,320)	($0)	$1,299,361	2.33%	1.14%	0.03%	1.14%	0.03%	1.14%	0.03%
PREFERRED STOCK	$0	$0	$0	$0	$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	$28,234,575	$27,244,884	($439,952)	$8,634	$26,813,567	48.08%	9.70%	4.66%	10.60%	5.10%	11.70%	5.63%
CUSTOMER DEPOSITS	$467,052	$466,817	($7,536)	$0	$459,281	0.82%	2.14%	0.02%	2.14%	0.02%	2.14%	0.02%
DEFERRED INCOME TAX	$6,497,467	$6,267,078	($100,691)	($29,625)	$6,136,762	11.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FAS 109 DEFERRED INCOME TAX	$3,345,233	$3,227,906	($52,108)	($0)	$3,175,798	5.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS	$1,176,705	$1,134,687	($16,578)	($107,708)	$1,010,401	1.81%	7.34%	0.13%	7.89%	0.14%	8.57%	0.16%
TOTAL	$59,017,491	$56,961,396	($915,037)	($277,912)	$55,768,447	100.00%		5.93%		6.37%		6.91%

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FINANCIAL INTEGRITY INDICATORS
($000's)

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	$4,324,567
AFUDC - DEBT	31,726
INCOME TAXES	915,032
TOTAL	$5,271,326
INTEREST CHARGES (BEFORE DEBT AFUDC)	742,913
TIE WITH AFUDC	7.10

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	$4,324,567
AFDUC - EQUITY	(107,453)
INCOME TAXES	915,032
TOTAL	$5,132,146
INTEREST CHARGES (BEFORE DEBT AFUDC)	$742,913
TIE WITHOUT AFUDC	6.91

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

AFUDC - DEBT	$31,726
X (1-INCOME TAX RATE)	0.7466
SUBTOTAL	$23,685
AFUDC - EQUITY	107,453
TOTAL	$131,138
NET INCOME AVAILABLE TO COMMON	$3,613,380
PERCENT AFUDC TO AVAILABLE NET INCOME	3.63%

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	$3,613,380
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	(2,000,000)
AFUDC (DEBT & OTHER)	(139,179)
DEPRECIATION & AMORTIZATION	2,316,433
DEFERRED INC TAXES & INVESTMENT CREDITS	542,015
CLAUSE OVER/UNDER RECOVERY	969,625
OTHER SOURCES/USES OF FUNDS	(936)
TOTAL	$5,301,339
CONSTRUCTION EXPENDITURES	
(EXCLUDING AFUDC DEBT & EQUITY)	$7,818,302
PERCENT INTERNALLY GENERATED FUNDS	67.81%

E .& F. LONG TERM AND SHORT TERM DEBT AS A PERCENT OF INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS:	
LONG TERM DEBT	$16,873,276
SHORT TERM DEBT	1,299,361
PREFERRED STOCK	0
COMMON EQUITY	26,813,567
TOTAL	$44,986,204
% LONG TERM DEBT TO TOTAL	37.51%
% SHORT TERM DEBT TO TOTAL	2.89%

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

	FPSC ADJUSTED
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	6.85%
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:	
LONG TERM DEBT	1.08%
SHORT TERM DEBT	0.03%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.02%
TAX CREDITS - WEIGHTED COST (MIDPOINT)	0.14%
SUBTOTAL	1.27%
TOTAL	5.58%
DIVIDED BY COMMON EQUITY RATIO	48.08%
JURISDICTIONAL RETURN ON COMMON EQUITY	11.60%

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FORECAST ASSUMPTIONS

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

FORECASTED ASSUMPTIONS:

CUSTOMERS	FORECASTED YEAR	PRIOR YEAR
RESIDENTIAL	5,106,987	5,036,950
COMMERCIAL	642,492	636,044
INDUSTRIAL	13,325	12,790
OTHER	6,492	6,133
TOTAL	5,769,296	5,691,917

MWH SALES	FORECASTED YEAR (1)	PRIOR YEAR (2)
RESIDENTIAL	66,737,350	67,162,001
COMMERCIAL	50,974,199	50,506,082
INDUSTRIAL	4,661,395	4,720,623
OTHER	475,847	519,234
TOTAL	122,848,790	122,907,939

(1) Includes forecasted billed sales
(2) 2021 actual billed sales

OTHER MAJOR FORECASTED ASSUMPTIONS:

A. INFLATION FACTORS (ANNUAL RATE OF CHANGE):	
1. CONSUMER PRICE INDEX (CPI)	2.8%
2. GROSS DOMESTIC PRODUCT (GDP) DEFLATOR	3.3%
3. PRODUCER PRICE INDEX (PPI) - ALL GOODS	2.3%
4. PRODUCER PRICE INDEX (PPI) - INTERMEDIATE MATERIALS	2.4%
5. PRODUCER PRICE INDEX (PPI) - FINISHED PRODUCT GOODS	2.3%
B. CAPITAL OVERHEAD RATES	
1. PENSION & WELFARE	2.0%
2. PAYROLL TAXES & INSURANCE	7.2%
C. OTHER CORPORATE ASSUMPTIONS	
INTEREST RATES -	
1) 30 DAY COMMERCIAL PAPER	0.8%
2) LONG TERM DEBT	3.9%
DEPRECIATION RESERVE SURPLUS AMORTIZATION	($121,038)

I AM THE PERSON RESPONSIBLE FOR PREPARATION OF THIS DOCUMENT AND I AM AWARE THAT SECTION 837.06, FLORIDA STATUTES, PROVIDES:

WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082 OR S. 775.083

Mark Campbell
NAME

Tina Laney on behalf of Mark Campbell
SIGNATURE

Senior Director, Financial Forecasting
TITLE

3/15/2022
DATE

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT - PRO FORMA 2022 FESR
($000'S)

SCHEDULE 1
PAGE 1 OF 1

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) PER BOOKS		(2) FPSC ADJUSTMENTS		(3) FPSC ADJUSTED
NET OPERATING INCOME	$4,206,890	(A)	($393,937)	(B)	$3,812,953
AVERAGE RATE BASE	$56,942,617		($1,192,950)		$55,749,667
AVERAGE RATE OF RETURN	7.39%				6.84%

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

AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	
LOW	5.89%
MIDPOINT	6.36%
HIGH	6.87%

IV. FINANCIAL INTEGRITY INDICATORS		
A. TIMES INTEREST EARNED WITH AFUDC	7.04	(SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	6.86	(SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	3.64%	(SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	73.30%	(SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	37.48%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	2.91%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.60%	(FPSC ADJUSTED BASIS)

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT - PRO FORMA 2022 FESR
AVERAGE RATE OF RETURN
RATE BASE ($000's)

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

		(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NUCLEAR FUEL (NET)	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1	SYSTEM PER BOOKS	$72,051,166	$19,966,683	$52,084,483	$729,157	$5,168,023	$652,060	$58,633,724	$365,005	$58,998,729
2	JURISDICTIONAL PER BOOKS	69,447,570	16,056,598	53,390,972	698,784	4,905,914	615,947	59,611,618	(2,669,001)	56,942,617
	FPSC ADJUSTMENTS:									
3	ACCUM PROV DECOMMISSIONING COSTS		(6,371,643)	6,371,643				6,371,643		6,371,643
4	CAPITALIZED EXECUTIVE COMPENSATION	(54,370)		(54,370)				(54,370)		(54,370)
5	ENVIRONMENTAL	(2,036,940)	(676,970)	(1,359,969)				(1,359,969)		(1,359,969)
6	FUEL AND CAPACITY	(145,141)	(16,585)	(128,556)				(128,556)		(128,556)
7	LOAD CONTROL	(35,946)	(16,428)	(19,517)				(19,517)		(19,517)
8	ASSET RETIREMENT OBLIGATION	(132,443)	5,931,697	(6,064,141)				(6,064,141)		(6,064,141)
9	CAPITAL LEASES	(327,719)	(214,539)	(113,180)				(113,180)		(113,180)
10	NORTH ESCAMBIA FUTURE PLANT USE				(10,529)			(10,529)		(10,529)
11	STORM PROTECTION CLAUSE	(1,234,530)	(19,905)	(1,214,625)		(286,466)		(1,501,091)		(1,501,091)
12	CONSTRUCTION WORK IN PROGRESS					(2,431,785)		(2,431,785)		(2,431,785)
13	CWIP - CAPACITY ECCR & ECRC PROJECTS					(108,286)		(108,286)		(108,286)
14	ACCOUNTS RECEIVABLE - ASSOC COS								(232,552)	(232,552)
15	JOBBING ACCOUNTS								(168)	(168)
16	NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(253,466)	(253,466)
17	NUCLEAR COST RECOVERY								241,631	241,631
18	DEFERRED DEBITS & CREDITS – CLAUSES								(72,195)	(72,195)
19	CEDAR BAY TRANSACTION								(215,720)	(215,720)
20	ICL TRANSACTION								(168,219)	(168,219)
21	POLE ATTACHMENTS RENTS RECEIVABLE								(41,833)	(41,833)
22	PREPAYMENTS - ECCR								(1,776)	(1,776)
23	PREPAYMENTS - INTEREST ON COMMERCIAL PAPER								(10,680)	(10,680)
24	STORM DEFICIENCY RECOVERY								5,377	5,377
25	TEMPORARY CASH INVESTMENTS								(57)	(57)
26	ACCUM DEFERRED RETIREMENT BENEFITS								13,266	13,266
27	ACCUM. PROV. - PROPERTY & STORM INSURANCE								(81,443)	(81,443)
28	ASSET RETIREMENT OBLIGATION								6,064,141	6,064,141
29	GAIN ON SALE OF EMISSION ALLOWANCE								0	0
30	SJRPP CAPACITY/ECRC								(41,491)	(41,491)
31	EARLY RETIRED ASSETS								(961,402)	(961,402)
32	INTEREST & DIV RECEIVABLE								(1)	(1)
33	OPERATING LEASES								(25,352)	(25,352)
34	EMPLOYEE LOANS RECEIVABLE								(2)	(2)
35	CARE TO SHARE LIABILITY								141	141
36	DEFERRED TRANSMISSION CREDIT								8,634	8,634
37	TOTAL FPSC ADJUSTMENTS	(3,967,088)	(1,384,372)	(2,582,716)	(10,529)	(2,826,536)	0	(5,419,782)	4,226,832	(1,192,950)
38	FPSC ADJUSTED	$65,480,482	$14,672,225	$50,808,256	$688,255	$2,079,378	$615,947	$54,191,836	$1,557,831	$55,749,667

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT - PRO FORMA 2022 FESR
AVERAGE RATE OF RETURN
INCOME STATEMENT ($000's)

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			OPERATION & MAINTENANCE				INCOME TAXES			
		OPERATING REVENUES	FUEL & NET INTERCHANGE	OTHER O&M	DEPRECIATION AND AMORTIZATION	TAXES OTHER THAN INCOME	AND INVESTMENT TAX CREDIT	GAIN LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
1	SYSTEM PER BOOKS	$15,818,228	$4,956,223	$1,635,981	$2,353,601	$1,743,880	$904,319	($936)	$11,593,068	$4,225,160
2	JURISDICTIONAL PER BOOKS	15,255,714	4,735,169	1,588,106	2,271,499	1,719,083	870,360	(936)	11,183,281	4,072,433
	FPSC ADJUSTMENTS:									
3	CAPACITY COST RECOVERY	(305,224)	(226,663)	(34,448)	(8,780)	(175)	(8,911)		(278,976)	(26,247)
4	CONSERVATION COST RECOVERY	(64,301)		(49,767)	(10,163)	(1,107)	(827)		(61,864)	(2,437)
5	ENVIRONMENTAL COST RECOVERY	(377,521)		(44,476)	(123,260)	(266)	(53,103)	0	(221,105)	(156,416)
6	FUEL COST REC RETAIL	(4,514,346)	(4,495,982)	(8)		(29)	(4,645)		(4,500,663)	(13,682)
7	STORM PROTECTION COST RECOVERY	(237,438)		(84,173)	(32,175)	(166)	(30,648)		(147,162)	(90,276)
8	STORM DEFICIENCY RECOVERY	(92,885)		(5,459)	(87,426)		(0)		(92,885)	
9	FRANCHISE REVENUE & EXPENSE	(642,343)				(641,880)	(117)		(641,997)	(345)
10	GROSS RECEIPTS TAX AND RAF	(368,831)		(10,941)		(358,262)	94		(369,109)	277
11	MISCELLANEOUS O&M EXPENSES			(688)			174		(514)	514
12	AVIATION - EXPENSES			(193)			49		(144)	144
13	EXECUTIVE COMPENSATION			(52,133)			13,213		(38,920)	38,920
14	INTEREST TAX DEFICIENCIES			22			(6)		17	(17)
15	INTEREST SYCHRONIZATION						9,916		9,916	(9,916)
16	TOTAL FPSC ADJUSTMENTS	(6,602,888)	(4,722,645)	(282,265)	(261,803)	(1,001,885)	(74,811)	0	(6,343,408)	(259,481)
17	FPSC ADJUSTED	$8,652,826	$12,524	$1,305,841	$2,009,696	$717,198	$795,549	($936)	$4,839,873	$3,812,953

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT - PRO FORMA 2022 FESR
CAPITAL STRUCTURE ($000'S)
FPSC ADJUSTED BASIS

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Ga
YEAR: 2022

			ADJUSTMENTS				LOWPOINT		MIDPOINT		HIGHPOINT	
AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRORATA	SPECIFIC	ADJUSTED RETAIL	RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
LONG TERM DEBT	$17,927,240	$17,298,621	($276,933)	($149,213)	$16,872,475	30.26%	3.59%	1.09%	3.59%	1.09%	3.59%	1.09%
SHORT TERM DEBT	$1,380,465	$1,332,032	($21,510)	($0)	$1,310,522	2.35%	1.14%	0.03%	1.14%	0.03%	1.14%	0.03%
PREFERRED STOCK	$0	$0	$0	$0	$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	$28,250,756	$27,260,170	($440,344)	$8,634	$26,828,460	48.12%	9.70%	4.67%	10.60%	5.10%	11.70%	5.63%
CUSTOMER DEPOSITS	$467,037	$466,802	($7,538)	($0)	$459,264	0.82%	2.14%	0.02%	2.14%	0.02%	2.14%	0.02%
DEFERRED INCOME TAX	$6,565,084	$6,332,247	($101,776)	($29,625)	$6,200,846	11.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FAS 109 DEFERRED INCOME TAX	$3,345,130	$3,227,768	($52,123)	$0	$3,175,645	5.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS	$1,063,017	$1,024,976	($14,812)	($107,708)	$902,455	1.62%	7.34%	0.12%	7.89%	0.13%	8.57%	0.14%
TOTAL	$58,998,729	$56,942,617	($915,037)	($277,912)	$55,749,667	100.00%		5.92%		6.36%		6.90%

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT - PRO FORMA 2022 FESR
FINANCIAL INTEGRITY INDICATORS
($000's)

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	$4,318,653
AFUDC - DEBT	31,726
INCOME TAXES	883,397
TOTAL	$5,233,777
INTEREST CHARGES (BEFORE DEBT AFUDC)	743,055
TIE WITH AFUDC	7.04

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	$4,318,653
AFDUC - EQUITY	(107,453)
INCOME TAXES	883,397
TOTAL	$5,094,597
INTEREST CHARGES (BEFORE DEBT AFUDC)	$743,055
TIE WITHOUT AFUDC	6.86

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

AFUDC - DEBT	$31,726
X (1-INCOME TAX RATE)	0.7466
SUBTOTAL	$23,685
AFUDC - EQUITY	107,453
TOTAL	$131,138
NET INCOME AVAILABLE TO COMMON	$3,607,324
PERCENT AFUDC TO AVAILABLE NET INCOME	3.64%

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	$3,607,324
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	(1,460,000)
AFUDC (DEBT & OTHER)	(139,179)
DEPRECIATION & AMORTIZATION	2,353,601
DEFERRED INC TAXES & INVESTMENT CREDITS	400,002
CLAUSE OVER/UNDER RECOVERY	970,007
OTHER SOURCES/USES OF FUNDS	(936)
TOTAL	$5,730,819
CONSTRUCTION EXPENDITURES	
(EXCLUDING AFUDC DEBT & EQUITY)	$7,818,302
PERCENT INTERNALLY GENERATED FUNDS	73.30%

E .& F. LONG TERM AND SHORT TERM DEBT AS A PERCENT OF INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS:	
LONG TERM DEBT	$16,872,474
SHORT TERM DEBT	1,310,522
PREFERRED STOCK	0
COMMON EQUITY	26,828,458
TOTAL	$45,011,455
% LONG TERM DEBT TO TOTAL	37.48%
% SHORT TERM DEBT TO TOTAL	2.91%

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

	FPSC ADJUSTED
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	6.84%
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:	
LONG TERM DEBT	1.09%
SHORT TERM DEBT	0.03%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.02%
TAX CREDITS - WEIGHTED COST (MIDPOINT)	0.13%
SUBTOTAL	1.26%
TOTAL	5.58%
DIVIDED BY COMMON EQUITY RATIO	48.12%
JURISDICTIONAL RETURN ON COMMON EQUITY	11.60%

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2022

FORECASTED ASSUMPTIONS:

CUSTOMERS	FORECASTED YEAR	PRIOR YEAR
RESIDENTIAL	5,106,987	5,036,950
COMMERCIAL	642,492	636,044
INDUSTRIAL	13,325	12,790
OTHER	6,492	6,133
TOTAL	5,769,296	5,691,917

MWH SALES	FORECASTED YEAR (1)	PRIOR YEAR (2)
RESIDENTIAL	66,737,350	67,162,001
COMMERCIAL	50,974,199	50,506,082
INDUSTRIAL	4,661,395	4,720,623
OTHER	475,847	519,234
TOTAL	122,848,790	122,907,939

(1) Includes forecasted billed sales
(2) 2021 actual billed sales

OTHER MAJOR FORECASTED ASSUMPTIONS:

A. INFLATION FACTORS (ANNUAL RATE OF CHANGE):	
1. CONSUMER PRICE INDEX (CPI)	2.8%
2. GROSS DOMESTIC PRODUCT (GDP) DEFLATOR	3.3%
3. PRODUCER PRICE INDEX (PPI) - ALL GOODS	2.3%
4. PRODUCER PRICE INDEX (PPI) - INTERMEDIATE MATERIALS	2.4%
5. PRODUCER PRICE INDEX (PPI) - FINISHED PRODUCT GOODS	2.3%
B. CAPITAL OVERHEAD RATES	
1. PENSION & WELFARE	2.0%
2. PAYROLL TAXES & INSURANCE	7.2%
C. OTHER CORPORATE ASSUMPTIONS	
INTEREST RATES -	
1) 30 DAY COMMERCIAL PAPER	0.8%
2) LONG TERM DEBT	3.9%
DEPRECIATION RESERVE SURPLUS AMORTIZATION	($83,875)

I AM THE PERSON RESPONSIBLE FOR PREPARATION OF THIS DOCUMENT AND I AM AWARE THAT SECTION 837.06, FLORIDA STATUTES, PROVIDES:

WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082 OR S. 775.083

NAME SIGNATURE

TITLE DATE

Exhibit IPL-3
Differences in Rate Base and Net Operating Income
($000's)

Rate Base, 13 Month Average, FESR Schedule 2, Page 1 of 2	2022 FESR	2022 Pro Forma FESR	Difference	Reference
System Per Books Rate Base	**$59,017,491**	**$58,998,729**	**($18,762)**	Exhibits IPL-1 and IPL-2, col. (9), Line 1
Less:				
Non-Jurisdictional Rate Base	$2,056,095	$2,056,112	$18	Exhibits IPL-1 and IPL-2, col. (9), Line 2 - Line 1
FPSC Adjustments	$1,192,950	$1,192,950	($0)	Exhibits IPL-1 and IPL-2, col. (9), Line 37
Jurisdictional Adjusted Rate Base	**$55,768,447**	**$55,749,667**	**($18,780)**	**Exhibits IPL-1 and IPL-2, col. (9), Line 38**

Net Operating Income ("NOI"), FESR Schedule 2, Page 2 of 2	2022 FESR	2022 Pro Forma FESR	Difference	Reference
Operating Revenues	$15,818,398	$15,818,228	($170)	
Operation & Maintenance Expense	$6,591,992	$6,592,205	$212	
Depreciation & Amortization Expense	$2,316,433	$2,353,601	$37,167	
Taxes Other Than Income Taxes	$1,743,880	$1,743,880	$0	
Operating Income Taxes and ITC	$935,954	$904,319	($31,635)	Note [1]
Gain/Loss on Disposition of Utility Plant	($936)	($936)	$0	
Total System Per Books NOI	**$4,231,074**	**$4,225,160**	**($5,914)**	Exhibits IPL-1 and IPL-2, col. (9), Line 1
Less:				
Non-Jurisdictional NOI	$152,051	$152,726	$675	Exhibits IPL-1 and IPL-2, col. (9), Line 2 - Line 1
FPSC Adjustments	$259,375	$259,481	$106	Exhibits IPL-1 and IPL-2, col. (9), Line 16
Jurisdictional Adjusted NOI	**$3,819,648**	**$3,812,953**	**($6,696)**	**Exhibits IPL-1 and IPL-2, col. (9), Line 17**

Note [1] **Operating Income Taxes and ITC Detail**	**2022 Pro Forma FESR vs. 2022 FESR**	**Reference**
Operating Income Taxes and ITC Detail - System Per Books		
Production Tax Credits	($23,289)	
Tax Expense on Depreciation Reserve Surplus Amortization Impact	($9,419)	
ITC Amortization Reversal	$1,324	
State Tax Expense/Other	($251)	
Total Operating Income Taxes and ITC Detail - System Per Books	**($31,635)**	Difference Exhibits IPL-1 and IPL-2, col. (6), Line 1 Exhibit IPL-5, Line 11
Non-Jurisdictional Operating Income Taxes and ITC	$675	Difference Exhibits IPL-1 and IPL-2, Col. (6), Line 2 - Line 1
FPSC Adjustments Operating Income Taxes and ITC	$488	Difference Exhibits IPL-1 and IPL-2, Col. (6), Line 16
Non-Jurisdictional and FPSC Adjustments Operating Income Taxes	**$1,164**	Exhibit IPL-5, Line 12
Operating Income Taxes and ITC Detail - Jurisdictional Adjusted	**($30,471)**	Difference Exhibits IPL-1 and IPL-2, Col. (6), Line 17 Exhibit IPL-5, Line 18

Exhibit IPL-4
Differences in Capital Structure
($000's)

Capital Structure, FESR Schedule 3	2022 FESR					
13-Month Average	**System Per Book**	**Retail Per Book**	**Adjusted Retail**	**Ratio**	**Cost Rate**	**Weighted Cost**
Long-Term Debt	$17,927,774	$17,299,342	$16,873,276	30.26%	3.59%	1.08%
Short-Term Debt	$1,368,685	$1,320,681	$1,299,361	2.33%	1.14%	0.03%
Preferred Stock	$0	$0	$0	0.00%	0.00%	0.00%
Common Equity	$28,234,575	$27,244,884	$26,813,567	48.08%	11.60%	5.58%
Customer Deposits	$467,052	$466,817	$459,281	0.82%	2.14%	0.02%
Deferred Income Taxes	$6,497,467	$6,267,078	$6,136,762	11.00%	0.00%	0.00%
FAS 109 Deferred Income Tax	$3,345,233	$3,227,906	$3,175,798	5.69%	0.00%	0.00%
Investment Tax Credits	$1,176,705	$1,134,687	$1,010,401	1.81%	7.89%	0.14%
Total	**$59,017,491**	**$56,961,396**	**$55,768,447**	**100.00%**		**6.85%**

Capital Structure, FESR Schedule 3	2022 Pro Forma FESR					
13-Month Average	**System Per Book**	**Retail Per Book**	**Adjusted Retail**	**Ratio**	**Cost Rate**	**Weighted Cost**
Long-Term Debt	$17,927,240	$17,298,621	$16,872,475	30.26%	3.59%	1.09%
Short-Term Debt	$1,380,465	$1,332,032	$1,310,522	2.35%	1.14%	0.03%
Preferred Stock	$0	$0	$0	0.00%	0.00%	0.00%
Common Equity	$28,250,756	$27,260,170	$26,828,460	48.12%	11.60%	5.58%
Customer Deposits	$467,037	$466,802	$459,264	0.82%	2.14%	0.02%
Deferred Income Taxes	$6,565,084	$6,332,247	$6,200,846	11.12%	0.00%	0.00%
FAS 109 Deferred Income Tax	$3,345,130	$3,227,768	$3,175,645	5.70%	0.00%	0.00%
Investment Tax Credits	$1,063,017	$1,024,976	$902,455	1.62%	7.89%	0.13%
Total	**$58,998,729**	**$56,942,617**	**$55,749,667**	**100.00%**		**6.84%**

Capital Structure, FESR Schedule 3	Difference					
13-Month Average	**System Per Book**	**Retail Per Book**	**Adjusted Retail**	**Ratio**	**Cost Rate**	**Weighted Cost**
Long-Term Debt	($533)	($721)	($801)	0.01%	0.00%	0.00%
Short-Term Debt	$11,780	$11,351	$11,161	0.02%	0.00%	0.00%
Preferred Stock	$0	$0	$0	0.00%	0.00%	0.00%
Common Equity	$16,181	$15,286	$14,893	0.04%	0.00%	0.00%
Customer Deposits	($14)	($14)	($17)	0.00%	0.00%	0.00%
Deferred Income Taxes	$67,616	$65,169	$64,083	0.12%	0.00%	0.00%
FAS 109 Deferred Income Tax	($103)	($139)	($154)	0.00%	0.00%	0.00%
Investment Tax Credits	($113,688)	($109,712)	($107,946)	-0.19%	0.00%	-0.02%
Total	**($18,762)**	**($18,780)**	**($18,780)**	**0.00%**		**-0.01%**

Deferred Income Taxes ("ADIT")	$67,616	$65,169	$64,083	See above
Investment Tax Credits ("ITC")	($113,688)	($109,712)	($107,946)	See above
Total ADIT and ITC	**($46,072)**	**($44,543)**	**($43,862)**	**Exhibit IPL-5, Line 39**
	(a)		*(b)*	
Jurisdictional Impact - ADIT and ITC		*(b) - (a) =*	**$2,210**	**Exhibit IPL-5, Line 30**

Exhibit IPL-5
2022 Projected Jurisdictional Adjusted Revenue Requirement Impact

	Inflation Reduction Act - Change in 2022 Jurisdictional Adjusted Revenue Requirement	**2022**	**Ref.**
1	Production Tax Credits	(31,195,561)	Line 20
2	ITC Amortization Removal	1,773,277	Line 21
3	State Tax Expense/Other	1,223,010	Line 22
4	ITC Capital Structure Impact	3,155,569	Line 44
5	**Total Change in 2022 Jurisdictional Adjusted Revenue Requirement**	**(25,043,705)**	**Sum Lines 1 through 4**

I. Operating Income Tax Expense

6	**Change in Per Book Tax Expense due to:**	**2022**	
7	Tax Expense on Depreciation Reserve Surplus Amortization Impact	(9,419,065)	
8	Production Tax Credits	(23,289,046)	
9	ITC Amortization Removal	1,323,840	
10	State Tax Expense/Other	(250,707)	
11	**Change in Per Book Tax Expense**	**(31,634,977)**	**Exhibit IPL-3, Note [1]**
12	**Non-Jurisdictional and FPSC Adjustments Variance [1]**	**1,163,744**	**Exhibit IPL-3, Note [1]**
13	**Change in FPSC Adjusted Tax Expense due to:**		
14	Tax Expense on Depreciation Reserve Surplus Amortization Impact	(9,419,065)	Line 7
15	Production Tax Credits	(23,289,046)	Line 8
16	ITC Amortization Removal	1,323,840	Line 9
17	State Tax Expense/Other	913,038	Line 10 + Line 12
18	**Change in FPSC Adjusted Tax Expense**	**(30,471,232)**	**Exhibit IPL-3, Note [1]**
19	**Revenue Requirement - FPSC Adjusted Operating Income Tax Expense, excl. Surplus [2]**		
20	Production Tax Credits	(31,195,561)	Line 15 / 0.74655
21	ITC Amortization Removal	1,773,277	Line 16 / 0.74655
22	State Tax Expense/Other	1,223,010	Line 17 / 0.74655
23	**Revenue Requirement - FPSC Adjusted Operating Income Tax Expense, excl. Surplus**	**(28,199,274)**	**Sum Lines 20 through 22**

Notes:
1. 2022 Pro Forma FESR vs. 2022 FESR variance in Non-Jurisdictional and FPSC Adjustments associated with operating income taxes and ITC. Variance attributed to non-jurisdictional allocation of Production Tax Credits and to Interest Synchronization adjustment due to changes in capital structure.
2. Change in jurisdictional adjusted tax expense grossed up for taxes. Excludes impact of depreciation reserve surplus amortization.

II. Investment Tax Credits and Accumulated Deferred Income Tax Liability

24	**Decrease in Total Company Per Book, Year-End DTL:**	**2022**	
25	ITC Generated	(135,933,616)	
26	Decrease in ADIT due to Change in Depreciation Reserve Surplus Amortization	(9,419,065)	
27	Increase in ADIT due to Change in Solar Basis Adjustment	3,457,062	
28	Other	(117,932)	
29	**Decrease in Total Company Per Book, Year-End DTL**	**(142,013,551)**	**Sum Lines 25 through 28**
30	Non-Jurisdictional & FPSC Adjustments Variance [3]	2,209,538	**Exhibit IPL-4**
31	Year-End vs. 13-month Average ITC Adjustment [4]	22,245,520	
32	Year-End vs. 13-month Average ADIT Adjustment [4]	73,696,222	
33	**Total Adjustments to Per Book, Year-End DTL**	**98,151,280**	**Sum Lines 30 through 32**
34	**Decrease in FPSC Adjusted, 13-Month Average DTL**		
35	ITC Generated	(113,688,096)	Line 25 + Line 31
36	Decrease in ADIT due to Change in Depreciation Reserve Surplus Amortization	(9,419,065)	Line 26
37	Increase in ADIT due to Change in Solar Basis Adjustment	3,457,062	Line 27
38	ITC Utilized	75,787,828	Line 28 + Line 30 + Line 32
39	**Decrease in FPSC Adjusted, 13-Month Average DTL**	**(43,862,271)**	**Exhibit IPL-4**
40	**WACC - 2022 Pro Forma FESR (high-point 11.6% ROE)**	**6.84%**	**Exhibit IPL-4**
41	**Revenue Requirement - FPSC Adjusted, 13-Month Average DTL, excl. Depreciation Reserve Surplus Amortization [5]**		
42	ITC Generated	(10,415,716)	(Line 35 * Line 40) / 0.74655
43	ITC Utilized	7,260,147	((Line 37 + Line 38) * Line 40)) / 0.74655
44	**Revenue Requirement - FPSC Adjusted, 13-Month Average DTL, excl. Depreciation Reserve Surplus Amortization**	**(3,155,569)**	**Line 42 + Line 43**

Notes:
3. 2022 Pro Forma FESR vs. 2022 FESR variance in Non-Jurisdictional and FPSC Adjustments.
4. Difference between 2022 Company Per Book Year-End and Utility per Book 13-Month Average deferred income taxes and investment tax credits.
5. Return on the change in FPSC Adjusted 13-Month Average DTL grossed up for taxes. Excludes impact of depreciation reserve surplus amortization.

Exhibit IPL-6
2023 Projected Jurisdictional Adjusted Revenue Requirement Impact

	Inflation Reduction Act - Change in 2023 Jurisdictional Adjusted Revenue Requirement	2023	Ref.
1	Production Tax Credits	(82,432,142)	Line 16
2	ITC Amortization Removal	12,688,682	Line 17
3	**Total Change in 2023 Jurisdictional Adjusted Revenue Requirement**	**(69,743,460)**	**Line 1 + Line 2**
4	**Total Change in 2022 Jurisdictional Adjusted Revenue Requirement**	**(25,043,705)**	**Exhibit IPL-5**
5	**Incremental Change in 2023 Jurisdictional Adjusted Revenue Requirement**	**(44,699,755)**	**Line 3 - Line 4**
	Operating Income Tax Expense		
6	**Change in Per Book Tax Expense due to:**	**2023**	
7	Production Tax Credits	(63,709,173)	
8	ITC Amortization Removal	9,472,735	
9	**Change in Per Book Tax Expense**	**(54,236,438)**	**Line 7 + Line 8**
10	**Non-Jurisdictional Allocation [1]**	**2,169,458**	- Line 9 * 4%
11	**Change in FPSC Adjusted Tax Expense due to:**		
12	Production Tax Credits	(61,539,715)	Line 7 + Line 10
13	ITC Amortization Removal	9,472,735	Line 8
14	**Change in FPSC Adjusted Tax Expense**	**(52,066,980)**	
15	**Revenue Requirement Associated with the Change in FPSC Adjusted Operating Income Tax Expense [2]**		
16	Production Tax Credits	(82,432,142)	Line 12 / 0.74655
17	ITC Amortization Removal	12,688,682	Line 13 / 0.74655
18	**Revenue Requirement Associated with the Change in FPSC Adjusted Operating Income Tax Expense**	**(69,743,460)**	**Line 16 + Line 17**

Notes:
1. Non-jurisdictional allocation of Production Tax Credits. Assumed average income tax non-jurisdictional allocation of 4% per Exhibit IPL-2, Schedule 2, Page 2 of 2, col. (6), Line 2 / Line 1.
2. Change in jurisdictional adjusted tax expense grossed up for taxes.