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**EXHIBIT B**

**REDACTED**

**AUGUST 2009**

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**TESTIMONY**

**OF  
KIMBERLY H. DISMUKES**

**On Behalf of the  
Office of the Public Counsel**

**Before the  
Florida Public Service Commission**

**Docket No. 080677-EI**

- 1 Q. **WHAT IS YOUR NAME AND ADDRESS?**
- 2 A. *Kimberly H. Dismukes, 6455 Overton Street, Baton Rouge, Louisiana 70808.*
- 3 Q. **BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**
- 4 A. I am a partner in the firm of Acadian Consulting Group, which specializes in the  
5 field of public utility regulation. I have been retained by the Office of the Public  
6 Counsel (OPC) on behalf of the Citizens of the State of Florida to analyze the  
7 transactions between Florida Power & Light Company's (FPL or the Company)  
8 and its affiliates and the impact of these transactions on FPL's application for a  
9 rate increase.
- 10 Q. **DO YOU HAVE A SUMMARY OF YOUR QUALIFICATIONS IN**  
11 **REGULATION?**
- 12 A. Yes. Exhibit KHD-1 was prepared for this purpose.
- 13 Q. **DO YOU HAVE EXHIBITS IN SUPPORT OF YOUR TESTIMONY?**
- 14 A. Yes. Attached to my testimony are Exhibits KHD-2 through KHD-16 which  
15 support my testimony and recommendations.
- 16 Q. **HOW IS YOUR TESTIMONY ORGANIZED?**

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1    A.    In the first section of my testimony I discuss the importance of examining  
2            transactions between FPL and its affiliates. Second, I discuss FPL Group's  
3            organizational structure. In the third section I discuss the different ways FPL  
4            charges its affiliates, the concerns I have with the different methodologies, and  
5            my recommendations. The fourth section contains a discussion of transactions  
6            with certain FPL affiliates, including FiberNet, FPLES and FPL Historical  
7            Museum, Inc. In this section I also address the gain on sale of assets to affiliates  
8            and power monitoring revenue. Fifth, I discuss FPL-New England Division (FPL-  
9            NED). Finally, I present a summary of my recommended adjustments.

10   **I.    Affiliate Transactions**

11   **Q.    WHY IS IT IMPORTANT TO CLOSELY EXAMINE AFFILIATE**  
12            **TRANSACTIONS?**

13    A.    In a situation involving the provision of services between affiliated companies,  
14            the associated transactions and costs are not arms-length dealings. Cost allocation  
15            techniques and methods of charging affiliates should be frequently reviewed and  
16            analyzed to ensure that the company's regulated operations are not subsidizing the  
17            nonregulated operations. Because of the affiliation between FPL and the affiliates  
18            that contribute to expenses included on the books of FPL, the arms-length  
19            bargaining of a normal competitive environment is not present in their  
20            transactions. Although each of the affiliated companies is supposedly separate,  
21            relationships between FPL and these affiliates are still close; they all belong to  
22            one corporate family.

23            In the absence of regulation, there is no assurance that affiliate

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1 transactions and allocations will not translate into unnecessarily high charges for  
2 FPL's customers. Even when the methodologies for cost allocation and pricing  
3 have been explicitly stated, close scrutiny of affiliate relationships is still  
4 warranted. Regardless of whether or not FPL explicitly establishes a methodology  
5 for the allocation and distribution of affiliate costs, there is an incentive to  
6 misallocate or shift costs to regulated companies so that the nonregulated  
7 companies can reap the benefits.

8 **Q. DOES THE COMMISSION HAVE ANY GUIDELINES WHICH**  
9 **CONTROL THE PRICING ARRANGEMENTS BETWEEN UTILITIES**  
10 **AND THEIR AFFILIATES?**

11 **A.** Yes. The Commission's Rules set forth the criteria to be followed by electric  
12 utilities when transacting with affiliates. Rule 25-6.1351, Florida Administrative  
13 Code (F.A.C.) details the Commission's policy. It excludes affiliate transactions  
14 related to the purchase of fuel and related transportation services that are subject  
15 to the Commission's review in cost recovery proceedings. The section of the  
16 Commission's Rule that details the pricing between affiliates is as follows:

17 (3) Non-Tariffed Affiliate Transactions  
18

19 (a) The purpose of subsection (3) is to establish requirements for non-  
20 tariffed affiliate transactions impacting regulated activities. This  
21 subsection does not apply to the allocation of costs for services  
22 between a utility and its parent company or between a utility and  
23 its regulated utility affiliates or to services received by a utility  
24 from an affiliate that exists solely to provide services to members  
25 of the utility's corporate family. All affiliate transactions, however,  
26 are subject to regulatory review and approval.  
27

28 The rules state that purchases from the utility by the affiliate must be at the  
29 higher of fully allocated cost or market price.



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1 (b) A utility must charge an affiliate the higher of fully allocated costs  
2 or market price for all non-tariffed services and products purchased  
3 by the affiliate from the utility. Except, a utility may charge an  
4 affiliate less than fully allocated costs or market price if the charge  
5 is above incremental cost. If a utility charges less than fully  
6 allocated costs or market price, the utility must maintain  
7 documentation to support and justify how doing so benefits  
8 regulated operations. If a utility charges less than market price, the  
9 utility must notify the Division of Economic Regulation in writing  
10 within 30 days of the utility initiating, or changing any of the terms  
11 or conditions, for the provision of a product or service. In the case  
12 of products or services currently being provided, a utility must  
13 notify the Division within 30 days of the rule's effective date.

14 The rule further state that purchases from the affiliate must be at the lower  
15 of fully allocated cost or market.

16 (c) When a utility purchases services and products from an affiliate  
17 and applies the cost to regulated operations, the utility shall  
18 apportion to regulated operations the lesser of fully allocated costs  
19 or market price. Except, a utility may apportion to regulated  
20 operations more than fully allocated costs if the charge is less than  
21 or equal to the market price. If a utility apportions to regulated  
22 operations more than fully allocated costs, the utility must maintain  
23 documentation to support and justify how doing so benefits  
24 regulated operations and would be based on prevailing price  
25 valuation.

26 Finally, the rules states that assets transferred from the affiliate to the  
27 utility must be transferred at the lower of cost or market and assets transferred  
28 from the utility to the affiliate must be transferred at the higher of cost or market.

29 (d) When an asset used in regulated operations is transferred from a  
30 utility to a nonregulated affiliate, the utility must charge the  
31 affiliate the greater of market price or net book value. Except, a  
32 utility may charge the affiliate either the market price or net book  
33 value if the utility maintains documentation to support and justify  
34 that such a transaction benefits regulated operations. When an asset  
35 to be used in regulated operations is transferred from a  
36 nonregulated affiliate to a utility, the utility must record the asset at  
37 the lower of market price or net book value. Except, a utility may  
38 record the asset at either market price or net book value if the  
39 utility maintains documentation to support and justify that such a  
40 transaction benefits regulated operations. An independent appraiser

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1 must verify the market value of a transferred asset with a net book  
2 value greater than \$1,000,000. If a utility charges less than market  
3 price, the utility must notify the Division of Economic Regulation  
4 in writing within 30 days of the transfer. (Rule 25-6.1351 F.A.C.)

5 Q. HAS THE COMMISSION ADDRESSED AFFILIATE TRANSACTIONS  
6 IN RECENT ORDERS?

7 A. Yes. The Commission has also expressed its opinion on affiliate transactions and  
8 the precedent that should be followed when examining affiliate transactions.

9 By their very nature, related party transactions require closer  
10 scrutiny. Although a transaction between related parties is not per  
11 se unreasonable, it is the utility's burden to prove that its costs are  
12 reasonable. Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191  
13 (Fla. 1982). This burden is even greater when the transaction is  
14 between related parties. In GTE Florida, Inc. v. Deason, 642 So. 2d  
15 545 (Fla. 1994) (GTE), the Court established that the standard to  
16 use in evaluating affiliate transactions is whether those transactions  
17 exceed the going market rate or are otherwise inherently unfair.  
18 (FPSC, Order No. PSC-01-1374-PAA-WS; June 27, 2001.)  
19  
20

21 II. FPL Group, Inc. Organizational Structure

22 Q. WOULD YOU PLEASE DESCRIBE THE FPL GROUP, INC.  
23 ORGANIZATION?

24 A. Yes. FPL Group, Inc. (FPL Group), the parent company of FPL, has more than 500  
25 subsidiaries and affiliates. (Ousdahl Testimony, p. 37.) My Exhibit KHD-2 contains  
26 an organizational chart of FPL Group and its affiliates. Its primary subsidiaries  
27 include:

28 1) FPL, the regulated electric company that provides electric service to  
29 customers in Florida.

30 2) FPL Group Capital, Inc., (FPL Group Capital) which owns the capital  
31 stock of and provides the funding for FPL Group's non-utility companies.


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- 1           3)   NextEra Energy Resources, LLC (NextEra, formerly FPL Energy or  
2           FPLE) is a holding company of subsidiaries involved in geothermal,  
3           cogeneration, waste-to-energy, and wind powered electric generating  
4           projects. NextEra is the largest generator of wind and solar power in North  
5           America. NextEra has operations in 27 U.S. states and Canadian  
6           provinces.
- 7           4)   FPL FiberNet, LLC (FiberNet) leases wholesale fiber-optic network  
8           capacity dark fiber capacity. Its customers include FPL, Internet service  
9           providers, as well as telephone, wireless carriers, internet, and other  
10          telecommunications companies.
- 11          5)   FPL Energy Services, Inc. (FPL Energy Services or FPLES) markets the  
12          sale of natural gas and offers products and services to residential and  
13          commercial customers.
- 14          6)   FPL Group Resources, LLC identifies, evaluates and transacts natural  
15          gas business activities. This includes the pursuit of a Liquefied Natural  
16          Gas import project into Florida, creation of a gas merchant business, and  
17          pipeline and storage investments.
- 18
- 19          7)   Palms Insurance Company, Limited (Palms) is an insurance company  
20          primarily engaged in providing liability insurance coverage for FPL Group  
21          and its subsidiaries. (FPL Group 2008 Form 10-K, p. 14 and Response to  
22          OPC Interrogatory 2.)  
23          [http://www.nexteraenergyresources.com/content/where/portfolio/pdf/port](http://www.nexteraenergyresources.com/content/where/portfolio/pdf/portfolio_by_fuel.pdf)  
24          [folio by fuel.pdf;](http://www.nexteraenergyresources.com/content/where/portfolio/pdf/portfolio_by_fuel.pdf)  
25          [http://www.nexteraenergyresources.com/content/who/facts.shtml.](http://www.nexteraenergyresources.com/content/who/facts.shtml)

26

27           As shown on Exhibit KHD-2, FPL Group's nonregulated affiliates are  
28          numerous.

29    **Q.   HOW LARGE ARE FPL GROUP'S NONREGULATED OPERATIONS**  
30    **AND HOW HAVE THEY CHANGED OVER TIME?**

31    **A.   FPL Group's nonregulated businesses are significant, and they are growing.**  
32          Although FPL Group has many affiliated nonregulated companies, its most active  
33          and largest affiliate is NextEra, which owned hundreds of affiliated companies in  
34          2008. (FPL Annual Diversification Report 2008.) As shown on Exhibit KHD-3,  
35          NextEra represented **Begin Confidential**  **End Confidential** of FPL Group's

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1 consolidated revenue in 2005, decreasing to Begin Confidential [REDACTED] End Confidential in  
2 2006, increasing to Begin Confidential [REDACTED] End Confidential in 2007 and to Begin  
3 Confidential [REDACTED] End Confidential in 2008. Similar representations are depicted for  
4 investment. As shown on this exhibit, NextEra's gross investment represents Begin  
5 Confidential [REDACTED] End Confidential of FPL Group's  
6 consolidated gross investment in the years 2005, 2006, 2007, and 2008,  
7 respectively.

8 III. Affiliate Charges

9 Q. WOULD YOU PLEASE EXPLAIN HOW FPL CHARGES ITS  
10 AFFILIATES FOR SERVICES AND PRODUCTS IT PROVIDES TO  
11 THEM?

12 A. Yes. FPL uses three methods to charge costs to FPL Group's nonregulated  
13 affiliates. These are:

14 Direct - Costs of resources used exclusively for the provision of  
15 services that are readily identifiable to an activity. An example of  
16 Inter-Company direct costs would be the salary of an [FPL]  
17 engineer working on a nonregulated Affiliate's power plant. Direct  
18 is also used to indicate work done within FPL (regulated) directly  
19 benefiting a Business Unit other than the provider. An example of  
20 Intra-FPL direct costs (regulated) would be [FPL] Human  
21 Resources charging the operating Business Units for specific  
22 recruiting activities.

23  
24 Assigned - Costs of resources used jointly in the provision of both  
25 regulated and non-regulated activities that are apportioned using  
26 direct measures of cost causation. The square footage cost of office  
27 space used by nonregulated activities would be an example of  
28 assignable costs.

29  
30 Unattributable (Management Fee) - Cost of resources shared by  
31 both regulated and non-regulated activities for which no causal  
32 relationship exists. These costs are accumulated and allocated to  
33 both regulated and nonregulated activities through the use of the

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1           AMF for Inter-Company transactions. The costs associated with  
2           FPL Group's board of directors is an example of unattributable  
3           costs allocated using the Affiliate Management Fee. (Exhibit KO-  
4           9, Page.2.)  
5

6    III.A. Direct Charge Methodology

7    Q.    WOULD YOU PLEASE DESCRIBE THE DIRECT CHARGE METHOD  
8           THAT FPL USES?

9    A.    Yes. The direct charge method charges activities to affiliates through specific  
10          work orders. Activities which are direct charged include: due diligence  
11          investigations conducted by FPL employees for the benefit of an affiliate,  
12          *assistance with construction projects, transition teams, fleet team support below*  
13          management level, support for capital projects, and services to plants that are not  
14          operated by NextEra. (Response to OPC Document Request 75.)

15                 The Power Generation Service fee is also administered through a direct  
16          charge process. This fee captures direct support by FPL Power Generation  
17          employees to NextEra. (Response to OPC Interrogatory 12.)

18   Q.    HOW ARE COSTS CAPTURED UNDER THE DIRECT CHARGE  
19          PROCESS?

20   A.    FPL uses work orders (ER 99) to capture direct charges from the affiliate to FPL.  
21          The majority of these work orders are used to record direct charges and record the  
22          expense for the support provided by FPL to the affiliate directly to the  
23          intercompany "receivable from affiliate" account. Work orders are also used to  
24          process charges to the affiliates for the various service fees and the Affiliate  
25          Management Fee.

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1           Creation of a work order begins with a request that can be submitted via a  
2 form, an email, or a telephone request. The request is submitted to an employee  
3 who has been approved to create or modify work orders. Surprisingly, there is not  
4 a requirement that a record be kept of the request for the establishment of a work  
5 order or the use of an FPL employee.

6           Time spent on support between FPL and affiliates is reported by each  
7 employee in the SAP payroll program on-line either daily, weekly or biweekly. It  
8 is posted from payroll to each work order. Employees may record actual time  
9 incurred on behalf of affiliates (variable time reporting) or use an estimate such as  
10 a fixed distribution percentage. The use of variable time reporting as FPL refers to  
11 this practice is also known as exception time reporting. That is, the employee's  
12 time is recorded at his or her company except where they report otherwise.

13           According to FPL, each direct line supervisor is responsible for reviewing  
14 payroll charges reported in each biweekly pay period for his/her direct reports.  
15 This supervisor also reviews the fixed distributions of time on a semiannual basis.  
16 When the monthly affiliate bill is prepared, reported hours are loaded for  
17 overheads and taxes. The bill is recorded as a receivable and delivered to the  
18 affiliate for its review and approval for payment.

19 **Q.   WHAT WAS THE LEVEL OF DIRECT CHARGES FROM FPL TO ITS**  
20 **AFFILIATES FOR 2007 AND 2008 AND WHAT DID FPL PROJECT FOR**  
21 **2009, 2010, AND 2011?**

22 **A.   As shown on Exhibit KHD-4, direct charges from FPL to its affiliates increased**  
23 **from *Begin Confidential* \$37.8 *End Confidential* million in 2007 to *Begin Confidential* \$60.0 *End***

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1           Confidential million in 2008 or an increase of 59%. Several factors contributed to the  
2           increase in direct charges, including NextEra's acquisition of the Point Beach  
3           Nuclear Plant in September of 2007, two large development and construction  
4           contracts which are supervised and managed by FPLES, increased support and  
5           projects billed to NextEra, and increased support to FPL Group Capital.  
6           (Response to AG Interrogatory 31.)

7           Also shown on Exhibit KHD-4 is the level of direct charges FPL projects  
8           it will assess its affiliates in 2009, 2010, and 2011, which is \$42.1 million, \$43.7  
9           million, and \$45.0 million, respectively. The Company projects that in 2009 there  
10          will be over 41% less in direct charges to affiliates than in 2008. The test year  
11          projections follow a similar pattern. Relative to the direct charges in 2008, the  
12          2010 and 2011 direct charges are projected to be 39% and 37% less than in 2008.  
13          FPL has not explained why these charges should be reduced so dramatically from  
14          the historic period 2008. As the direct charges are FPL costs that are assigned to  
15          its affiliates, any reduction in payroll charges in the projected test year remain on  
16          the books of FPL and are charged to regulated ratepayers.

17   **Q. ARE THERE ANY PROBLEMS WITH THE DIRECT CHARGE**  
18   **METHODOLOGY?**

19   **A.** Yes. First, I seriously question the failure of FPL for not keeping a record of the  
20          request for the establishment of a work order used to direct charge labor costs.  
21          This failure provides no audit trail or documentation that the functions performed  
22          or the time spent by the employee has any relationship to the original request.

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1           Second, the use of exception time reporting is less than ideal when there  
2 are costs being shared between regulated and nonregulated affiliates. By its  
3 nature, if an employee does not report a change in time reporting, the charges will  
4 be associated with the originating company even if time was spent elsewhere. A  
5 direct reporting method would overcome the shortcomings of exception time  
6 reporting.

7           Third, there does not appear to be adequate follow-up of some direct  
8 payroll charges. This was identified in a recent internal audit of the Company's  
9 affiliate transactions. In this August 11, 2008 Audit, the auditors found: Begin

10 Confidential [REDACTED]

11 [REDACTED] End Confidential This is a little like the fox watching the

12 chicken coop. Begin Confidential [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 Confidential [REDACTED]

21 [REDACTED]

22 [REDACTED] End Confidential

23 Q.   WHAT IS YOUR RECOMMENDATION REGARDING THE DIRECT



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1           **CHARGES FPL PROJECTS FOR 2009, 2010, AND 2011?**

2    A.    I recommend that the Commission require that the Company keep adequate  
3           documentation concerning the requests from its affiliate for services that are  
4           billed under the direct charge methodology. FPL has not provided any reason why  
5           keeping adequate documentation (like the e-mail or phone call record) should not  
6           be retained. In fact, I would recommend that a system be set up to keep track of  
7           the requests for assistance.

8                         Similarly, I recommend that the Commission require those employees that  
9           use exception time reporting to use direct time reporting. This will help ensure  
10          that the time spent on work for affiliates is properly documented and tracked.

11    **III.B. Shared Cost Methodology**

12    Q.    **WHAT ARE THE SHARED COSTS THAT ARE ALLOCATED TO FPL**  
13           **GROUP'S AFFILIATES?**

14    A.    The following are costs that are shared between FPL and its affiliates:  
15           Information Management, Human Resources, Facility Security, Cafeteria  
16           Operations, Executives, Corporate Finance and Accounting, Data Security,  
17           Aircraft Operations, Corporate Communications, Shareholder Services,  
18           Environmental Audits and Consulting, Administration of Corporate Travel,  
19           Integrated Supply Chain Administration, and Internal Auditing Management.  
20           (Exhibit KO-9, pp. 8-9.) There is a clear benefit to these smaller nonregulated  
21           affiliates sharing administrative services rather than hiring an administrative staff.

22    Q.    **WOULD YOU DESCRIBE HOW SHARED COSTS ARE ALLOCATED?**

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1 A. Yes. The Company used two approaches. The first assigns costs which can be  
2 directly apportioned using direct measures—like square footage. The second  
3 approach assigns costs that are unattributable, using five different fees.

4 Q. WOULD YOU DESCRIBE THE COSTS THAT ARE ASSIGNED USING  
5 DIRECT MEASURES OR COST DRIVERS?

6 A. Yes. The Information Management, Human Resources, certain Finance, and  
7 certain Other Corporate Services costs are allocated to affiliates using specific  
8 drivers. The Information Management groups use specific drivers relating to  
9 workstations, number of transactions, mainframe time, etc. The Human Resources  
10 group uses a headcount driver. The Finance group uses specific drivers related to  
11 square footage and capacity. Engineering, Construction and Corporate Services  
12 use drivers also related to full-time equivalent employees. (Exhibit KO-9, p. 8.)

13 Q. WOULD YOU DESCRIBE THE MANAGEMENT FEES USED TO  
14 ALLOCATE UNATTRIBUTABLE COSTS?

15 A. Yes. The first fee is the Power Generation Division (PGD) Fee used to charge  
16 NextEra for fleet team management and direct plant specific support. Regarding  
17 this fee the Company states: "Fully loaded costs are charged to the Affiliate  
18 based on budgeted dollars with a year-end true-up based on actual accumulated  
19 dollars via specific work orders." (Ibid., p. 1.)

20 The next fee is the Energy Marketing & Trading Business Unit Fee (EMT  
21 Service Fee) which:

22 . . . uses the annual budget to estimate the level of service to be  
23 provided and will true-up to actual periodically or for year-end no  
24 later than January of the following year. There are two parts to this  
25 fee: 1. Back-Office, and 2. PMI Facilities Usage. There are two (2)

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1 groups within the Back-Office portion of the fee: 1. System Group  
2 for computer support, and 2. Risk Management. The Systems  
3 Group is allocated by specific drivers (i.e. number of devices), and  
4 Risk Management is allocated based on a time-study. The second  
5 part of the Fee is the PMI Facility Usage, which is allocated  
6 base[d] upon total head count applied to a developed facility rate.  
7 (Ibid., p. 9.)  
8

9 The third fee, Information Management Nuclear Service Fee, is used to  
10 allocate the costs for the following shared services to NextEra: Passport support,  
11 information management, data services, and infrastructure support. This fee uses  
12 the annual budget to estimate the level of service to be provided and is trued up to  
13 actual no later than January of the following year. Costs for services to support  
14 the Passport system are allocated by the number of systems in place. All other  
15 service costs are allocated based on the number of generating units. (Ibid., p. 10.)

16 The fourth fee, the Nuclear Division Fee, allocates costs to NextEra for the  
17 following shared services: nuclear operations support, nuclear fuels support,  
18 nuclear management team support, nuclear engineering support, and nuclear  
19 assurance support. The fee uses the annual budget to estimate the level of service  
20 to be provided and is trued up no later than January of the following year. (Ibid.)

21 **Q. WOULD YOU DISCUSS THE NEXT GROUP OF COSTS THAT MAKE**  
22 **UP AFFILIATE MANAGEMENT FEE?**

23 **A.** Yes. The unattributable portion of the Affiliate Management Fee (AMF) includes  
24 costs of FPL corporate staff that provide services to the affiliates of FPL. These  
25 services include budgeting and planning, external financial reporting, corporate  
26 communications, mail services, and shareholder services. (Ousdahl Testimony, p.  
27 41.) Costs included in this category are generally allocated using the

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1           Massachusetts Formula.

2                     The total amount of Affiliate Management Fee that is distributed between  
3           FPL and its affiliates is projected to be *Begin Confidential* [REDACTED]  
4           [REDACTED] *End Confidential* The Company projects  
5           that *Begin Confidential* [REDACTED] *End Confidential* of the total AMF will be  
6           allocated to FPL in 2009, 2010, and 2011 respectively. (Response to OPC  
7           Document Request 106.)

8   **Q.   PLEASE DESCRIBE HOW FPL GROUP'S COSTS ARE CHARGED TO**  
9   **THE UTILITY AND ITS AFFILIATES.**

10  A.   All of FPL Group's costs are directly charged to FPL and then allocated to  
11       affiliates through the Affiliate Management Fee. (Response to OPC Interrogatory  
12       75 and 71.)

13  **Q.   WOULD YOU DESCRIBE THE MASSACHUSETTS FORMULA USED**  
14       **TO ALLOCATE A PORTION OF THE AFFILIATE MANAGEMENT FEE**  
15       **AND THE CHARGES FROM FPL GROUP?**

16  A.   The Massachusetts Formula is the weighted average of three statistics: payroll,  
17       revenues, and average gross property plant and equipment. Each of these three  
18       components of the Massachusetts Formula is given equal weight. The companies  
19       included in the calculation of the Massachusetts Formula are FPL New England  
20       Division, NextEra, FPLB Seabrook Station, FPL Energy Duane Arnold, FPL  
21       FiberNet, FPL Energy Services, Palms Insurance Company, FPL Energy Point  
22       Beach, and FPL Readi-Power. (Response to OPC Interrogatory 26.)

23                     My Exhibit KHD-5 depicts the Massachusetts Formula used by FPL for

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1 the projected years 2009, 2010, and 2011. As shown, for costs attributable to all  
2 affiliates that are allocated on the basis of the Massachusetts Formula, the  
3 majority of the costs—Begin Confidential [REDACTED]  
4 [REDACTED] End Confidential—are attributed to FPL.

5 Q. DO YOU AGREE WITH THE ALLOCATION METHOD USED TO  
6 DISTRIBUTE MANAGEMENT FEES TO FPL AND ITS AFFILIATES  
7 DURING THE PROJECTED TEST YEARS?

8 A. No, I do not. There are several problems with the allocation factors used by the  
9 Company to distribute the management fee to its affiliates.

10 First, for several specific drivers used to allocate the attributable-shared  
11 costs the data utilized is stale. For several categories of costs being allocated the  
12 allocation factor for the projected 2010 and 2011 test years did not change from  
13 the factor used in 2008.

14 Second, with respect to the Massachusetts Formula, the Company did not  
15 supply data and sufficient support for the methodology used to project its test year  
16 allocation factors.

17 Third, the allocation factors are largely size-based and therefore,  
18 regardless of the benefits received from the services provided, the majority of the  
19 management fees are allocated to the largest company—FPL.

20 Q. WOULD YOU PLEASE ADDRESS YOUR FIRST CONCERN ABOUT  
21 THE COMPANY'S SPECIFIC DRIVERS USED IN THE AFFILIATE  
22 MANAGEMENT FEE ALLOCATION?

23 A. Yes. For several of the Management Fees the allocation factors used during the

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1 test year are stale. There has been substantial growth in NextEra, a nonregulated  
2 affiliate, during the past several years. Yet, in several instances, the Company's  
3 proposed allocation factors do not reflect the growth that has taken place during  
4 2008, much less the growth anticipated in 2009, 2010, and 2011. They are based  
5 upon old data that is not consistent with the projected 2009, 2010, and 2011 test  
6 years. For example, in response to OPC's discovery, the Company stated: "The  
7 FPL Group allocation factors used in the test year projections for FAS 87  
8 expenses were based on data from 2008. The FPL Group allocation factors used  
9 in the test year projections for FAS 106 expenses were based on data from 2007."  
10 (Supplemental Response to OPC Interrogatory 28.)

11 The information used to allocate *Begin Confidential* Human Resource Systems  
12 and Human Resource Application Support and Cafeteria Operations *End Confidential*  
13 is based on 2006 data. (Response to OPC Document Request 106.) The Company  
14 used 2007 data to project FPL Group Post Retirement costs.

15 One allocation factor has not changed since at least 2006: *Begin Confidential*  
16 YN Actual Percentage of FPL's Subsidiaries SAP Transactions as a Percent of  
17 Total FPL Transactions for Subsidiaries Allocation. *End Confidential* FPL's  
18 supporting documentation for this cost allocation factor contains the note: *Begin*  
19 *Confidential* "This Driver is used to allocate the ISC support costs to Affiliates. We  
20 expect the % of transactions to remain consistent on an annual basis unless there  
21 is a structural change to our financial systems. As such, no annual update  
22 required." *End Confidential*

23 **Q. WOULD YOU ADDRESS YOUR SECOND CONCERN ABOUT THE**

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1 AFFILIATE MANAGEMENT FEE ALLOCATION FACTORS?

2 A. Yes. The Company did not provide adequate support for the projected data that it  
3 utilized to develop its allocation factors for the Massachusetts Formula. In  
4 addition, an examination of the allocation factors from year to year shows that the  
5 Company has projected significantly less growth in its nonregulated operations  
6 than in the past. It has also failed to provide adequate workpapers and  
7 documentation to support some of the allocation factors that it used and the costs  
8 included in the AMF.

9 An examination of the projected growth in the components of the  
10 allocation factors for the affiliates suggests that the projections are understated  
11 relative to previous years. For example, the revenue component of the  
12 Massachusetts Formula for FPLES has decreased by Begin Confidential [REDACTED] End  
13 Confidential in 2008 and is projected to increase by Begin Confidential [REDACTED] End Confidential  
14 in 2009, Begin Confidential [REDACTED] End Confidential in 2010, and Begin Confidential [REDACTED] End  
15 Confidential in 2011. The average annual change in revenues from 2008 to 2010 is  
16 Begin Confidential [REDACTED] End Confidential Without an explanation from the Company as  
17 to the reason for its projection, Begin Confidential [REDACTED] End Confidential appears to be a  
18 more reasonable growth rate, than the growth rate projected by the affiliate.

19 Similar problems arise when examining the Property, Plant, and  
20 Equipment (PP&E) component of the Massachusetts Formula. In several  
21 instances, for 2011 the beginning balances are the same as the 2011 ending  
22 balances—indicating that the affiliate will add no plant in service for the projected  
23 year 2011. The Company projected no change in PP&E from 2010 to 2011 for the

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1 following affiliates NextEra, Seabrook (NextEra), Duane Arnold (NextEra), and  
2 Point Beach (NextEra). This failure to properly budget 2011, is problematic and  
3 further supports the concerns that have been raised about the use of a 2011 test  
4 year for the Company's proposed step rate increase.

5 The average change in ending PP&E for each of these affiliates for the  
6 years 2008 to 2010 is *Begin Confidential* [REDACTED] *End Confidential* for NextEra, *Begin Confidential*  
7 [REDACTED] *End Confidential* for Seabrook, *Begin Confidential* [REDACTED] *End Confidential* for Duane Arnold,  
8 and *Begin Confidential* [REDACTED] *End Confidential* for Point Beach. Clearly, it is an unrealistic  
9 assumption that these entities will not experience additions to plant in service  
10 during 2011.

11 The final component of the Massachusetts Formula where problems  
12 appear is the labor component. For example, the proposed growth in labor charges  
13 for FiberNet for 2008 and projected for 2009, 2010, and 2011 is *Begin Confidential*  
14 [REDACTED] *End Confidential* respectively. The three-year  
15 average from 2008 to 2010 is *Begin Confidential* [REDACTED] *End Confidential*—considerably  
16 higher than the projection for 2011.

17 Q. YOU MENTIONED THAT THE COMPANY DID NOT PROVIDE  
18 ADEQUATE SUPPORT FOR ITS PROJECTIONS. WOULD YOU  
19 PLEASE ADDRESS THIS?

20 A. Yes. Several interrogatories were issued concerning these projections. The  
21 Attorney General propounded the following discovery:

22 AG Interrogatory 38. Affiliates. For purposes of this request,  
23 please refer to the Company's response to OPC Interrogatory 29.

24 a. Please provide a detailed explanation of how the projections



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1 were performed by the Company to project the costs FPL plans to  
2 allocate to its affiliates for every fee. To the extent the requested  
3 information is available in electronic spreadsheet format, please  
4 provide the electronic file with all formulas and links intact.

5 b. Please provide a detailed explanation of how the projections  
6 were performed by the Company to project the allocation factors  
7 FPL plans to use to allocate to its affiliates through its fees. To the  
8 extent the requested information is available in electronic  
9 spreadsheet format, please provide the electronic file with all  
10 formulas and links intact.

11 c. Please provide a detailed explanation of how the projections  
12 were performed by the Company to project the costs FPL plans to  
13 directly charge to its affiliates. To the extent the requested  
14 information is available in electronic spreadsheet format, please  
15 provide the electronic file with all formulas and links intact.

16 Company's Response:

17 a) The process documentation for projecting the Affiliate  
18 Management Fee is being provided in "AMF Process  
19 Documentation.doc" (Bates No. FPL 144552-144558). This  
20 document is confidential and will be made available by FPL for  
21 review and inspection by AG at Rutledge, Ecenia & Purnell, P.A.,  
22 119 South Monroe Street, Suite 202, Tallahassee, Florida 32301,  
23 during regular business hours, 8 a.m. to 5 p.m., Monday through  
24 Friday, upon reasonable notice to FPL's counsel. The detail files  
25 for the fee calculations for 2009 and 2010 can be seen in FPL's  
26 response to OPC's Second Request for Production of Documents  
27 No. 106, and the file for 2011 can be seen in FPL's response to  
28 SFHHA's Eleventh Set of Interrogatories No. 296.

29 b) The allocation factors in the fee consist primarily of drivers  
30 related to Information Management and Human Resources  
31 allocations as well as the Massachusetts Formula. Files have been  
32 provided that explain the calculation of the 2008 IM and HR  
33 drivers. These drivers were used for the 2009, 2010, and 2011  
34 AMF forecasts. The projection of the Mass. Formula allocation  
35 factors can be seen in the detail AMF calculation files referenced  
36 in part a above. (Response to AG Interrogatory 34.)

37 The document provided by the Company described the projection process  
38 in general, but did not contain the workpapers for the detailed projections.

39 OPC also asked the following discovery request:

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1            OPC Document Request 233. MFR Workpapers. For purposes of  
2 this request, please refer to the spreadsheets "MFR C-30 2009  
3 backup.xls," "MFR C-30 2010 backup.xls", and "MFR C-30 2011  
4 backup.xls" provided in the Company's response to OPC  
5 Document Request 12.

6            a. Please provide all supporting documents showing the calculation  
7 of how the amounts were derived for the Affiliate Management  
8 Fee, Power Generation Division Management Fee, Energy  
9 Marketing and Trading Management Fee, Nuclear Division  
10 Management Fee, and Direct Services for each affiliate for the year  
11 2008 and 2009, 2010, and 2011 projected test years. To the extent  
12 the requested information is available in electronic format, please  
13 provide the electronic file. To the extent the requested information  
14 is in Excel format, please provide the documents with all formulas  
15 and links intact and include all linked and source files.


16            Company's Response: Affiliate Management Fee

17            With respect to the Affiliate Management Fee for the year 2008  
18 and the projected test years 2009, and 2010, see FPL's response to  
19 OPC's Second Request for the Production of Documents No. 106.  
20 For the projected test year 2011, see FPL's response to SFHHA's  
21 Tenth Request for Interrogatories No. 296.

22            The documents supplied in response to these discovery requests contain  
23 only the amount of the projections, not how the projections were developed.  
24 There were no underlying calculations or other support provided concerning the  
25 projections.

26            The Company also provided a five-page document explaining the  
27 assumptions behind the projections, but again there were no supporting  
28 calculations.

29    **Q.    WOULD YOU PLEASE DISCUSS YOUR THIRD CONCERN ABOUT**  
30            **THE SIZED-BASED NATURE OF THE MASSACHUSETTS FORMULA**  
31            **AND THE PROBLEMS THIS PRESENTS?**

32    **A.    As shown on Exhibit KHD-10, FPL consistently receives over** Begin Confidential 

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1       End Confidential Of the costs charged through the Massachusetts Formula. While FPL  
2       obviously represents a large share of the FPL Group family of affiliates, the  
3       benefits received by each affiliate are not necessarily proportional to the size of  
4       the company. This size-based allocation factor fails to reflect the benefit that the  
5       affiliates of FPL receive from the shared services. In other words, use of the 3-  
6       factor formula implicitly assumes that the larger the affiliate, the greater its  
7       received benefit from the performance of a particular function within FPL.

8               For example, the corporate communications department of FPL provides  
9       the following services: internal communication, external media, executive  
10      presentations, and mail services. The general counsel department provides  
11      shareholder services and environmental services. The financial section includes  
12      costs associated with executive salaries and expenses, accounts payable, cash  
13      management and banking, cost measurement and allocation, accounting research  
14      and financial reporting, corporate taxes, trust fund investments, planning and  
15      analysis, corporate budgeting, annual report, security administration, and aircraft  
16      operations. (Exhibit KO-9, pp. 8-9.)

17             The size-based allocation factor ignores the possibility that relatively new  
18      competitive companies, like NextEra, FiberNet, FPLES, FPL Group Resources,  
19      and others, benefit disproportionately from these corporate functions that are  
20      provided by FPL. For the projected test years 2009, 2010, and 2011, NextEra's  
21      operations were allocated Begin Confidential [REDACTED] End Confidential FPLES  
22      was allocated just Begin Confidential [REDACTED] End Confidential and  
23      FiberNet was allocated just Begin Confidential [REDACTED] End Confidential

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1 of these costs.

2 As an example, for the projected 2010 test year, NextEra was allocated  
3 **Begin Confidential** [REDACTED] **End Confidential** of the cost of corporate communication,  
4 general counsel, and finance services. The amount charged to FPLES and  
5 FiberNet, amounted to just **Begin Confidential** [REDACTED] **End Confidential** respectively.

6 Converting these amounts to a cost per employee helps to examine if the  
7 allocations are reasonable. Since FPL has many more employees than its  
8 affiliates, economies of scale would suggest that the cost per employee at FPL  
9 should be much less than the affiliates. On a per employee basis, the amounts  
10 charged to NextEra and FPLES and FiberNet (combined) are: **Begin Confidential**  
11 [REDACTED] **End Confidential** respectively. The cost per employee for these  
12 same functions for FPL amounts to **Begin Confidential** [REDACTED] **End Confidential** — more  
13 than the cost per employee charged to the affiliates.

14 Given that FPL is the largest of the companies and therefore should  
15 benefit from its economies of scale, I would have expected its costs per  
16 employee to be much lower than those of its much smaller nonregulated affiliates  
17 would.

18 **Q. DO YOU HAVE OTHER CONCERNS ABOUT THE MASSACHUSETTS**  
19 **FORMULA FACTORS USED BY FPL?**

20 **A.** Yes. FPL's nonregulated affiliates derive many benefits from their relationship  
21 with the utility and its parent. There are many instances in which executives serve  
22 in an executive capacity for both FPL its nonregulated affiliates, yet the vast  
23 majority of the costs are borne by FPL. For example, the Director and Chairman

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1 of the Board of FPL, Mr. Lewis Hay, is also the Director and Chairman of the  
2 Board for FPL Energy Maine and FPL Group Foundation. Mr. Hay serves as the  
3 Director, President, and Chief Executive Officer of FPL Group Capital, the  
4 affiliate that holds the majority of the nonregulated affiliates of FPL Group; the  
5 Director, Chairman of the Board, and Chief Executive Officer of FPL Group,, and  
6 Chairman of NextEra Energy Maine and NextEra.

7 While serving in this capacity, for the year 2010 *Begin Confidential* [REDACTED] *End*  
8 *Confidential* of Mr. Hay's salary, bonuses, and restricted stock awards are charged to  
9 NextEra *Begin Confidential* [REDACTED] *End Confidential* to FiberNet, and *Begin Confidential* [REDACTED] *to*  
10 [REDACTED] *Begin Confidential* [REDACTED]  
11 million *End Confidential* for NextEra, *Begin Confidential* [REDACTED] *End Confidential* for  
12 FiberNet, and *Begin Confidential* [REDACTED] *End Confidential* for FPLES. This seems like a  
13 very small share given the capacity in which he serves these companies.

14 This situation is not limited to Mr. Hay. As shown on Exhibit KHD-6,  
15 there are 24 FPL executive officers and directors that also serve as executive  
16 officers and directors of the nonregulated affiliates. Armando Olivera, Director  
17 and President and CEO of FPL is also the President of BXR, LLC and Director,  
18 President and Treasures of FPL Group Foundation, Inc. Manoochehr Nazar,  
19 Senior Vice President and Nuclear Chief Operating Officer is also the Vice  
20 President of FPL Energy Duane Arnold (NextEra), FPL Energy Point Beach  
21 (NextEra), FPL Seabrook (NextEra) and is the Chief Nuclear Officer of FPL  
22 Group, Inc. Mariene Santo, Vice President, Customer Service is the Director  
23 and/or the President of three FPLES companies and FPL Enersys, Inc, and Mr.

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1 Yeager, Vice President, Engineering and Construction, is also an officer — a Vice  
2 President of 35 nonregulated affiliates of FPL.

3 Likewise, the services provided by FPL are a significant benefit to these  
4 smaller nonregulated companies that would have a difficult time obtaining these  
5 same services with only their own staff.

6 Q. CAN YOU GIVE SOME OTHER EXAMPLES OF THE BENEFITS FPL'S  
7 NONREGULATED AFFILIATES DERIVE FROM THEIR ASSOCIATION  
8 WITH FPL AND FPL GROUP?

9 A. Yes. According to an August 2008 internal audit of the Company's affiliate  
10 transactions, *Begin Confidential* [REDACTED]

11 [REDACTED]  
12 [REDACTED] *End*

13 *Confidential* It would be difficult for FPL's nonregulated affiliates to have access to  
14 this many lawyers if they were not associated with FPL and FPL Group. Rather  
15 than depending upon the support of this in-house counsel they would more than  
16 likely be required to seek outside counsel at a cost which exceeds the payroll,  
17 benefits and overhead of the in-house attorneys employed by FPL Group.

18 Similarly, this same audit noted that *Begin Confidential* [REDACTED]  
19 [REDACTED]  
20 [REDACTED]

21 [REDACTED] (*Ibid.*) *End Confidential* If this affiliate were not affiliated with FPL the  
22 expertise to resolve these problems may not have been immediately available and  
23 would have needed to be obtained elsewhere.

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1 Q. WHAT HAS BEEN THE GROWTH PATTERN OF THE COMPANY'S  
2 AFFILIATES IN RECENT YEARS?

3 A. Revenues from nonregulated affiliates have increased from \$2.3 billion to \$4.8  
4 billion from 2005 to 2008—an increase of 105% or 26% per year. This compares to  
5 FPL's revenues which have increased from \$9.5 billion in 2005 to \$11.6 billion in  
6 2008—an increase of 22% or about 6% per year. (FPL Group 2008 Form 10-K, p.  
7 97 and 2007 10-K.)

8 Recently, NextEra's earnings have represented an even larger share of  
9 FPL Group's operations than its share of the revenue or investment. As depicted  
10 on Exhibit KHD-7, in 2008 NextEra's earnings per share represented 53% of FPL  
11 Group's consolidated earnings per share. Prior to 2008, NextEra's earnings per  
12 share only represented between 11% and 45% of FPL Group's earnings per share.

13 Not only has its earnings per share increased, but its return on equity has  
14 also increased significantly. In 2007 NextEra earned an approximate return on  
15 equity of 11.12%, which increased to 15.28% in 2008. This compares to a return  
16 on equity for FPL of 11.29% in 2007 and 10.27% in 2008.

17 Q. NEXTERA APPEARS TO BE AN IMPORTANT AFFILIATE. WOULD  
18 YOU DESCRIBE THIS COMPANY IN GREATER DETAIL?

19 A. Yes. NextEra "owns, develops, constructs, manages and operates primarily  
20 domestic electric-generating facilities in wholesale energy markets." (FPL Group  
21 2008 Form 10-K, p. 10.) Other services provided by NextEra include "full energy  
22 and capacity requirements services primarily to distribution utilities in certain  
23 markets," and it owns a retail electric provider in Texas. (Ibid.) According to its

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1 website, NextEra was founded as ESI Energy in 1985, established as FPL Energy  
2 in 1998, and changed its name to NextEra Energy Resources, LLC on January 7,  
3 2009. It owns wind projects as well as solar and gas projects, and nuclear  
4 facilities. It claims to be the largest generator of wind and solar power in North  
5 America. NextEra has a presence in 25 states and Canada and has more than  
6 17,000 megawatts of generation assets in operation.

7 (<http://www.nexteraenergyresources.com/content/who/facts.shtml>.)

8 NextEra expects its future portfolio capacity growth to come from wind  
9 and solar and from asset acquisitions. NextEra plans to add a total of 7,000 MWs  
10 to 9,000 MWs of new wind generation from 2008 to 2012. It also plans to pursue  
11 opportunities for new solar generating facilities. In April 2009, NextEra  
12 announced plans to build a wind turbine service facility in Iowa and launched the  
13 EarthEra Renewable Energy Trust, which allows businesses to purchase  
14 renewable energy certificates to meet their own sustainability or green energy  
15 goals. One hundred percent of the proceeds from the sale of EarthEra renewable  
16 energy certificates goes into the EarthEra Renewable Energy Trust which is then  
17 used for solar and wind renewable energy construction projects. (FPL Group 2008  
18 Form 10-K, p. 11; News Release, "NextEra Energy Resources to build wind  
19 turbine service facility in Iowa," April 1, 2009; News Release, "NextEra Energy  
20 Resources launches the EarthEra Renewable Energy Trust to accelerate America's  
21 move to a clean energy future," April 1, 2009.)

22 **Q. NEXTERA ALSO APPEARS TO BE IMPORTANT FOR ITS ABILITY TO**  
23 **GENERATE REVENUES AND EARNINGS FOR FPL GROUP AND ITS**



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1 PRESENCE IN THE FPL GROUP. HAVE YOU EXAMINED ANY  
2 DOCUMENTS WHICH SHOW THE EMPHASIS PLACED ON THIS  
3 COMPANY?

4 A. Yes. FPL Group's 2006 Annual Report cover page illustrates the importance of  
5 NextEra to the company's future growth.

6 The cover page, a copy of which is included in Exhibit KHD-8, shows a  
7 picture of solar panels and wind turbines with the words "energy solutions for the  
8 next era." (emphasis added.) Using the words "next era" on the cover of FPL  
9 Group's Annual Report to its stockholders clearly demonstrates NextEra's  
10 importance to the management of FPL Group. The same logo and wind turbines are  
11 depicted on FPL Group's home pages.

12 NextEra's future plans are discussed in the Annual Report and, in fact, in the  
13 letter to its shareholders, equal space was given to FPL and NextEra—each being  
14 discussed on a separate page.

15 The Annual Report addressed the future plans of NextEra:

16 Looking ahead, NextEra Energy Resources has a strong pipeline of  
17 attractive renewable energy projects. Our wind project pipeline is  
18 more than 30,000 megawatts while our solar development pipeline is  
19 approximately 1,000 megawatts. Even though in late 2008 we  
20 reduced planned capital spending for 2009 by \$1.3 billion in  
21 response to economic and financial market conditions, we still expect  
22 to add approximately 1,100 megawatts of new wind projects in 2009.  
23 (FPL Group 2006 Annual Report, p. AR-4.)

24 In addition, in January 2009, the Public Utility Commission of Texas  
25 awarded NextEra \$565 million for construction of transmission facilities to deliver  
26 wind power from the Competitive Renewable Energy Zones in west Texas and the  
27 Texas panhandle to population centers in Texas. (Ibid.)

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1           NextEra's importance and the benefits it receives from being associated with  
2 FPL was explained in response to OPC's Interrogatory 305, when asking about Ms.  
3 Ousdahl's comment about FPL's role as a "service company."

4           The focus of this sentence is on the increasing role FPL plays in  
5 providing operating support, specifically in connection with the  
6 recent growth of FPL's operating affiliate, NextEra, which has  
7 provided the opportunity for FPL to serve a more sizable fleet of  
8 assets, including nuclear and fossil generation, and therefore to  
9 more broadly lever its skills and resources. (Response to OPC  
10 Interrogatory 305.)  
11

12           NextEra clearly derives substantial financial benefits from being  
13 associated with FPL Group and FPL. These benefits are not captured in a cost  
14 allocation formula that is based upon size.

15 **Q. YOU HAVE IDENTIFIED SEVERAL PROBLEMS WITH THE**  
16 **COMPANY'S ALLOCATION OF ITS AFFILIATE MANAGEMENT**  
17 **FEEs. DO YOU HAVE A RECOMMENDATION CONCERNING THE**  
18 **SPECIFIC DRIVERS THAT YOU DISCUSS ABOVE?**

19 **A.** Yes, I do. First, to overcome the problem associated with the Company's use of  
20 stale allocation factors, I recommend that the Commission update the specific  
21 drivers reflect the most recent information available. With respect to the Power  
22 Generation Division Fee I recommend that the Commission update the installed  
23 megawatts using the Company's disclosures in its 2008 annual report and  
24 testimony filed in this proceeding. This will make the level of the management fee  
25 allocations consistent with the projected test years.

26           Therefore, I have updated the installed MWs used as the allocation factor  
27 to include projects that have been or will be added to the operations of FPL and

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1 NextEra. FPL uses MWs to allocate the salaries and benefits of the Power  
2 Generation Division Executives. I have added 1,000 MWs to NextEra for the  
3 wind generation projects it intends to add for 2009. I have also added the West  
4 County Units 1 and 2 (2,400 MWs) to FPL, which are expected to go online in  
5 2009.

6 Specifically, using information from the Company's MFRs and FPL  
7 Group's 2008 Annual Report, I recommend capacity additions of 1,250 MWs  
8 (2009), 1,275 MWs (2010), and 1,349 MWs (2011) to the 2008 level used by the  
9 Company for FPL. This produces total MWs for FPL in these years of 19,784  
10 (2009), 21,059 (2010) and 22,408 (2011) compared to FPL's values of 19,753 for  
11 each of the years 2009, 2010, and 2011. In other words, the Company assumed  
12 that it would not add any capacity during the projected years 2009, 2010, and  
13 2011, much different than its projected test year assumptions.

14 I made similar updates for NextEra. For 2009, 2010, and 2011, I  
15 recommend adding 1,100 MWs, 1,200 MWs, and 1,200 MWs of capacity,  
16 respectively. This produced total capacity of 15,941 MWs, 17,141 MWs, and  
17 18,341 MWs for the years 2009, 2010, and 2011, respectively. In contrast, the  
18 Company's estimate of total capacity for NextEra was 14,841 MWs for all three  
19 years. (Clarke Testimony, p. 11; Response to OPC Interrogatory 23; FPL Group  
20 2008 Annual Report.) Clearly, the Company's estimate of capacity used to  
21 allocate the PGD fee is very outdated and should be rejected.

22 Second, to overcome the problem with the specific drivers of the Affiliate  
23 Management Fee, in instances where the Company did not project an increase for

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1           the projected test years, I recommend that the Commission increase the allocation  
2           drivers based upon recent growth. Specifically, if the Company updated the  
3           allocation factor for 2008 and 2009, I recommend that the Commission use the  
4           average increase in the allocation drivers for those two years to develop the 2010  
5           and 2011 allocation drivers. If the Company did not update the 2009 allocation  
6           factor, then I recommend that the Commission use the increase in the allocation  
7           factor using the change in the factor from 2007 to 2008 to project the 2010 and  
8           2011 allocation drivers. My recommended drivers are shown on Exhibit KHD-9.  
9           My recommended adjustment to overcome these problems is shown on Exhibit  
10          KHD-11. As shown, I recommend that the Commission reduce test year expenses  
11          by \$2.3 million in 2010 and by \$5.1 million in 2011.

12   **Q.   HOW CAN THE COMMISSION OVERCOME THE PROBLEMS**  
13       **ASSOCIATED WITH THE PROJECTIONS FOR THE NUMERATOR**  
14       **AND DENOMINATOR OF THE MASSACHUSETTS FORMULA?**

15   **A.**   To correct for the failure to update the numerators and denominators of the  
16       allocation factors used in the Massachusetts Formula, I compared the three-year  
17       average growth rate from 2008 to 2010 for each component, for each affiliate, to  
18       the percent change for 2011. If the percent change from 2010 to 2011 was less  
19       than the three-year average, I made a determination whether the Company's  
20       projection seemed reasonable given the historical data and the assumptions  
21       provided by Company.

22               If it appeared that an affiliate experienced unusually high historical growth  
23       one year, I chose the Company's projection as the more conservative approach.

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1 However, if the Company did not provide an explanation of its assumption or the  
2 three-year average was closer to the historical data, I replaced the Company's  
3 percentage change with the three-year average percentage change.

4 For instance, for NextEra, the Company projected *Begin Confidential* [REDACTED]  
5 *End Confidential* growth in revenues for 2011; however, the three-year average is *Begin*  
6 *Confidential* [REDACTED] *End Confidential* The Company's response to discovery does not  
7 provide enough detail to explain why the projected 2011 growth in revenue  
8 should be less than the prior three year average from 2008-2010. The Company  
9 did not provide *sufficient documentation of these assumptions and calculations*;  
10 therefore, the reasonableness of the Company's methodology could not be  
11 examined. The amount of growth for 2008 and as projected for 2009 and 2010 is  
12 *Begin Confidential* [REDACTED] *End Confidential* respectively. Rather than use  
13 the Company's lower estimate, I recommend that the Commission use the three-  
14 year average growth rate to estimate the revenue for NextEra to be used in the  
15 Massachusetts Formula.

16 One instance where the three-year average was higher than the projected  
17 change for 2011 is the payroll amount for FPLES. The change in payroll for 2008,  
18 2009, 2010, and 2011 is *Begin Confidential* [REDACTED] *End Confidential*  
19 respectively. The three-year average is calculated as *Begin Confidential* [REDACTED] *End*  
20 *Confidential* Although the Company did not provide any support for its projection, it  
21 is clear that the unusually high 2009 growth projection skews the average.  
22 Therefore, as a conservative measure, I accepted the Company's growth  
23 projection.

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1           For each component of the Massachusetts Formula for each affiliate, I  
2           applied this logic in examining and testing the Company's projections. If the  
3           Company's explanation was not satisfactory and there were no unusual years, I  
4           used the average three-year growth rate from 2008 to 2010 to project 2011  
5           revenue, labor and plant. The results of my recommendation are depicted on  
6           Exhibit KHD-10.

7   **Q.   WHAT ADJUSTMENT ARE YOU RECOMMENDING?**

8   A.   I am recommending that the Commission reduce 2011 test year expenses by \$1.4  
9       million to address the problems I have identified. My recommendation is shown  
10      on Exhibit KHD-11.

11 **Q.   WHAT ABOUT THE PROBLEM WITH THE MASSACHUSETTS**  
12 **FORMULA NOT ACCOUNTING FOR THE BENEFITS THE**  
13 **NONREGULATED AFFILIATES RECEIVE FROM ASSOCIATION**  
14 **WITH FPL AND FPL GROUP? HOW CAN THE COMMISSION**  
15 **ADDRESS THIS PROBLEM?**

16 A.   To address the problems associated with the size-based nature of the allocation  
17      factor and the significant benefits the nonregulated affiliates derive from being  
18      associated with FPL and FPL Group, I recommend that the Commission distribute  
19      shared executive costs of the FPL Group between FPL and the nonregulated  
20      affiliates with 50% assigned to each. The services provided by the FPL Group  
21      executives are generally more strategic in nature and benefit the regulated and  
22      nonregulated groups as a whole. The proportion of revenue or property, plant and

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1           The Company has made a similar determination in a change to its  
2 allocation factor for its Nuclear Service Fee. Prior to 2008 the Company allocated  
3 this on the basis of the MWs owned by FPL versus NextEra. However, it changed  
4 this methodology to allocate the charges based upon the number of nuclear units  
5 as opposed to MWs. In making this change the Company stated:

6           This allocation was determined to be more representative of the  
7 level of service provided with a larger nuclear fleet. When  
8 operating as a fleet, the support and services provided by  
9 employees included in the fee generally benefit all units. A per-  
10 unit allocation basis provides an adequate method of capturing the  
11 level of service provided to each unit. For example, FPL will be  
12 adding approximately 100 MW to each unit at St. Lucie and  
13 Turkey Point once the uprate projects are complete. This increase  
14 in megawatts will not change the level of service provided to each  
15 of the units. As such, a per-unit basis would not result in a  
16 disproportionate share of service costs to FPL. (Response to OPC  
17 Interrogatory 17.)  
18  
19

20           This same argument was made in the August 2008 internal Audit of FPL's  
21 affiliate charges. Specifically, the Audit noted: **Begin Confidential** [REDACTED]

22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED] **End Confidential**

27           I believe that a 50/50 allocation factor for FPL's Executive costs would  
28 help offset the fact that the smaller affiliates of FPL, like NextEra, FiberNet, and  
29 FPLES, receive significant benefits from the services provided under the  
30 management fee, yet these benefits are not reflected in the allocation

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1 FPLES, receive significant benefits from the services provided under the  
2 management fee, yet these benefits are not reflected in the allocation  
3 methodology.

4 As shown on Exhibit KHD-11, the changes that I recommend concerning  
5 the allocation of the AMF reduce charges to the Company in the projected years  
6 by \$7.9 million for 2010 and \$7.9 million for 2011.

7 **IV. Transactions with Other Affiliates**

8 **Q. ARE THERE AFFILIATE COSTS CHARGED TO FPL THAT YOU**  
9 **WOULD LIKE TO ADDRESS?**

10 **A.** Yes. There are costs charged to FPL by FiberNet that should be adjusted.  
11 FiberNet provides wholesale fiber-optic network capacity and dark fiber capacity  
12 to FPL. With respect to costs allocated from FiberNet, for the projected test year  
13 costs were allocated using fiber miles, fiber capacity, and DS3 capacity. I am  
14 recommending one modification to the methodology employed to allocate these  
15 costs to FPL. As shown on Exhibit KHD-12, the allocation of costs to FPL is  
16 based upon the assets owned by FiberNet. A large portion of the costs allocated to  
17 FPL are based upon the return on the assets used by FPL. In developing the  
18 amount to charge FPL, the Company used a return on investment of Begin Confidential  
19 [REDACTED] End Confidential I have modified this return to be consistent with the pre-tax  
20 overall cost of capital recommended by Dr. Woolridge. The Commission should  
21 reject the Company's request to use a rate of return that is substantially in excess  
22 of FPL's allowed rate of return and utilize the rate of return recommended by Mr.  
23 Woolridge. As shown on this exhibit, this change results in an estimated reduction



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1 to charges for the years 2010 and 2011 of \$1,182,224.

2 Q. FPL ENERGY SERVICES ("FPLES") IS ANOTHER AFFILIATE OF FPL.  
3 WHAT SERVICES DOES IT PROVIDE?

4 A. FPL Energy Services provides energy related products and services to residential,  
5 commercial and governmental customers. (<http://www.fples.com/aboutus.shtml>.)  
6 For residential customers, FPLES provides the following services, as described on  
7 FPLES' web page.

8 Protection from Costly Power Surges

9 SurgeShield is heavy-duty surge protector installed at your meter which  
10 prevents power surges from entering your home thru your meter and  
11 causing damage to major appliances and systems.

12 Appliance Protection

13 Home repair bills leaving you with the feeling of empty pockets?  
14 Appliances can break down when you least expect it leaving you with  
15 costly home repair bills. ApplianceGard can save you hundreds of dollars.

16 Water Lines and Electric Wiring Protection

17 Water lines inside and outside of your home and electric wiring inside  
18 your home can become damaged or simply worn out over time and can be  
19 costly to repair or replace. UtilityGard offers 3 great plans for 1 low price.

20 Power Surge Protection for your Electronics

21 While there's no way to prevent power surges, Power Surge Protection  
22 provides coverage for the repair or replacement of your essential  
23 electronics and appliances. Best of all, you choose the level of coverage  
24 that meets your needs.

25 Readi Power

26 Purchasing a permanent or portable back-up generator is easy with the  
27 Read-Power program. Find out how you can get a customized system that  
28 fits your needs and budget.

29 One Plug

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1 The One Plug device is a meter-based transfer switch installed at your  
2 electric meter, making powering appliances through your portable  
3 generator quick, easy and convenient.

4 (<http://www.fples.com/residential.shtml>.)

5 For commercial customers, FPLES offers the following services and  
6 products:

7 **Natural Gas**

8 Reliable supply, competitive and flexible pricing options, strong financial  
9 backing, and expert advice are all part of the FPL Energy Services  
10 advantage. Learn more on how you can get a FREE cost savings analysis  
11 today.

12 **ESCO-Performance Contracting**

13 Replace your aging energy infrastructure and fund the entire project with  
14 future energy savings from FPLES. Learn how.

15 **Energy Efficiency Solutions**

16 Saving money and obtaining financing for turn-key and comprehensive  
17 energy efficiency solutions designed for your specific business needs is as  
18 simple as one-stop shopping.

19 **Power Monitoring**

20 Occurrences such as lightning and high winds can happen at all hours of  
21 the day and night - whether you're open for business or not. Power  
22 Monitoring protects your sensitive electrical equipment and inventory.  
23 (<http://www.fples.com/business.shtml>.)  
24

25 Finally, for government customers, FPLES offers performance contracting  
26 for installation of energy efficient products. It also provides assistance with  
27 financing and funding of the project with "future energy savings."

28 ([http://www.fples.com/largebusiness/products/fpl\\_services\\_energy\\_management.](http://www.fples.com/largebusiness/products/fpl_services_energy_management.shtml)  
29 [shtml](http://www.fples.com/largebusiness/products/fpl_services_energy_management.shtml).)

30 Q. DO YOU HAVE ANY CONCERNS ABOUT THE AFFILIATE  
31 RELATIONSHIP BETWEEN FPL AND FPLES?

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1 A. Yes. I have several concerns. First, on January 1, 2006, FPL sold to FPLES the  
2 natural gas business of FPL. Second, FPLES provides some nonregulated services  
3 which may be billed with FPL's electric bill. Third, there may be other relationships  
4 between FPLES and FPL which are not priced at the higher of market or cost.

5 Q. WOULD YOU PLEASE DISCUSS YOUR FIRST CONCERN? PRIOR TO  
6 THE SALE OF FPL'S CUSTOMERS TO FPLES, HOW WAS THE  
7 REVENUE EARNED FROM THESE CUSTOMERS TREATED?

8 A. Prior to the sale, the margin for the natural gas business was distributed between  
9 FPL and FPLES based upon whether the customer was within FPL's service  
10 territory or outside its territory. Under this method, the margin earned on the sale of  
11 gas to FPL electric customers was recorded on the books of FPL. This margin  
12 ranged between *Begin Confidential* [REDACTED] and [REDACTED] *End Confidential* per year.  
13 According to the Company, it no longer applies these gas margins to the Company's  
14 regulated operations because:

15 During the 2005 rate case proceedings in Docket No. 050045-EI,  
16 the MFR's that FPL filed with the Florida Public Service  
17 Commission ("PSC") for the 2006 test year reflected the transfer of  
18 FPL's in-territory Florida Natural Gas business (the "In-Territory  
19 Gas Business") to FPLES. This position was presented and  
20 discussed in pre-filed testimony by Dennis Brandt (Rebuttal  
21 Testimony of C.Dennis Brandt, Docket Nos. 050045-EI, 050188-  
22 EI, pages 3-4). This transfer was based on the following: the key  
23 infrastructure that supports the business resides in FPLES; a  
24 dedicated sales force was established for this business independent  
25 of FPL; and this business is unrelated to the provision of electric  
26 service. FPL reached a settlement in Docket No. 050045-EI based  
27 on those MFR's. (Response to OPC Interrogatory 41.)  
28

29 Q. DO YOU BELIEVE THE COMPANY'S EXPLANATION FOR MOVING  
30 THE GAS MARGIN REVENUES TO ITS NONREGULATED AFFILIATE

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1           **IS REASONABLE?**

2    A.    No, I do not. First, there is nothing in the settlement that endorsed this treatment of  
3           these gas margins.

4                    Second, the Company's response is inadequate for justifying the proposed  
5           ratemaking change of these gas margins. The Company appears to have removed a  
6           profitable revenue producing operation from the regulated operations and moved it  
7           to a nonregulated affiliate. FPL has not demonstrated that there have been any  
8           changes in the operations of FPL or FPLES that would justify removing these  
9           revenues from FPL's regulated operations. FPL has not demonstrated that there have  
10          been any changes in the functions performed by FPL in connection with these gas  
11          sales and margins. In fact, FPL still procures gas on behalf of FPLES and transfers  
12          that gas at cost to FPLES. (Response to OPC Interrogatory 31.)

13   **Q.    IS THERE AN AGREEMENT THAT MEMORIALIZES THE SALE OF**  
14       **THESE GAS CONTRACTS TO FPLES?**

15    A.    Yes. There is a two-page agreement for the assignment of in-territory gas contracts  
16           to FPLES. The contract is signed by a representative of FPL and a representative of  
17           FPLES. The contract specifies the sale price and the accounting treatment of the sale.  
18           for both companies. It is important to recognize that while the agreement is signed  
19           by two different people, the contract is clearly not an arms-length arrangement. In  
20           fact, in this instance, understating the value of the contracts being sold would benefit  
21           both parties. FPL would recognize a lower gain on sale and therefore pass through to  
22           customers (assuming the gain covered a period when rates would change) a smaller  
23           amount. FPLES would recognize a lower cost for the contracts being sold and at the

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1           situation. For customers, it's not. The existence of a contract should not put the  
2           Commission at ease that the sale represented an arms-length result.

3   **Q.   WHAT PRICE DID FPLES PAY FOR THESE CONTRACTS?**

4   A.   The Company has indicated that it transferred the gas contracts to FPLES at a gain  
5       of \$611,295. (FPL 2006 Annual Report to the FPSC, p. 455.) According to the  
6       agreement between FPL and FPLES, the gain was *Begin Confidential* amortized over five  
7       years and recorded in account 407.450. *End Confidential* (Response OPC Document  
8       Request 246.)

9   **Q.   DOES THE COMPANY HAVE ANY DOCUMENTS WHICH INDICATE**  
10       **THAT THE CONTRACTS WERE SOLD AT THE HIGHER OF COST OR**  
11       **MARKET?**

12  A.   OPC asked the Company to provide all documents, analyses, and studies that  
13       demonstrated that the gas contracts transferred to FPLES were at the higher of cost  
14       or market. In response to Document Request Number 231 (b), the Company stated:  
15       "FPL has no documents responsive to this request." (Response to OPC Document  
16       Request 231.)

17  **Q.   HOW WAS THE PURCHASE PRICE DEVELOPED?**

18  A.   In response to an OPC data request, the Company provided an electronic spreadsheet  
19       which developed the purchase price of \$611,295. (Ibid.) It appears from an audit of  
20       this spreadsheet conducted by Risk Management that the purchase price was arrived  
21       at with a *Begin Confidential* "Financial Model (Model) developed by FPLES  
22       Management". *End Confidential*

23  **Q.   WHAT ARE YOUR CONCLUSIONS AND RECOMMENDATIONS**

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1 Management". End Confidential

2 Q. WHAT ARE YOUR CONCLUSIONS AND RECOMMENDATIONS  
3 REGARDING THE SALE OF FPL'S GAS CONTRACTS TO FPLES?

4 A. The sale of the FPL gas contracts to an affiliate was clearly not an arms-length  
5 transaction. Moreover, it does not appear that the price at which FPL sold the  
6 contracts was reasonable. One of the key assumptions to the analysis that was  
7 performed was that the contracts Begin Confidential [REDACTED] End Confidential.

8 This does not appear to be a reasonable assumption given the margins that had been  
9 earned in the past. These contracts (or like ones) had generated yearly margins for  
10 FPL of Begin Confidential [REDACTED] End Confidential over the five years preceding the sale.  
11 Compared to this profit margin, the price at which FPL sold these gas contracts  
12 appears low. In addition, the Company has failed to demonstrate that the price at  
13 which it sold these contracts was at the higher of cost or market.

14 Given these deficiencies, I recommend that the Commission assume that the  
15 contracts had not switched hands and that they still reside with FPL. As was done in  
16 the past, I recommend that the gross margin associated with these contracts be  
17 flowed through to ratepayers. I developed my recommended adjustment by  
18 averaging the gross margin earned from these contracts over the five years preceding  
19 the sale. As shown on Exhibit KHD-14, this results in an adjustment to test year  
20 revenues of Begin Confidential [REDACTED] End Confidential for each of the 2010 and 2011  
21 test years.

22 Q. WHAT IS YOUR SECOND CONCERN REGARDING FPL AND FPLES?

23 A. During the FPL service hearing in Plantation, Florida a customer brought an

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1 advertisement he received from FPL Energy Services regarding surge protection  
2 service it provided. Apparently, the advertisement indicated that the service could be  
3 provided and billed with the customer's electric bill. As discussed above, many of  
4 the products and services offered by FPLES could be used by FPL's customers.  
5 Clearly, if FPL is billing on its electric bills for services that FPLES provides to  
6 FPL's residential, commercial, and governmental customers, FPLES should  
7 compensate FPL for the use of its personnel, billing systems, collection systems,  
8 postage, paper and any other costs associated with billing the customer. OPC has  
9 issued additional discovery on these matters and intends to present additional  
10 information to the Commission on the subject.

11 **Q. WHAT IS YOUR NEXT CONCERN REGARDING FPLES AND FPL?**

12 A. There may be other practices between FPL and FPLES for which the Company is  
13 not properly compensated. For example, to the extent that FPL service  
14 representatives provide referrals or perform similar functions for FPLES, FPL  
15 should be compensated for this invaluable service. OPC has issued additional  
16 discovery on this matter and intends to present additional information to the  
17 Commission on the subject.

18 **Q. ARE YOU ALSO RECOMMENDING AN ADJUSTMENT FOR THE**  
19 **COSTS RECORDED ABOVE THE LINE FOR FPL HISTORICAL**  
20 **MUSEUM, INC.?**

21 A. Yes. I am recommending that the Commission reduce test year expenses by \$45,470  
22 in 2010 and \$46,764 in 2011 for the contributions made by FPL to the Historical  
23 Museum. (Response to OPC Interrogatory 69 and AG Interrogatory 27.)

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1 According to FPL, the museum maintains records and artifacts concerning the  
2 electric industry as well as FPL historical records. (Supplemental Response to OPC  
3 Interrogatory 27.) The museum is a not-for-profit affiliate. FPL pays the operating  
4 costs of the museum and records them to FERC Account 930. These costs are  
5 reflected on the financial statements of the museum as a contribution. (Second  
6 Supplemental Response to OPC Interrogatory 69.)

7 **Q. IT APPEARS THAT THIS IS THE SAME AS A CHARITABLE**  
8 **CONTRIBUTION. HOW HAS THE COMMISSION TREATED THESE**  
9 **TYPES OF EXPENSES IN THE PAST?**

10 **A.** The Commission has consistently not required customers to bear these costs. In fact,  
11 in previous rate cases, the Commission has removed charitable contributions from  
12 test year expense.

13 **Q. HOW WERE THE COMPANY'S CHARITABLE CONTRIBUTIONS**  
14 **TREATED IN PREVIOUS YEARS?**

15 **A.** The most recent three rate cases resulted in settlements which did not address  
16 charitable contributions. However, in FPL's 1984 rate case, the Commission  
17 found:

18 Consistent with our decisions in FPL's last two rate cases, we  
19 remove from operating expenses \$556,000 of charitable  
20 contributions in 1984 and \$434,000 in 1985. FPL may, of course,  
21 continue to make contributions to charities; our decision merely  
22 provides that the stockholders, and Federal and State governments  
23 make the contributions, not the ratepayers. (FPSC, Docket No.  
24 8304650EI, Order No. 13537, July 24, 1984.)  
25

26 The orders in the "last two rate cases" cited in the above quotation were issued in  
27 1981 and 1982. In both these proceedings, the Company sought to recover



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1 charitable contributions from ratepayers. In the first of these cases, the  
2 Commission stated in its order:

3 The Company has included as an operating expense \$386,411 in  
4 charitable contributions. In earlier rate cases, we have held that it is  
5 within our discretion and authority to allow charitable  
6 contributions in reasonable amounts as operating expenses for  
7 ratemaking purposes, and the decision to include or exclude them  
8 is discretionary with the Commission. However, there are policy  
9 considerations which argue both for and against the inclusion of  
10 such expenses for ratemaking purposes. In this case, FP&L  
11 Witness Tallon asserted that the Company's customers are the  
12 beneficiaries of the work that charitable organizations accomplish.  
13 However, upon consideration, we disagree that such contributions  
14 are "truly contributions from the corporation" rather than from the  
15 customers. We are persuaded that such contributions are instead  
16 more in the nature of involuntary contributions by ratepayers. As a  
17 matter of policy, we do not believe such contributions should be  
18 borne by ratepayers.... Accordingly, we have removed from  
19 operating expenses the entire amount of contributions to charities  
20 projected for the test period. (FPSC, Docket No. 810002-EU (CR),  
21 Order No. 10306, September 23, 1981.)

22  
23 Q. HAS THE COMMISSION'S POLICY CHANGED SINCE FPL'S PRIOR  
24 RATE CASES?

25 A. No. In the recent Florida Public Utilities Company rate case, the Commission  
26 reiterated its policy. In fact, in this case, the Commission quoted from one of FPL's  
27 earlier rate cases.

28 Our policy concerning the recoverability of charitable donations is  
29 stated in the following quote:

30  
31 In earlier rate cases, we have held that it is within  
32 our discretion and authority to allow charitable  
33 contributions in reasonable amounts as operating  
34 expenses for ratemaking purposes, and the decision  
35 to include or exclude them is discretionary with the  
36 Commission. However, there are policy  
37 considerations which argue both for and against the  
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4 contributions are "truly contributions from the  
5 corporation" rather than from the customers. We are  
6 persuaded that such contributions are instead more  
7 in the nature of involuntary contributions by  
8 ratepayers. As a matter of policy, we do not believe  
9 such contributions should be borne by ratepayers.  
10 We note our disallowance of such contributions for  
11 ratemaking purposes does not have the effect of  
12 precluding the Company from continuing to make  
13 contributions to charities. It only requires that  
14 such contributions be borne by stockholders rather  
15 than ratepayers. Accordingly, we have removed  
16 from operating expenses the entire amount of  
17 contributions to charities projected for the test  
18 period. (FPSC, Docket No. 070107-GU, Order No.  
19 PSC-07-0671-PAA-GU, p. 11.)  
20

21 **Q. DO YOU BELIEVE THE COMPANY HAS PRESENTED ANY**  
22 **INFORMATION THAT WOULD INDICATE THE CONTRIBUTIONS TO**  
23 **THE HISTORICAL MUSEUM SHOULD BE TREATED DIFFERENTLY**  
24 **THAN IN ACCORDANCE WITH THE COMMISSION'S PAST POLICY?**

25 **A.** No. Therefore, I recommend that the Commission reduce test year expenses by  
26 \$45,470 for 2010 and \$46,764 for 2011.

27 **Q. WOULD YOU DISCUSS YOUR NEXT ADJUSTMENT?**

28 **A.** Yes. This adjustment concerns the gains on sale of utility assets sold to FPL's  
29 nonregulated affiliates. As shown on Exhibit KHD-14, during 2007 and 2008 the  
30 Company sold several assets to its affiliates which resulted in a gain on sale. During  
31 2007, the Company sold 15 assets which resulted in a total gain of \$4.6 million. The  
32 largest gain resulted from the sale of a combustion turbine rotor to FPL Group, Inc.  
33 which resulted in a gain of \$4.5 million. During 2008, the Company sold 14 assets

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16 from operating expenses the entire amount of  
17 contributions to charities projected for the test  
18 period. (FPSC, Docket No. 070107-GU, Order No.  
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32 largest gain resulted from the sale of a combustion turbine rotor to FPL Group, Inc.  
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1           When NextEra purchased Seabrook Generating Station, the rules and  
2           procedures applicable in New England regarding cost recovery of transmission  
3           facilities and related expenses did not allow entities, other than Transmission  
4           Providers, to receive cost recovery associated with such transmission facilities.  
5           NextEra is registered as a generator, and therefore was not able to receive  
6           payment for use of its facilities. Therefore, ownership of the Seabrook  
7           Transmission Substation, among other things, was transferred to FPL-NED, a  
8           division of FPL, which was recognized by NEPOOL, ISO-NE and the FERC as a  
9           Transmission Provider in New England. (Ibid.) While FPL claims that all costs  
10          associated with operating FPL-NED are properly removed from the test year, the  
11          value of being part of FPL is considerable.

12   **Q.   HAS THE COMPANY RECENTLY BEEN BEFORE THE COMMISSION**  
13   **REGARDING FPL-NED?**

14   **A.**   Yes, on October 1, 2008, FPL filed an application requesting authority to issue  
15          and sell securities. FPL's application also included a request for authority to  
16          finance construction expenditures of approximately \$30 million for the planned  
17          Seabrook Substation Reliability Improvement Project (Seabrook Substation) in  
18          the State of New Hampshire on behalf of FPL-NED. FPL-NED was created as a  
19          separate division of FPL for the purpose of keeping the Seabrook Substation  
20          independent from FPL's utility operations in Florida. The Commission voted to  
21          approve FPL's application, with the caveat that the consideration of the portion of  
22          FPL's application related to FPL-NED be deferred.

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1           Subsequent to the Commission's vote, the Company withdrew that portion  
2 of its application and filed a Petition for Approval of Financing for the Seabrook  
3 Transmission Substation Upgrade with the New Hampshire Public Utility  
4 Commission to seek regulatory approval for the financing of the improvements to  
5 the Seabrook Substation.

6 **Q. DID THE COMMISSIONERS RAISE CONCERNS ABOUT THE**  
7 **FINANCING AND OWNERSHIP ARRANGEMENTS OF FPL-NED AT**  
8 **THE NOVEMBER 13, 2008 AGENDA CONFERENCE?**

9 **A.** Yes, they did. In particular Commissioner Skop expressed concern about a  
10 regulated Florida utility financing the construction of Seabrook assets which are  
11 located in New Hampshire and do not benefit Florida's customers. Specifically,  
12 Commissioner Skop commented:

13           Also, I recognize the absolute right of FPL to withdraw the petition  
14 and do appreciate the nonrecourse finance via the intercompany  
15 loan. I think that the concern that existed that was objected to last  
16 time by myself, OPC, Mr. Wright, was the funding of the out-of-  
17 state asset that had no nexus to Florida operations. And I think that,  
18 you know, essentially by going to the New Hampshire  
19 Commission certainly that is another way of accomplishing the  
20 same thing via a different forum. But I would like to recognize  
21 FPL's good faith effort to address the concerns that were  
22 previously raised to the extent that, you know, I see that the  
23 nonrecourse finance and intercompany loan protects Florida  
24 ratepayers, but the remaining issue which was the same one as  
25 before concerns the precedent -- the fact that there is no benefit to  
26 FPL ratepayers, that FPL is still incurring debt on its balance sheet  
27 on behalf of out-of-state operations that have no nexus to the state  
28 of Florida. I think staff would back me on both of those points if I  
29 were to ask them directly. But the commitment by FPL to look at a  
30 better entity to move this orphan asset into, I think, solves a lot of  
31 the problems. Because particularly in light of a pending rate case,  
32 staff has to spend their time to account for an accounting  
33 transaction to make sure all the numbers are worked out and the

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1           entity adjustments are properly done, and that takes staff time  
2           away from doing the other things associated with the rate case.

3  
4           So I do think that there is some incremental opportunity costs, but I  
5           recognize that we need to move forward and address this issue and  
6           help, you know, find a better home for the asset. So if FPL will  
7           make a good faith commitment towards doing, that certainly will  
8           go a long way in resolving my concerns. The only concern I would  
9           have in passing that this not be used as precedent on a forward-  
10          going basis, but I think that the Commission action and the  
11          objections, I think, pretty much speak for themselves on that one.  
12          (FPSC, Agenda Conference, November 13, 2008, in Docket No.  
13          080621-EL)  
14

15   **Q.    DID FPL AND FPL GROUP CAPITAL SUBSEQUENTLY ENTER INTO**  
16   **AN AGREEMENT FOR THE PURPOSE OF FINANCING THE FPL-NED**  
17   **ASSETS?**

18   **A.    Yes, they did. On December 12, 2008, an agreement was executed whereby FPL**  
19   **Group Capital extended a line of credit to FPL in the amount of \$36.0 million for**  
20   **use in connection with the Seabrook Substation. The contract was signed by Ms.**  
21   **Kathy A. Beilhart on behalf of FPL and by Ms. Kathy A. Beilhart on behalf of**  
22   **FPL Group Capital, Inc. Again, as with other FPL affiliate arrangements, this is**  
23   **not an arms-length agreement.**

24   **Q.    DID OPC INQUIRE ABOUT FPL'S PLANS TO MOVE THESE ASSETS**  
25   **OUT OF FPL?**

26   **A.    Yes, it did. In Interrogatory 72, OPC asked FPL about its efforts to move these**  
27   **assets into a different company. The Company responded that the FPL-NED**  
28   **assets will be transferred to a new entity that will be formed under FPL Group**  
29   **Capital. Once the new entity is formed, the Company will transfer the assets**

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1 subject to a condition precedent for the regulatory approvals. (Response to OPC  
2 Interrogatory 72.)

3 **Q. DO YOU HAVE ANY RECOMMENDATIONS FOR SAFEGUARDING**  
4 **RATEPAYERS FROM ANY RISKS RELATED TO THE TRANSFER OF**  
5 **FPL-NED ASSETS TO A SEPARATE COMPANY UNDER FPL GROUP**  
6 **CAPITAL?**

7 A. Yes. FPL-NED and the subsequent owner of these assets have benefited  
8 significantly from their ownership by FPL. The Commission should ensure that at  
9 the time of the transfer to this new company, the assets are transferred at the  
10 higher of cost or market as required by its affiliate transaction rules. In addition,  
11 the Commission should order that an independent appraisal be prepared as to the  
12 fair market value of these assets, as required by its rules on affiliate transactions.  
13 Specifically, Commission Rule 25-6.1351(d) states that "An independent  
14 appraiser must verify the market value of a transferred asset with a net book value  
15 greater than \$1,000,000. If a utility charges less than market price, the utility must  
16 notify the Division of Economic Regulation in writing within 30 days of the  
17 transfer." Any gain should be passed through to ratepayers.

18 **VI. Summary of Recommended Adjustments**

19 **Q. WOULD YOU PLEASE SUMMARIZE YOUR RECOMMENDED**  
20 **ADJUSTMENTS?**

21 A. Yes. My adjustments are depicted on Exhibit KHD-16. As shown, the total  
22 adjustments that I recommend amount to **Begin Confidential** [REDACTED] **End Confidential** million  
23 for the 2010 test year and **Begin Confidential** [REDACTED] **End Confidential** million to the 2011



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1 test year.

2 Q. DOES THIS COMPLETE YOUR TESTIMONY PREFILED ON JULY 16,  
3 2009?

4 A. Yes, it does.

CERTIFICATE OF SERVICE  
DOCKET NO. 080677-EI & 090130-EI

I HEREBY CERTIFY that a copy of the foregoing Direct Testimony Kimberly H. Dismukes (Confidential Version) has been furnished by U.S. Mail on the 17th day of July, 2009.

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1 **KIMBERLY H. DISMUKES**

2 **QUALIFICATIONS**

3  
4 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

5 **A.** I graduated from Florida State University with a Bachelor of Science degree in  
6 Finance in March, 1979. I received an M.B.A. degree with a specialization in Finance  
7 from Florida State University in April, 1984.

8 **Q. WOULD YOU PLEASE DESCRIBE YOUR EMPLOYMENT HISTORY IN**  
9 **THE FIELD OF PUBLIC UTILITY REGULATION?**

10 **A.** In March of 1979 I joined Ben Johnson Associates, Inc., a consulting firm  
11 specializing in the field of public utility regulation. While at Ben Johnson Associates,  
12 I held the following positions: Research Analyst from March 1979 until May 1980;  
13 Senior Research Analyst from June 1980 until May 1981; Research Consultant from  
14 June 1981 until May 1983; Senior Research Consultant from June 1983 until May  
15 1985; and Vice President from June 1985 until April 1992. In May 1992, I joined the  
16 Florida Public Counsel's Office, as a Legislative Analyst III. In July 1994 I was  
17 promoted to a Senior Legislative Analyst. In July 1995 I started my own consulting  
18 practice in the field of public utility regulation.

19 **Q. WOULD YOU PLEASE DESCRIBE THE TYPES OF WORK THAT YOU**  
20 **HAVE PERFORMED IN THE FIELD OF PUBLIC UTILITY REGULATION?**

21 **A.** Yes. My duties have ranged from analyzing specific issues in a rate proceeding to  
22 managing the work effort of a large staff in rate proceedings. I have prepared  
23 testimony, interrogatories and production of documents, assisted with the preparation

1 of cross-examination, and assisted counsel with the preparation of briefs. Since 1979,  
2 I have been actively involved in more than 180 regulatory proceedings throughout the  
3 United States:

4 I have analyzed cost of capital and rate of return issues, revenue requirement  
5 issues, public policy issues, market restructuring issues, and rate design issues,  
6 involving telephone, electric, gas, water and wastewater, and railroad companies. I  
7 have also examined performance measurements, performance incentive plans, and the  
8 prices for unbundled network elements related to telecommunications companies. In  
9 addition, I have audited the purchased gas adjustment clauses of three gas companies  
10 and the fuel adjustment clause of one electronic company in the State of Louisiana.

11 **Q. WHAT IS YOUR EXPERIENCE CONCERNING COST OF CAPITAL?**

12 **A.** In the area of cost of capital, I have analyzed the following parent companies:  
13 American Electric Power Company, American Telephone and Telegraph Company,  
14 American Water Works, Inc., Ameritech, Inc., CMS Energy, Inc., Columbia Gas  
15 System, Inc., Continental Telecom, Inc., GTE Corporation, Northeast Utilities,  
16 Pacific Telecom, Inc., Southwestern Bell Corporation, United Telecom, Inc., and U.S.  
17 West. I have also analyzed individual companies like Connecticut Natural Gas  
18 Corporation, Duke Power Company, Idaho Power Company, Kentucky Utilities  
19 Company, Southern New England Telephone Company, and Washington Water  
20 Power Company.

21 **Q. HAVE YOU PREVIOUSLY ASSISTED IN THE PREPARATION OF**  
22 **TESTIMONY CONCERNING REVENUE REQUIREMENTS?**

1 A. Yes. I have assisted on numerous occasions in the preparation of testimony on a wide  
2 range of subjects related to the determination of utilities' revenue requirements and  
3 related issues.

4 I have assisted in the preparation of testimony and exhibits concerning the  
5 following issues: abandoned project costs, accounting adjustments, affiliate  
6 transactions, allowance for funds used during construction, attrition, cash flow  
7 analysis, conservation expenses and cost-effectiveness, construction monitoring,  
8 construction work in progress, contingent capacity sales, cost allocations, decoupling  
9 revenues from profits, cross-subsidization, demand-side management, depreciation  
10 methods, divestiture, excess capacity, excessive unaccounted for water, feasibility  
11 studies, financial integrity, financial planning, gains on sales, incentive regulation,  
12 infiltration and inflow, jurisdictional allocations, non-utility investments, fuel  
13 projections, margin reserve, mergers and acquisitions, pro forma adjustments,  
14 projected test years, prudence, tax effects of interest, working capital, off-system  
15 sales, reserve margin, royalty fees, separations, settlements, used and useful, weather  
16 normalization, and resource planning.

17 Companies that I have analyzed include: Aloha Utilities, Inc. (Florida),  
18 Alascom, Inc. (Alaska), Aqua Utilities Florida, Inc., Arizona Public Service  
19 Company, Arvig Telephone Company, AT&T Communications of the Southwest  
20 (Texas), AT&T Louisiana, Bayside Utility Services, Inc. (Florida), Blue Earth Valley  
21 Telephone Company (Minnesota), Bridgewater Telephone Company (Minnesota),  
22 Carolina Power and Light Company, CenterPoint Energy Arkla (Louisiana), Central  
23 Maine Power Company, Central Power and Light Company (Texas), Central

1 Telephone Company (Missouri and Nevada), Consumers Power Company  
2 (Michigan), C&P Telephone Company of Virginia, Continental Telephone Company  
3 (Nevada), C&P Telephone of West Virginia, Connecticut Light and Power Company,  
4 Danube Telephone Company (Minnesota), Duke Power Company, East Otter Tail  
5 Telephone Company (Minnesota), Easton Telephone Company (Minnesota), Eckles  
6 Telephone Company (Minnesota), El Paso Electric Company (Texas), Entergy  
7 Corporation, Entergy Gulf States (Louisiana), Florida Cities Water Company (North  
8 Fort Myers, South Fort Myers and Barefoot Bay Divisions), Florida Power and Light,  
9 General Telephone Company (Florida, California, and Nevada), Georgia Power  
10 Company, Jasmine Lakes Utilities, Inc. (Florida), Kentucky Power Company,  
11 Kentucky Utilities Company, KMP Telephone Company (Minnesota), KW Resort  
12 Utilities, Inc. (Florida), Idaho Power Company, Louisiana Gas Service Company,  
13 Oklahoma Gas and Electric Company (Arkansas), Kansas Gas & Electric Company  
14 (Missouri), Kansas Power and Light Company (Missouri), Lehigh Utilities, Inc.  
15 (Florida), Louisiana Land & Water Company Inc., Mad Hatter Utilities, Inc.  
16 (Florida), Mankato Citizens Telephone Company (Minnesota), Michigan Bell  
17 Telephone Company, Mid-Communications Telephone Company (Minnesota), Mid-  
18 State Telephone Company (Minnesota), Mountain States Telephone and Telegraph  
19 Company (Arizona and Utah), Nevada Bell Telephone Company, North Fort Myers  
20 Utilities, Inc., Northwestern Bell Telephone Company (Minnesota), Potomac Electric  
21 Power Company, Public Service Company of Colorado, Puget Sound Power & Light  
22 Company (Washington), Questar Gas Company (Utah), Sandy Creek Utility Services,  
23 Inc. (Florida), Sanlando Utilities Corporation (Florida), Sierra Pacific Power

1 Company (Nevada), South Central Bell Telephone Company (Kentucky), Southern  
2 Union Gas Company (Texas), Southern Bell Telephone & Telegraph Company  
3 (Florida, Georgia, and North Carolina), Southern States Utilities, Inc. (Florida),  
4 Southern Union Gas Company (Texas), Southwestern Bell Telephone Company  
5 (Oklahoma, Missouri, and Texas), Sprint, St. George Island Utility, Ltd., Tampa  
6 Electric Company, Texas-New Mexico Power Company, Tucson Electric Power  
7 Company, Twin Valley-Ulen Telephone Company (Minnesota), United Telephone  
8 Company of Florida, Virginia Electric and Power Company, Washington Water  
9 Power Company, and Wisconsin Electric Power Company.

10 **Q. WHAT EXPERIENCE DO YOU HAVE IN RATE DESIGN ISSUES?**

11 **A.** My work in this area has primarily focused on issues related to costing. For example,  
12 I have assisted in the preparation of class cost-of-service studies concerning Arkansas  
13 Energy Resources, Cascade Natural Gas Corporation, El Paso Electric Company,  
14 Potomac Electric Power Company, Texas-New Mexico Power Company, Southern  
15 Union Gas Company, and Questar Gas Company. I have also examined the issue of  
16 avoided costs, both as it applies to electric utilities and as it applies to telephone  
17 utilities. I have also evaluated the issue of service availability fees, reuse rates,  
18 capacity charges, and conservation rates as they apply to water and wastewater  
19 utilities.

20 **Q. WHAT FUEL AUDITS HAVE YOU CONDUCTED?**

21 **A.** I have conducted purchased gas adjustment audits of Louisiana Gas Company for the  
22 period 1971-2000, CenterPoint Energy Entex for the years 1971 through July 2001,



1 and CenterPoint Energy Arkla for the years 1971 through December 2001. I have also  
2 audited the fuel adjust clause of Entergy Gulf States, Inc. for the period 1995-2004.

3 **Q. HAVE YOU TESTIFIED BEFORE REGULATORY AGENCIES?**

4 **A.** Yes. I have testified before the Arizona Corporation Commission, the Bay County  
5 Utility Regulatory Authority, the Connecticut Department of Public Utility Control,  
6 the Florida Public Service Commission, the Georgia Public Service Commission,  
7 Louisiana Public Service Commission, the Missouri Public Service Commission, the  
8 Public Utilities Commission of Nevada, the Public Utility Commission of Texas, and  
9 the Washington Utilities and Transportation Commission. My testimony dealt with  
10 revenue requirement, financial, policy, rate design, fuel, cost study issues unbundled  
11 network pricing, and performance measures concerning Aqua Utilities Florida, Inc.,  
12 AT&T Communications of Southwest (Texas), Bayside Utility Services, Inc.  
13 (Florida), Cascade Natural Gas Corporation (Washington), Central Power and Light  
14 Company (Texas), Connecticut Light and Power Company, El Paso Electric  
15 Company (Texas), Embarq (Nevada), Florida Cities Water Company, Kansas Gas &  
16 Electric Company (Missouri), Kansas Power and Light Company (Missouri), KW  
17 Resort Utilities, Inc. (Florida), Houston Lighting & Power Company (Texas), Lake  
18 Arrowhead Village, Inc. (Florida), Lehigh Utilities, Inc. (Florida), Louisiana Gas  
19 Service Company, Jasmine Lakes Utilities Corporation (Florida), Mad Hatter  
20 Utilities, Inc. (Florida), Marco Island Utilities, Inc. (Florida), Mountain States  
21 Telephone and Telegraph Company (Arizona), Nevada Bell Telephone Company,  
22 North Fort Myers Utilities, Inc. (Florida), Southern Bell Telephone and Telegraph  
23 Company (Florida, Louisiana and Georgia), Southern States Utilities, Inc. (Florida),

1 Sprint of Nevada, St. George Island Utilities Company, Ltd. (Florida), Puget Sound  
2 Power & Light Company (Washington), and Texas Utilities Electric Company.

3 I have also testified before the Public Utility Regulation Board of El Paso,  
4 concerning the development of class cost-of-service studies and the recovery and  
5 allocation of the corporate overhead costs of Southern Union Gas Company and  
6 before the National Association of Securities Dealers concerning the market value of  
7 utility bonds purchased in the wholesale market.

8 Q. HAVE YOU BEEN ACCEPTED AS AN EXPERT IN THESE  
9 JURISDICTIONS?

10 A. Yes.

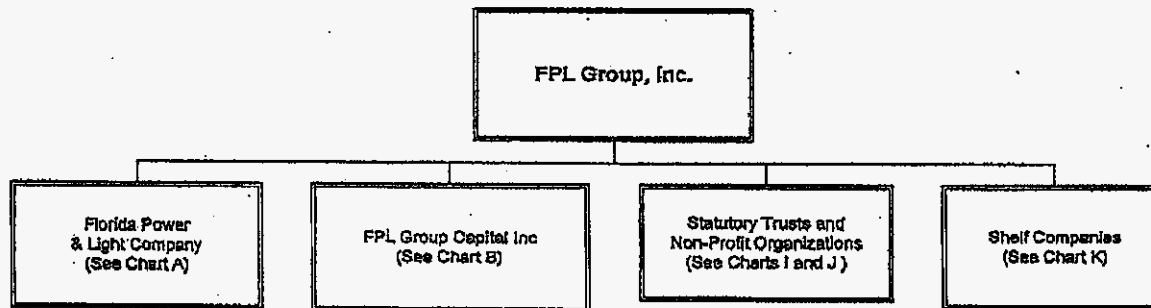
11 Q. HAVE YOU PUBLISHED ANY ARTICLES IN THE FIELD OF PUBLIC  
12 UTILITY REGULATION?

13 A. Yes, I have published two articles: "Affiliate Transactions: What the Rules Don't  
14 Say", Public Utilities Fortnightly, August 1, 1994 and "Electric M&A: A Regulator's  
15 Guide" Public Utilities Fortnightly, January 1, 1996.

**Florida Power & Light Company**  
**Organizational Chart**

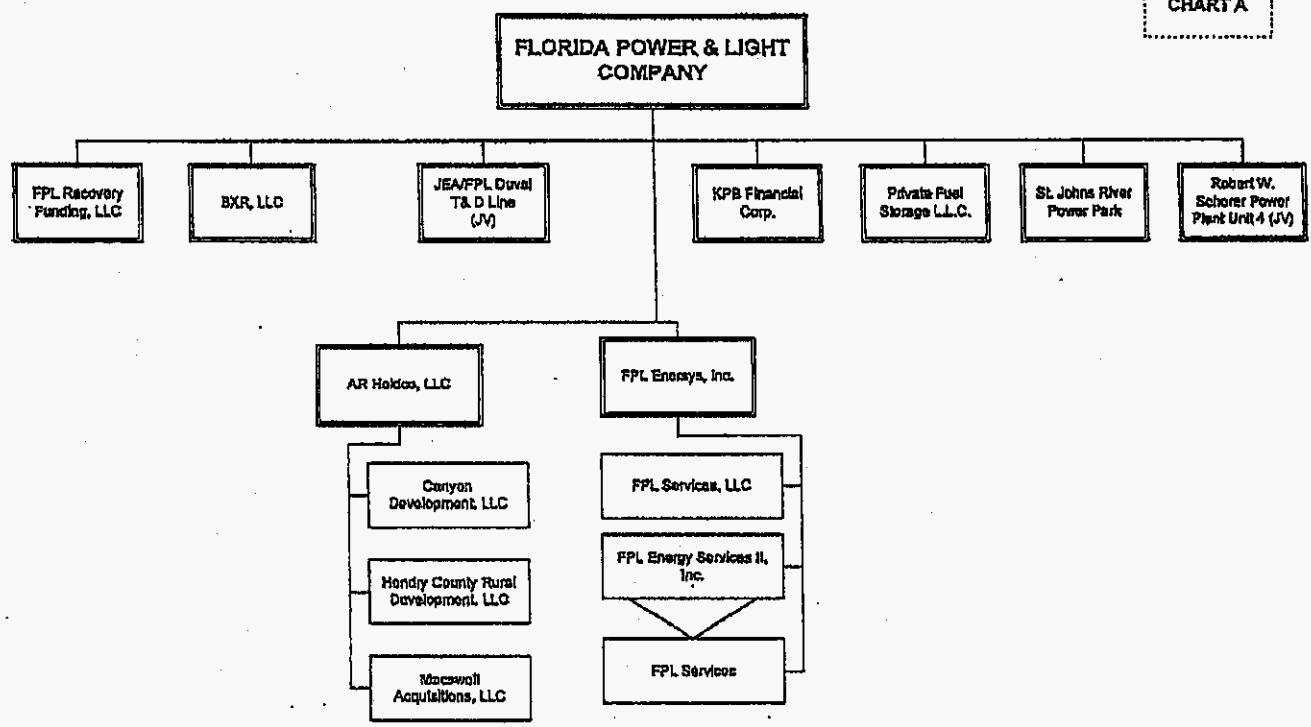
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FPL Group, Inc.  
Affiliate and Subsidiary  
Organization Chart  
(02/28/2009)



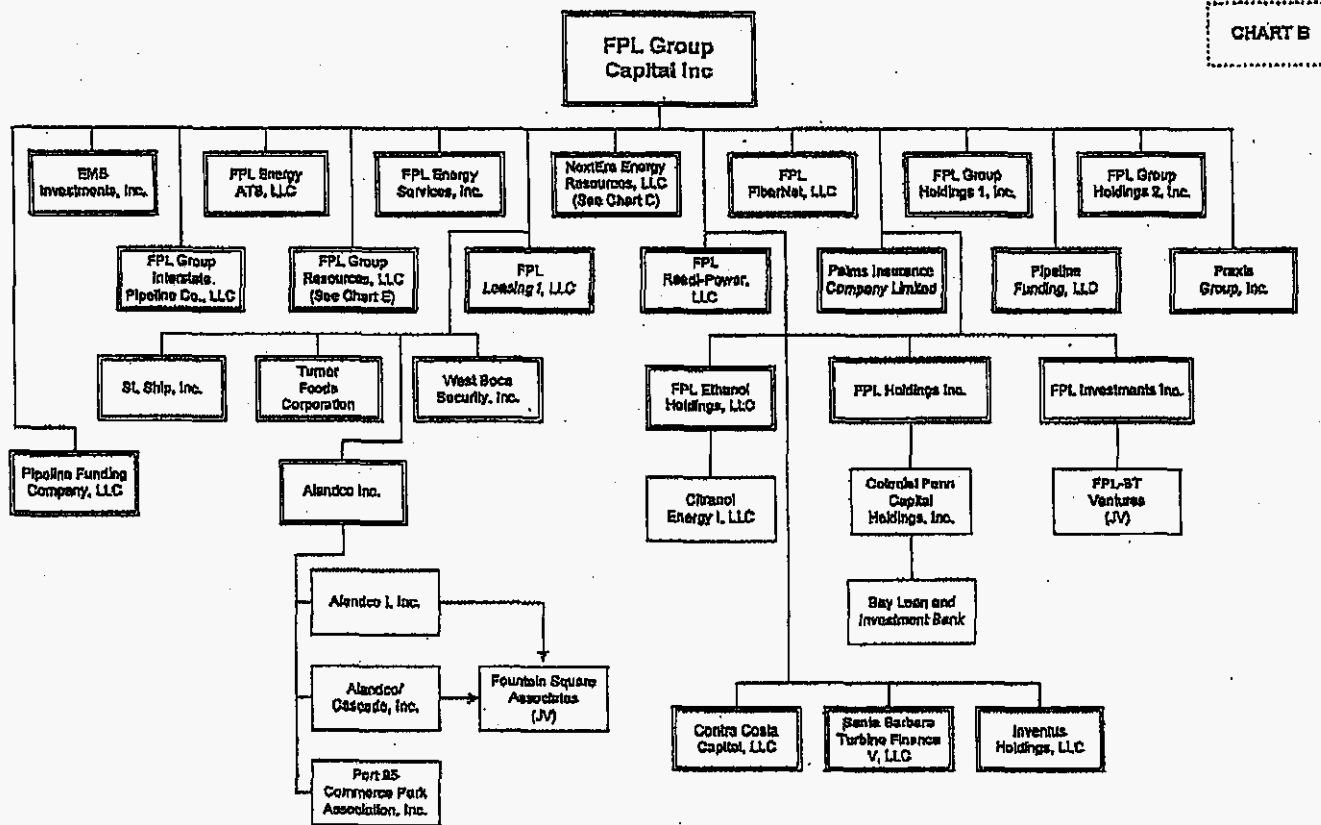
454-1

CHART A



484 - 2

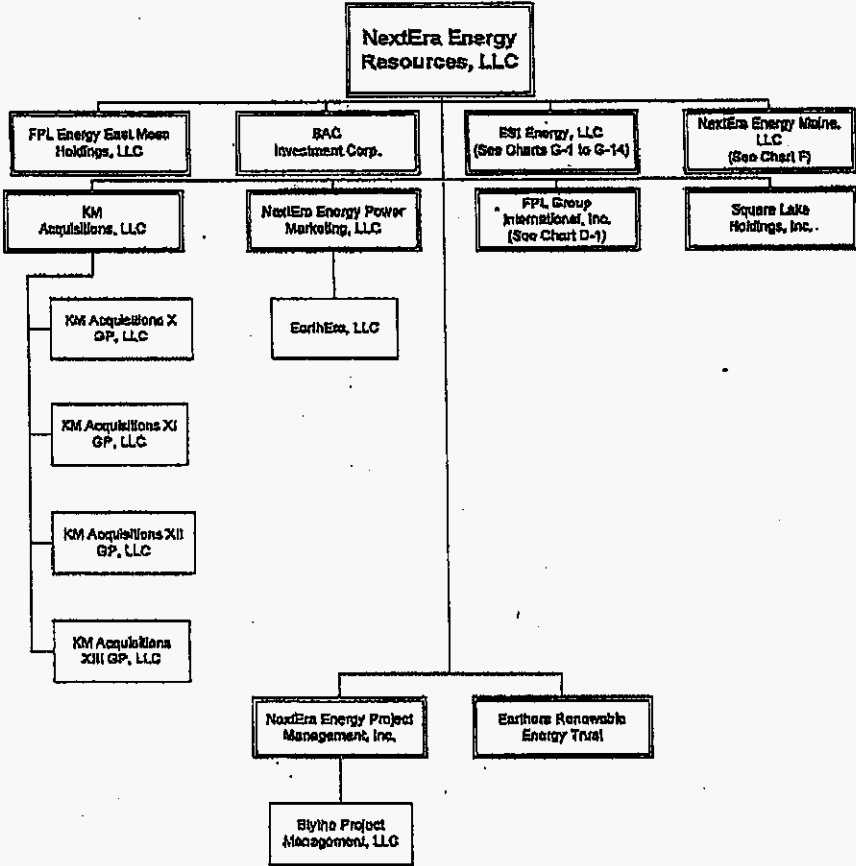
LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company



464 - 3

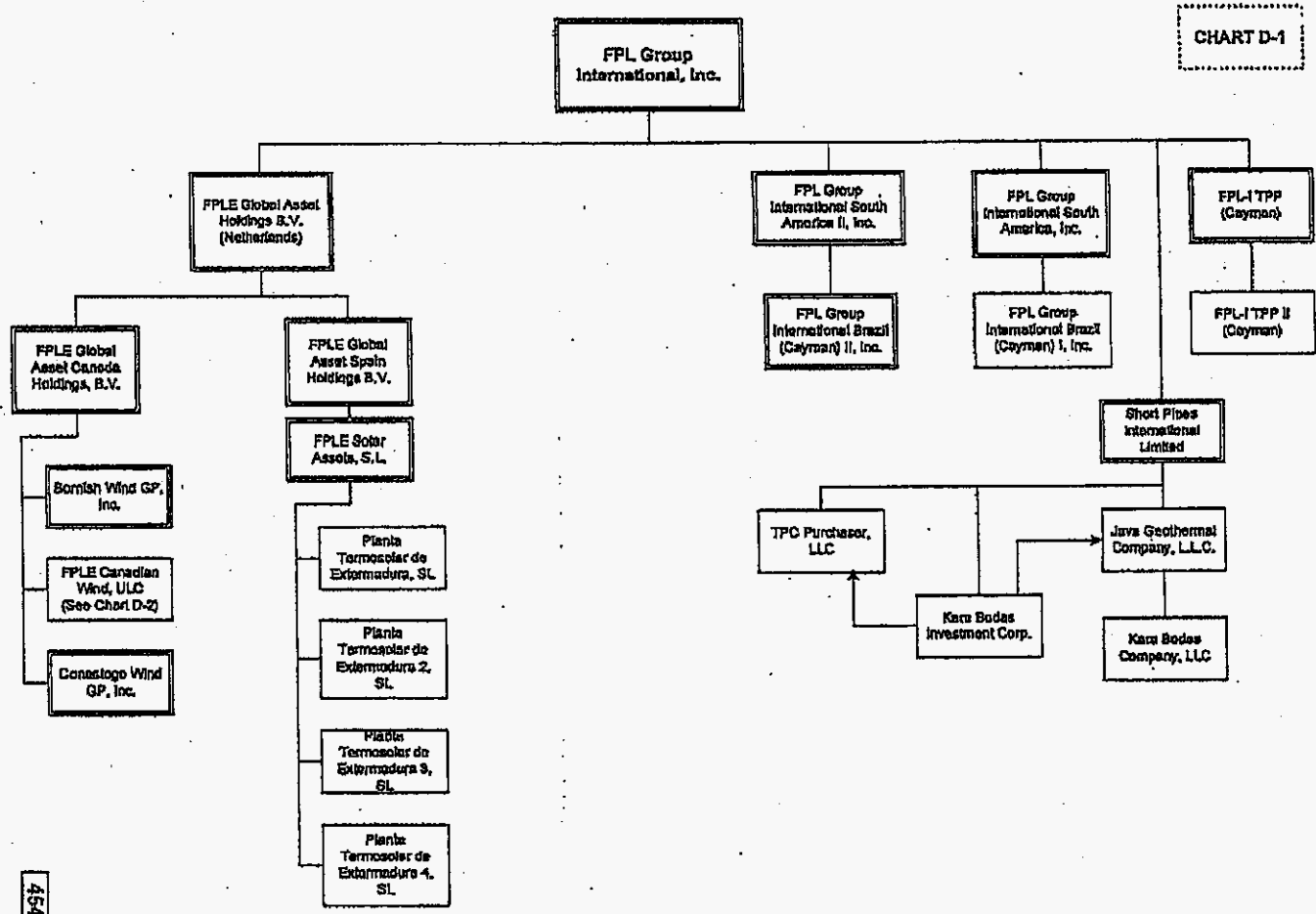
LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

CHART C



464 - 4

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

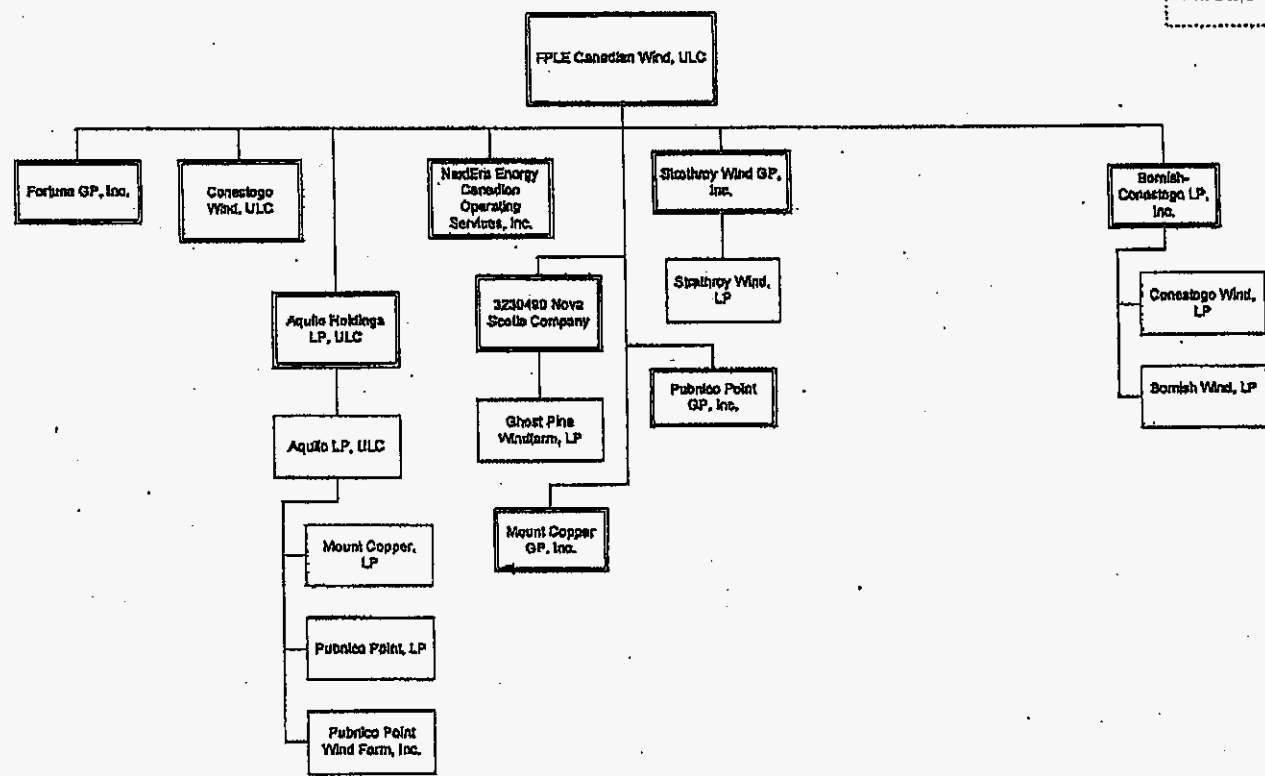


454 - 5

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company



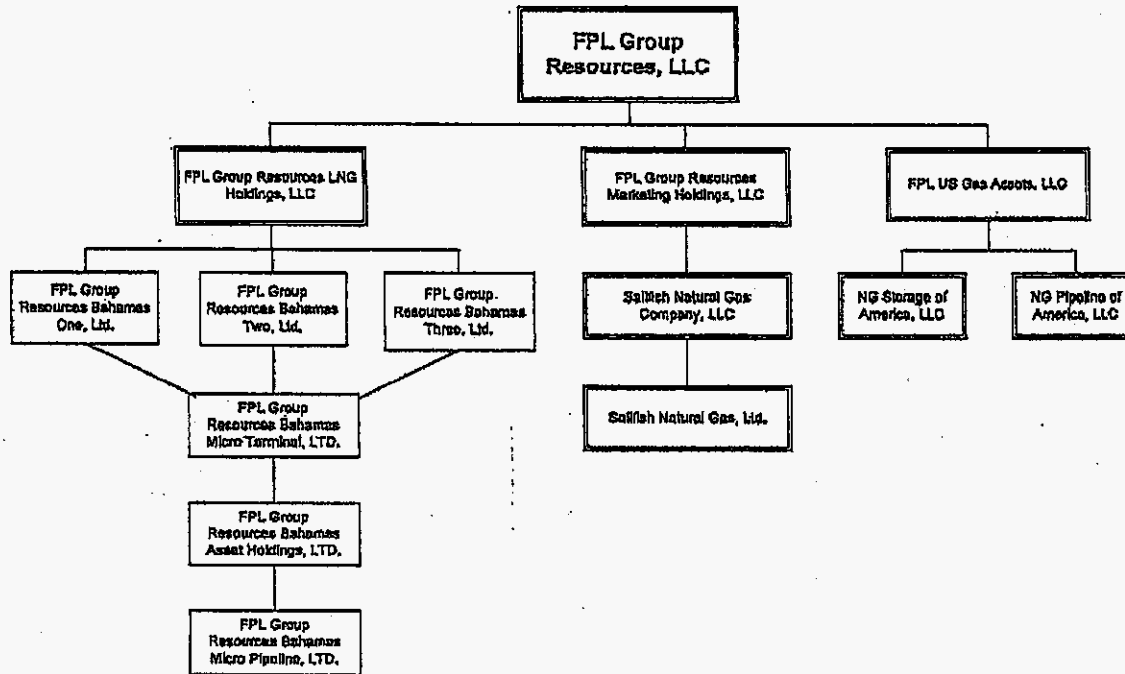
CHART D-2



454-5

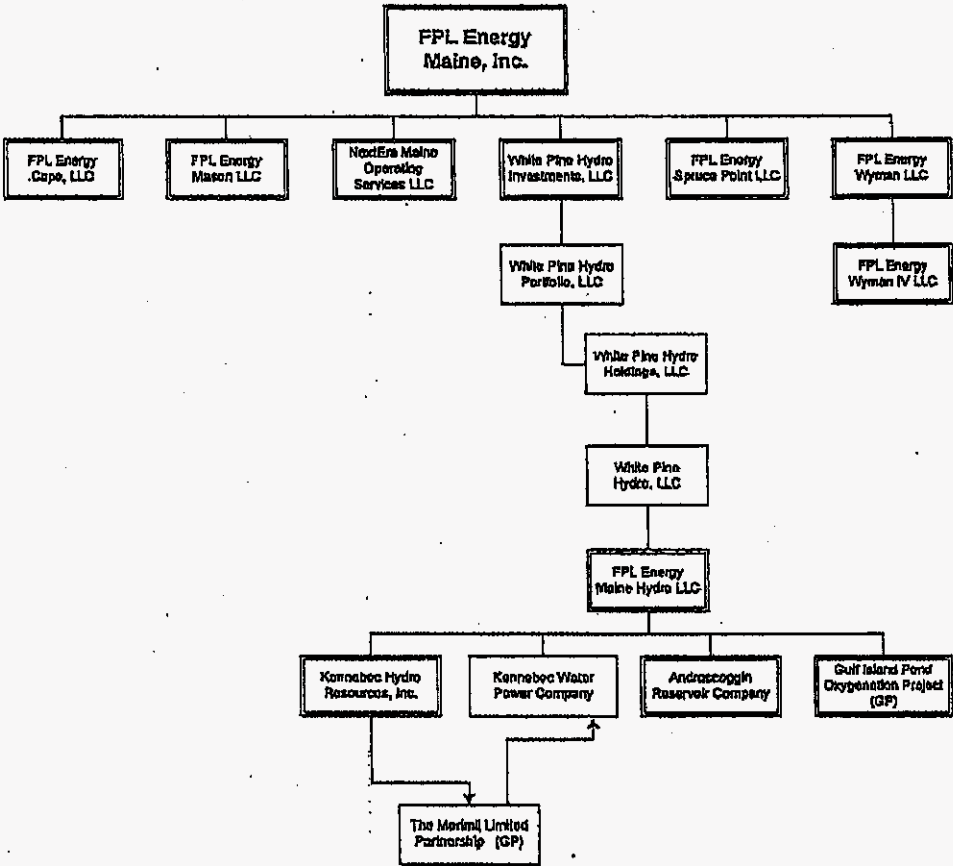
LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

CHART 8



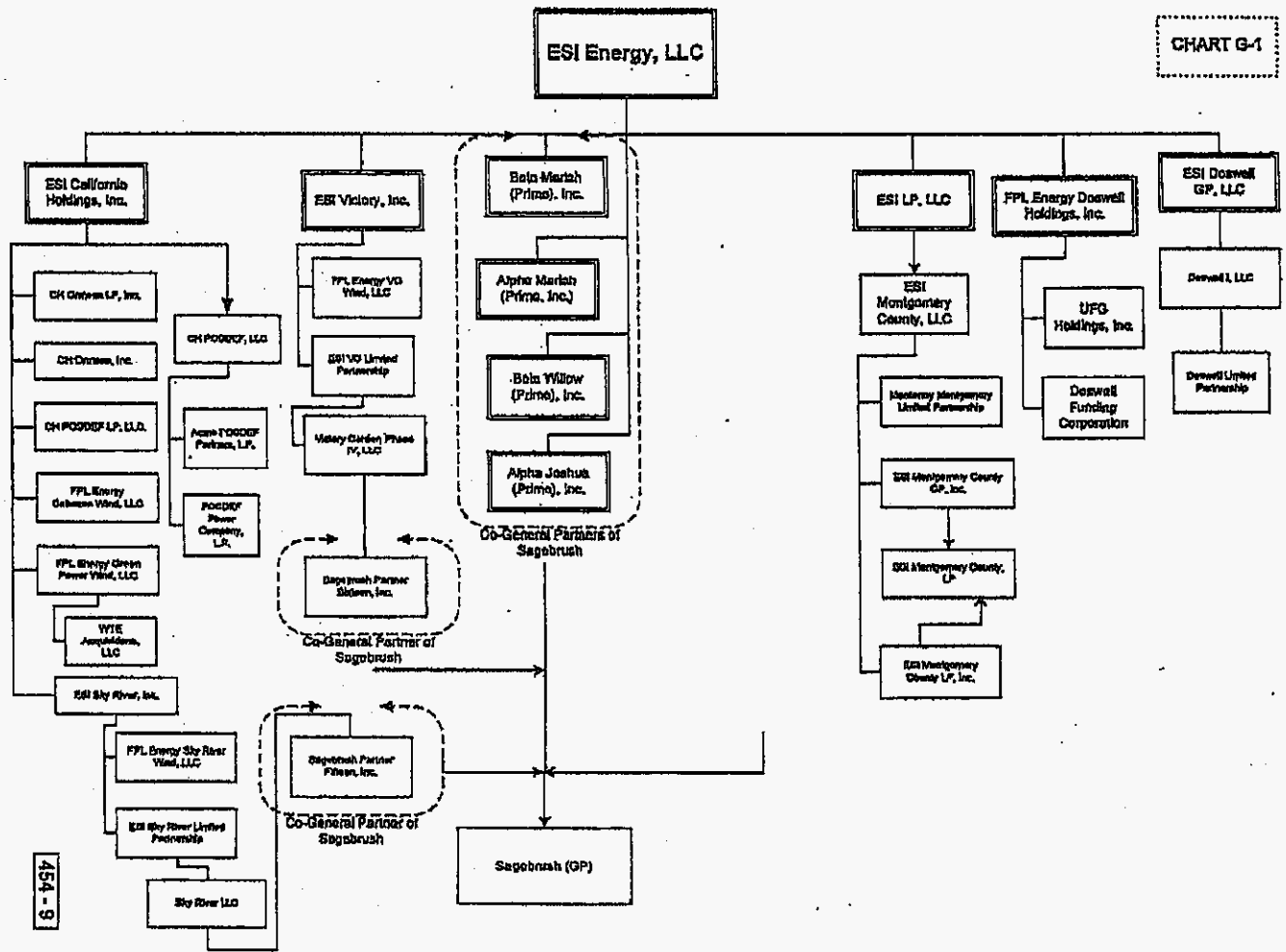
484-7

CHART F



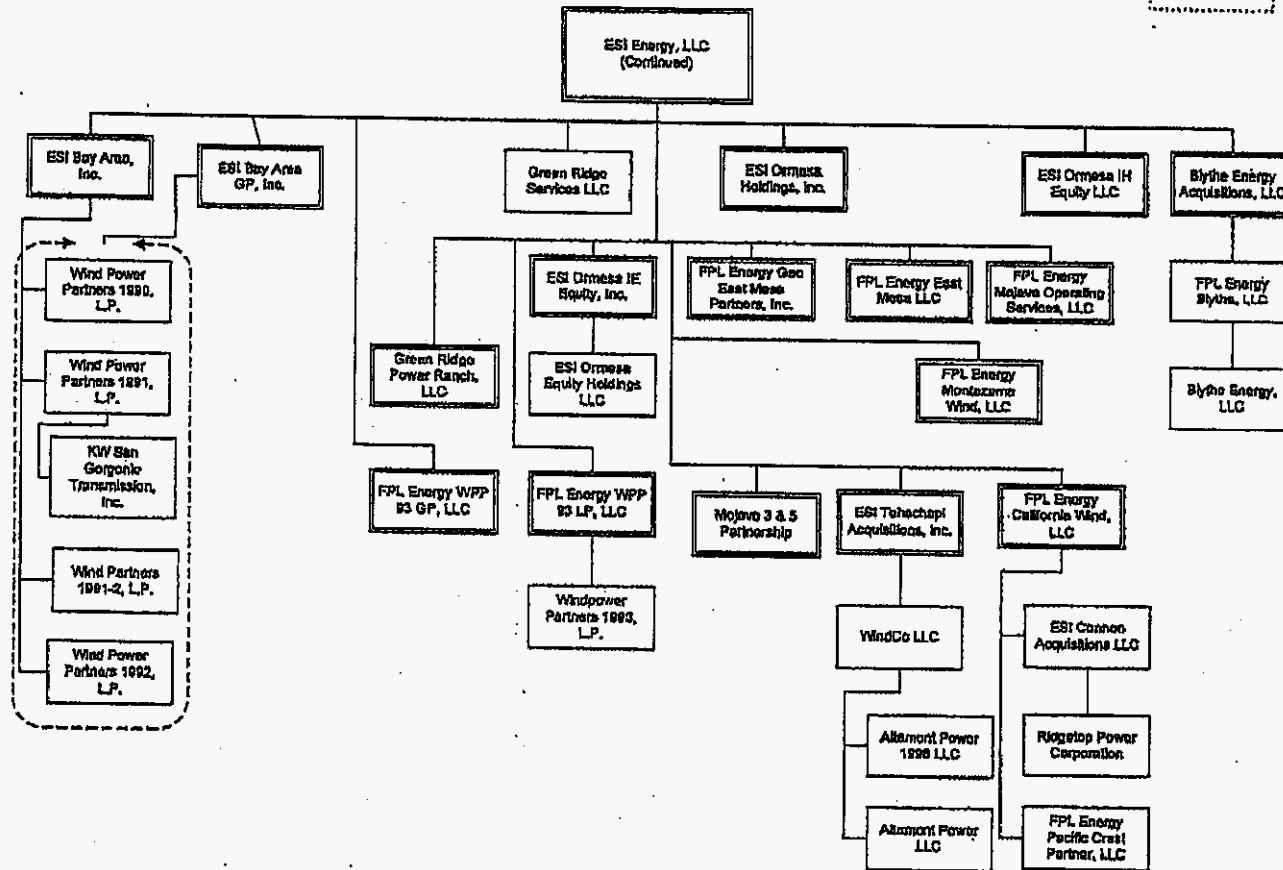
454-8

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company



454-9

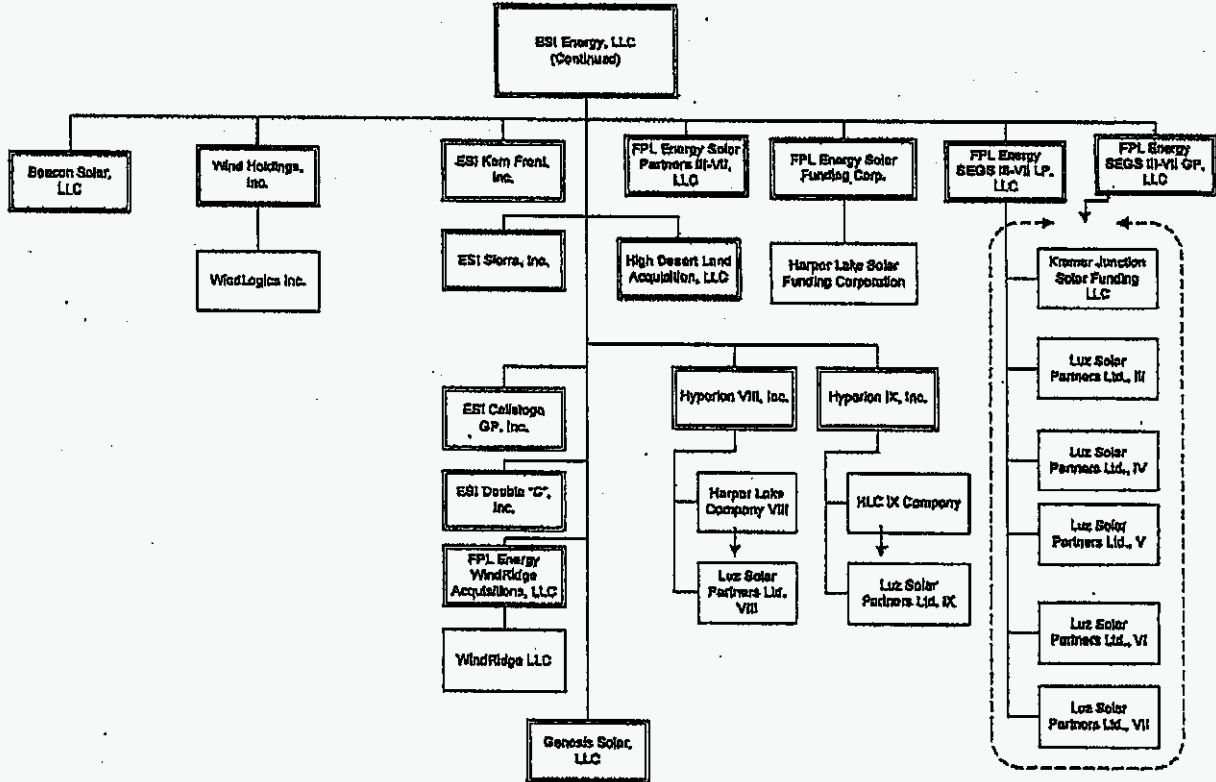
CHART G-2



454 - 10

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

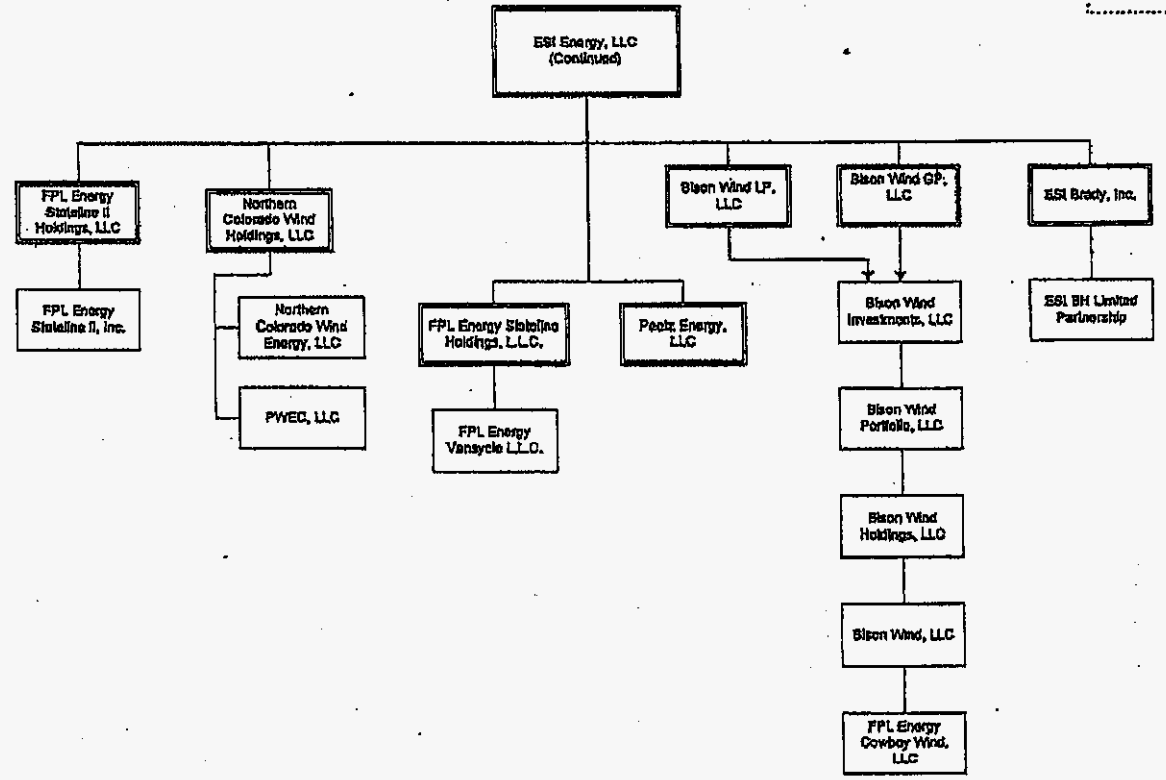
Chart G-3



454-11

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

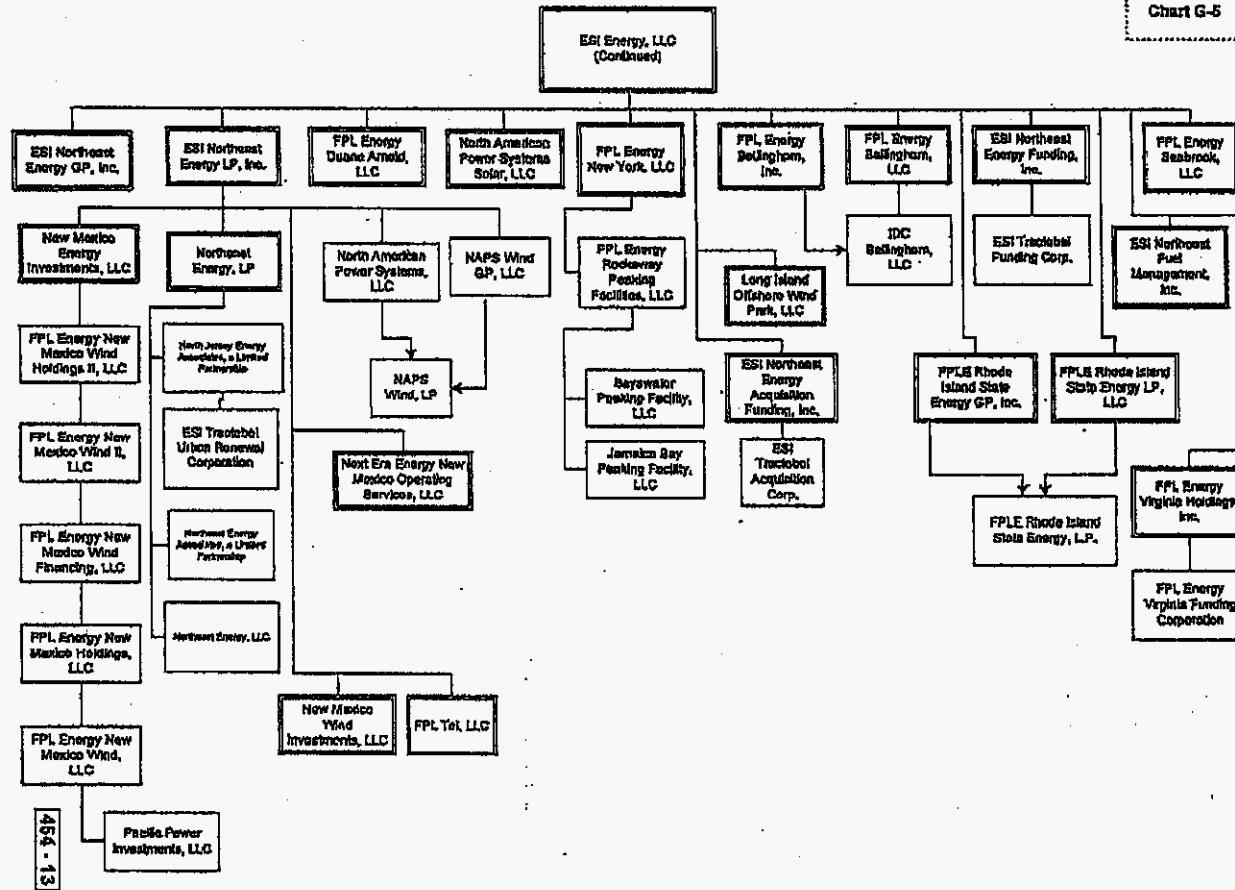
Chart G-4



464-12

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

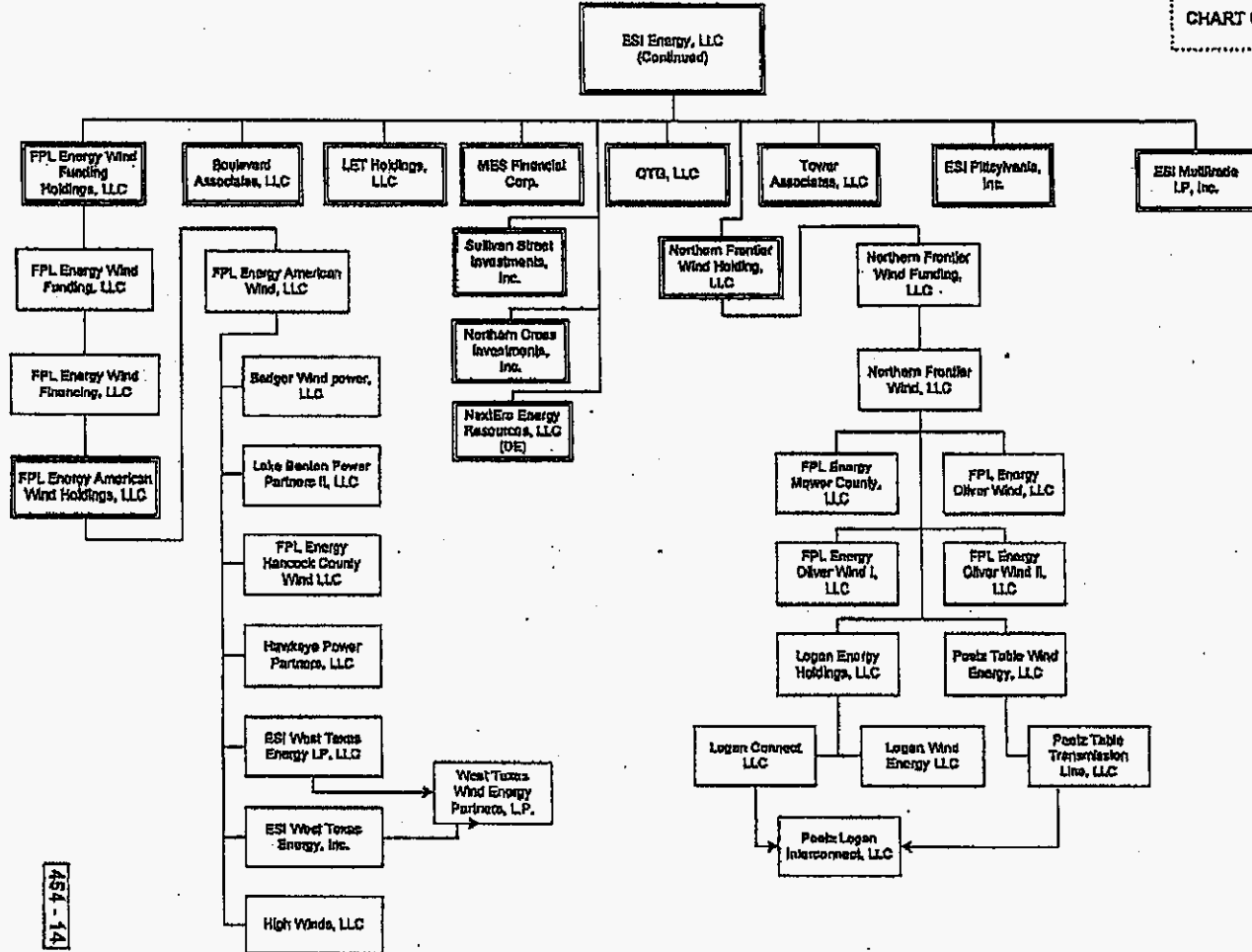
Chart G-5



LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company



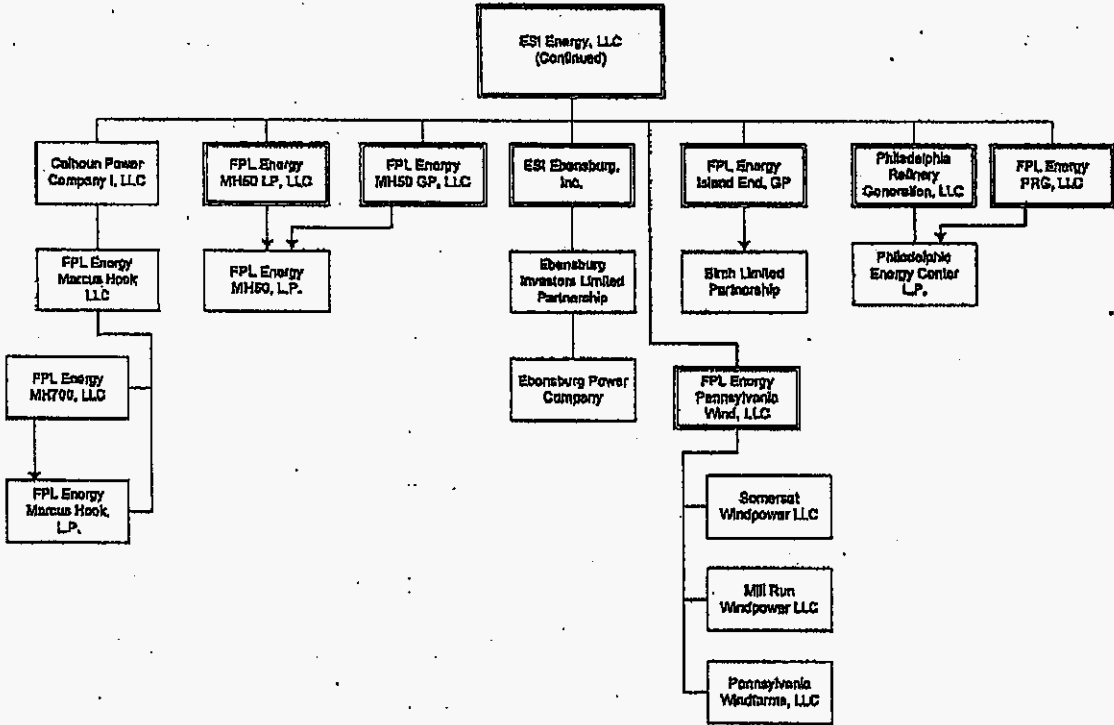
CHART G-6



K84-14

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

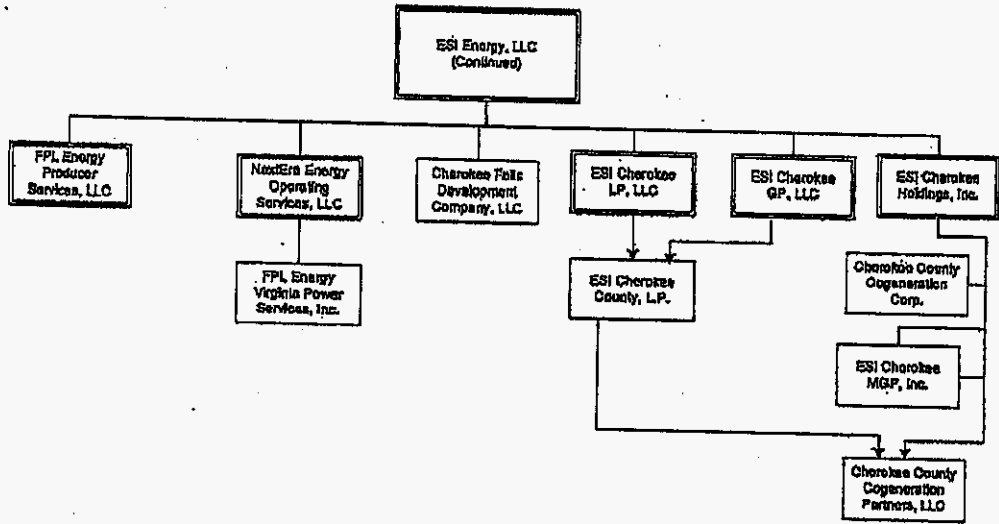
Chart G-7



494 - 161

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

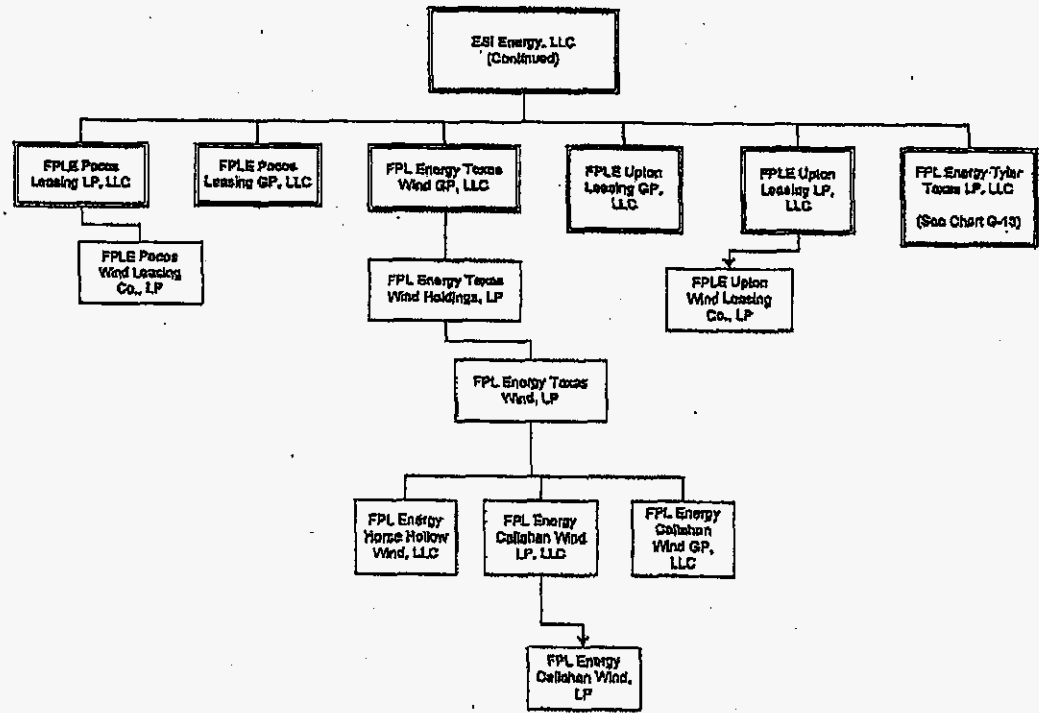
CHART G-8



454 - 16

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

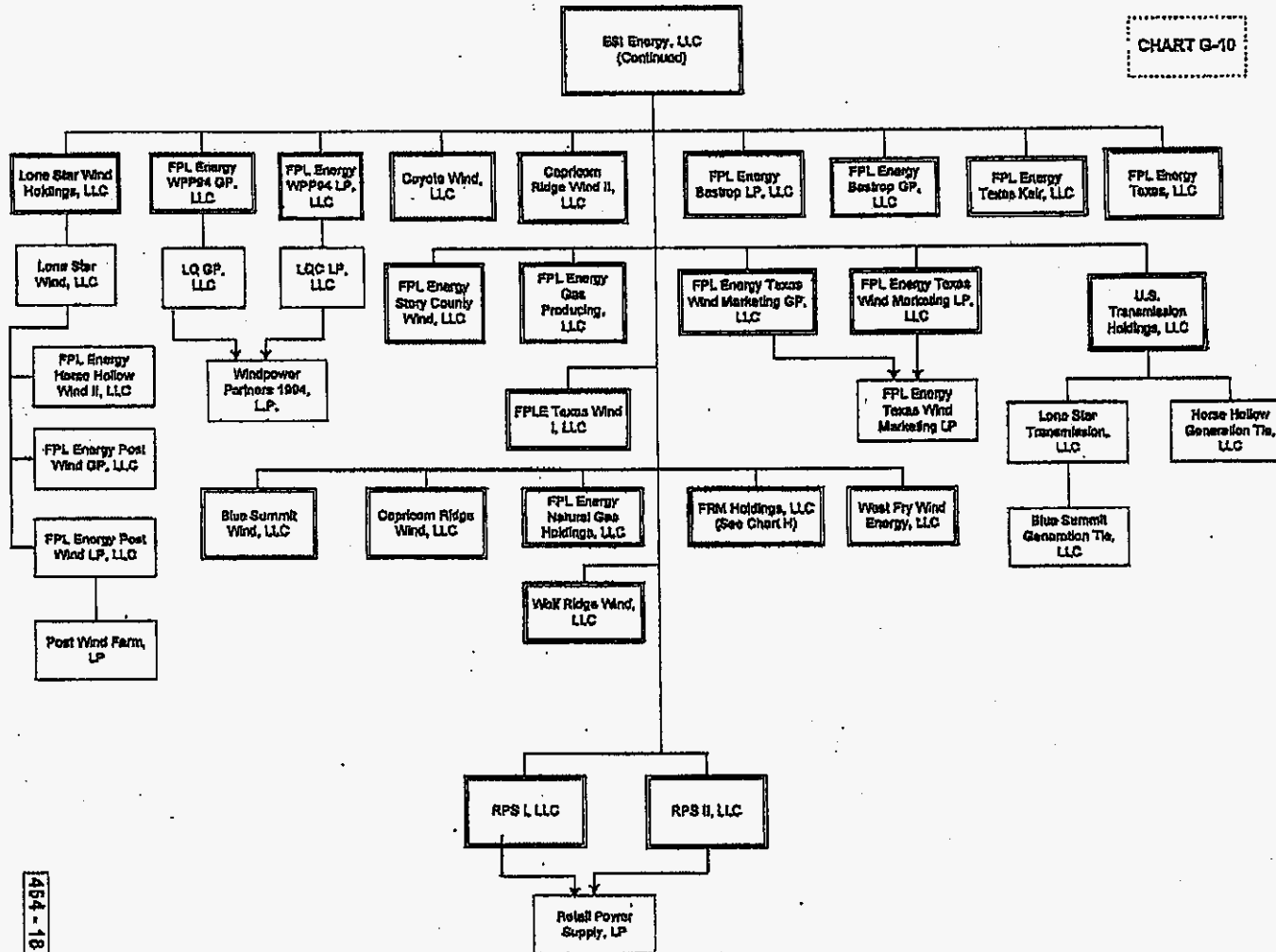
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464-17

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

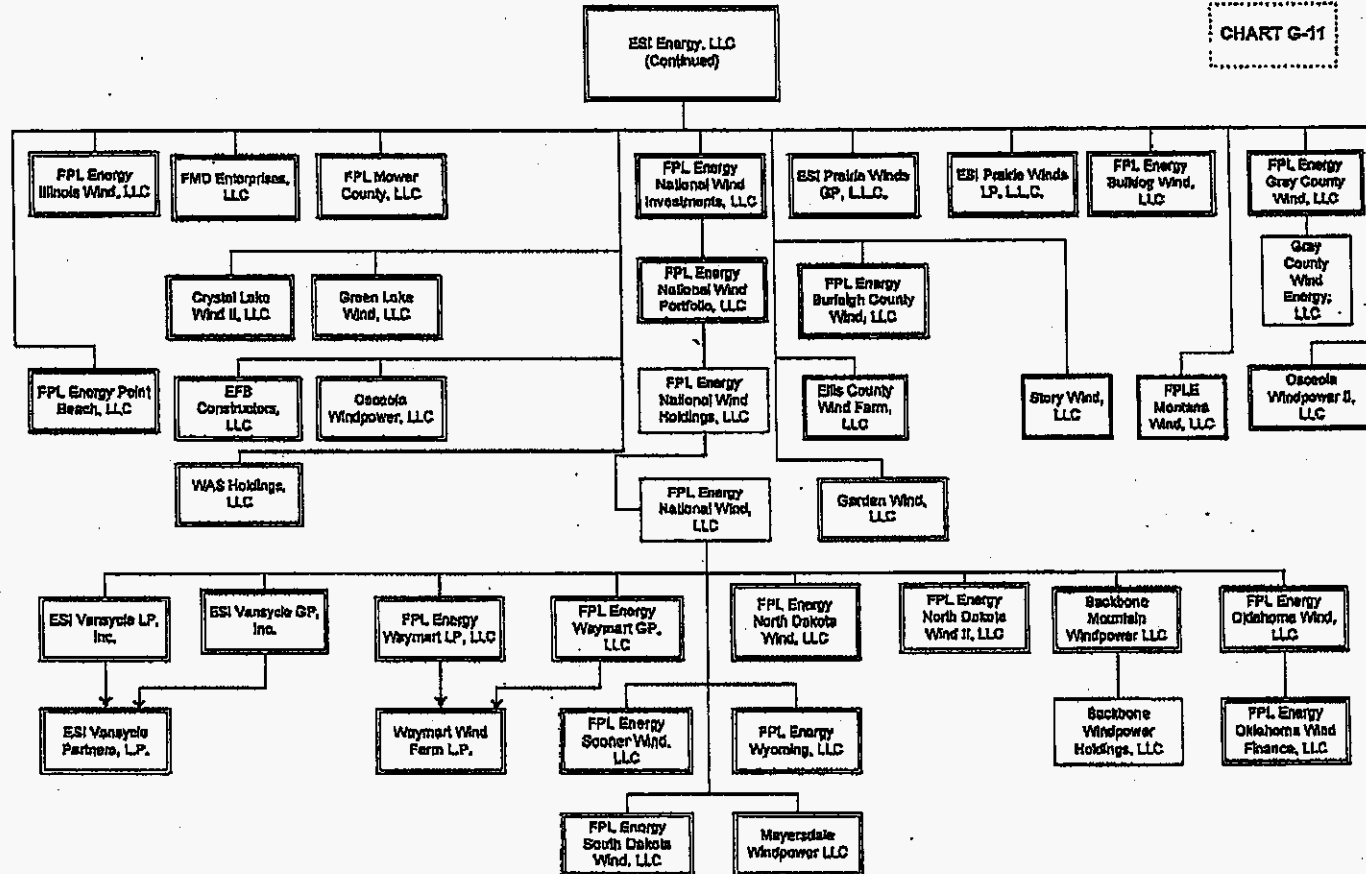
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454-18

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

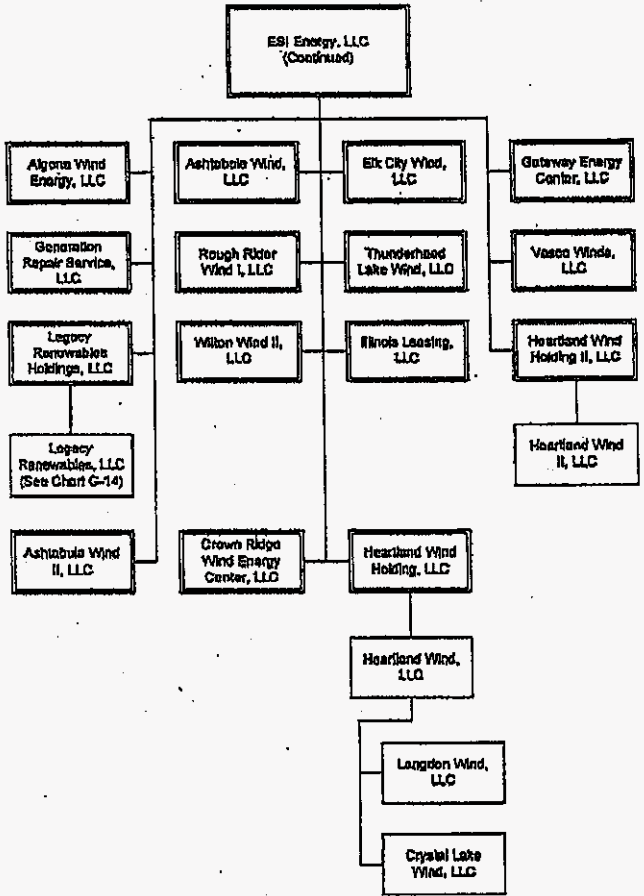
CHART G-11



454 - 19

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

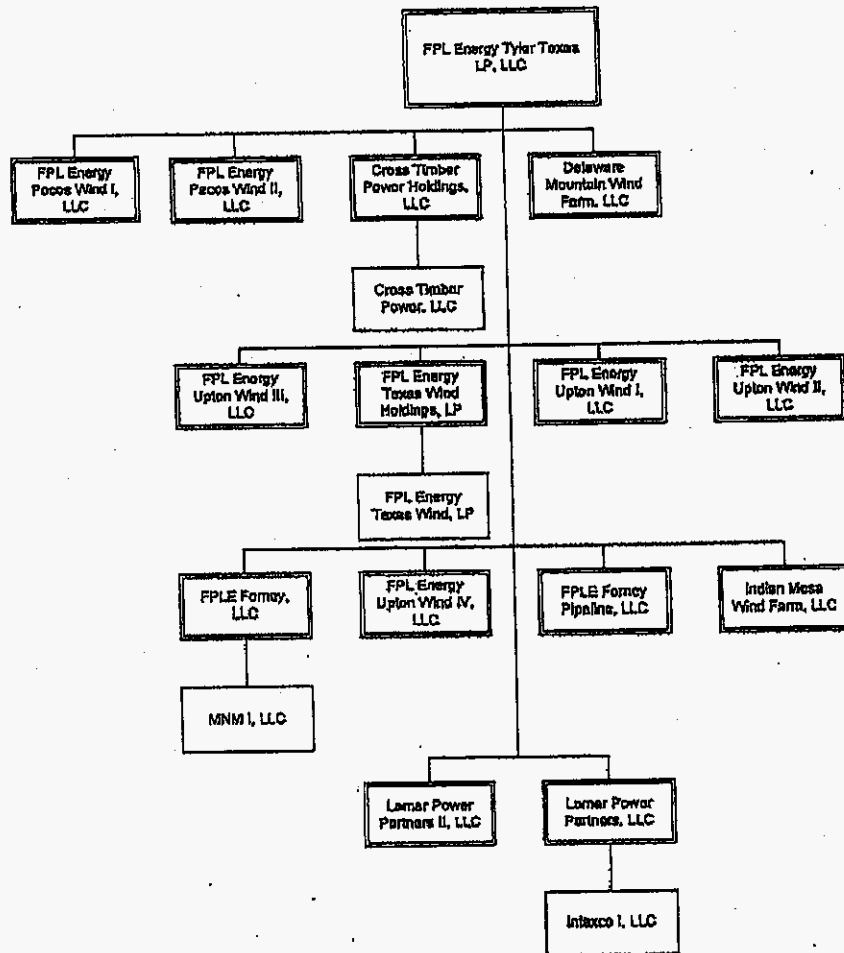
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454 - 20

LP = Limited Partnership. GP = General Partnership. JV = Joint Venture. LLC = Limited Liability Company

CHART G-13

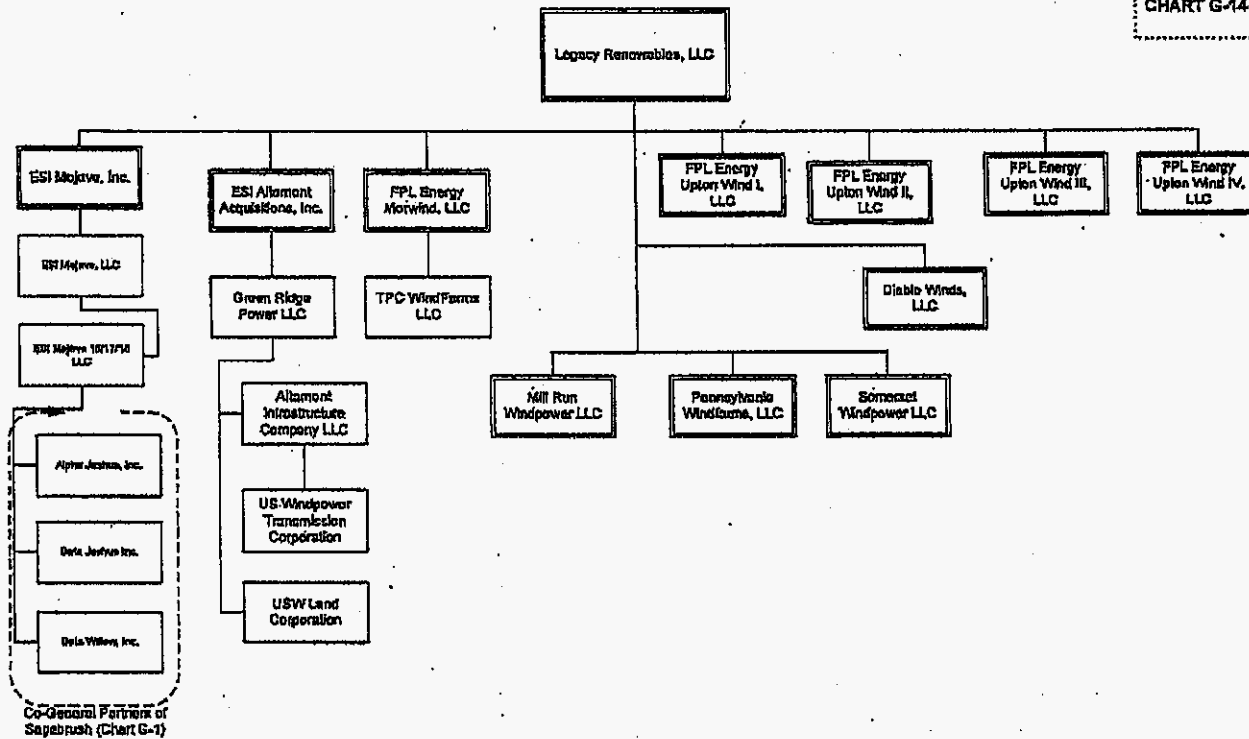


454-21

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

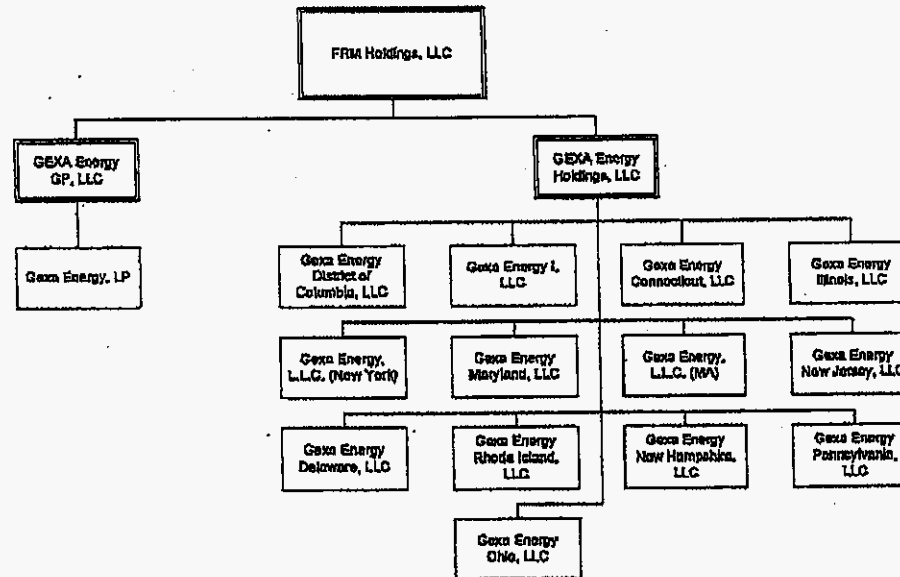


CHART G-14



484-22

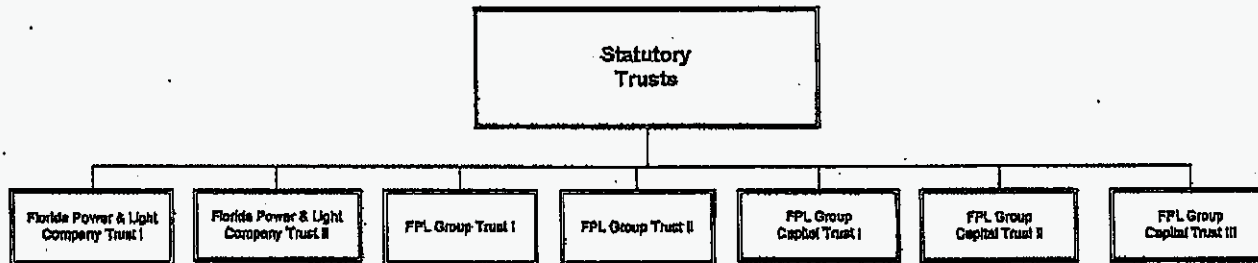
CHART H



484-23

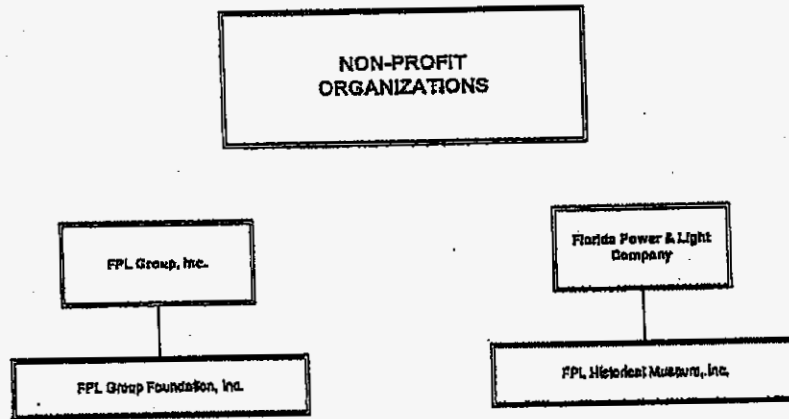
LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

CHART 1



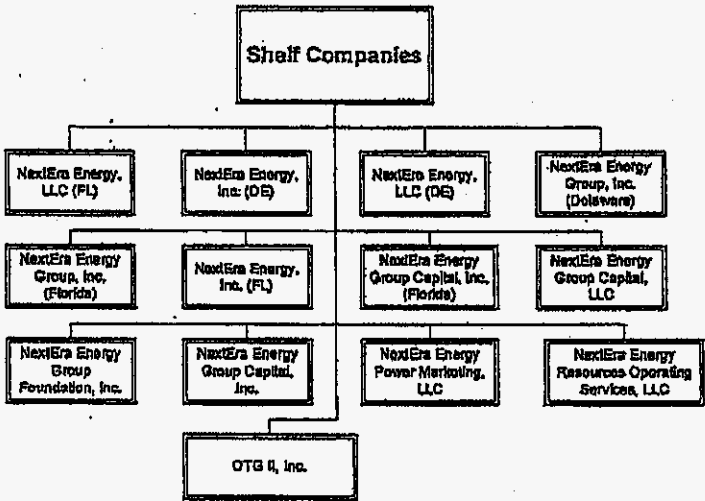
454 - 24

CHART J



154-25

CHART K



484-26

A B C D E F G H I  
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1 Florida Power & Light Company  
 2 FPL Affiliate Growth

	(in millions)				Percent of Total				
	2005	2006	2007	2008	2005	2006	2007	2008	
	<b>Revenues:</b>								
3									
4									
5									
6									
7	FPL Utility								
8	FPL NED								
9	Total FPL Utility								
10	FPL Energy/NextEra								
11	FPL Energy w/ OSI								
12	Seabrook								
13	Duane Arnold								
14	Point Beach								
15	Total FPLE/NextEra								
16	Fibemet								
17	FPL ES								
18	Palms Insur.								
19	Readi Power								
20	<b>FP&amp;B Ending:</b>								
21	FPL Utility								
22	FPL NED								
23	Total FPL Utility								
24	FPL Energy/NextEra								
25	FPL Energy w/ OSI								
26	Seabrook								
27	Duane Arnold								
28	Point Beach								
29	Total FPLE/NextEra								
30	Fibemet								
31	FPL ES								
32	Readi Power								
33	<b>Payroll:</b>								
34	FPL Utility								
35	FPL NED								
36	Total FPL Utility								
37	FPL Energy/NextEra								
38	FPL Energy w/ OSI								
39	Seabrook								
40	Duane Arnold								
41	Point Beach								
42	Total FPLE/NextEra								
43	Fibemet								
44	FPL ES								
45	Readi Power								

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Florida Power & Light Company  
 Direct Charges to Affiliates

	Direct Charges from AGROG 74 Excluding Affiliate Fees			Percent Change	
	2006	2007	2008	2007	2008
NextEra	\$ 14,628,884	\$ 19,410,798	\$ 29,800,977	32.69%	53.53%
Seabrook	1,670,541	2,438,206	7,976,957	45.95%	227.17%
Duane Arnold	1,478,856	3,126,933	3,108,165	111.44%	-0.60%
Point Beach		379,064	6,508,219		1616.92%
FiberNet	2,501,239	3,171,242	3,469,260	26.79%	9.40%
FPL Group Capital	11,584,825	17,601,252	12,427,647	51.93%	-29.39%
FPLES	4,488,532	5,233,066	8,481,445	16.59%	62.07%
Alandco	25,123	23,594	12,176	-6.08%	-48.39%
FPL Group	274,826	486,792	43,049	77.13%	-91.16%
FPL-NED	687,486	853,773	1,024,476	24.19%	19.99%
FPL Group International	56,785	57,730	38,472	1.66%	-33.36%
North American Power Systems	120,274	92,616	81,802	-23.00%	-11.68%
Readi-Power	258,573	96,906	46,202	-62.52%	-52.32%
Total	\$ 37,775,944	\$ 52,971,971	\$ 73,018,847	40.23%	37.84%

	Direct Charges from MFR Backup Excluding Affiliate Fees				Percent Change		
	2008	2009	2010	2011	2009	2010	2011
NextEra	\$ 29,145,214	\$ 15,642,993	\$ 16,202,683	\$ 16,748,792	-46.33%	3.58%	3.37%
Seabrook	2,730,962	2,576,346	2,715,157	2,858,396	-5.66%	5.39%	5.28%
Duane Arnold	2,683,109	2,219,635	2,329,952	2,443,453	-17.27%	4.97%	4.87%
Point Beach	5,487,483	1,722,635	1,823,952	1,828,234	-68.61%	5.88%	5.72%
FiberNet	2,034,163	351,869	362,694	375,900	-82.70%	3.08%	3.64%
FPL Group Capital	9,568,264	7,733,620	8,166,674	8,279,384	-19.17%	5.60%	1.38%
Other <sup>(1)</sup>	20,382,325				-100.00%		
FPLES		5,210,939	5,354,379	5,497,808		2.75%	2.68%
Palms Insurance		6,617,000	6,749,000	6,891,000		1.99%	2.10%
Alandco		25,915	26,207	26,468		1.13%	1.00%
Total	\$ 72,031,520	\$ 42,100,951	\$ 43,730,698	\$ 45,049,435	-41.55%	3.87%	3.02%

<sup>(1)</sup> Other includes the following: Palms Insurance, FPL Group, ALANDCO, FPL Energy Services, FPL Gas Resources, NE Gas & Electric Sales, FPL New England Division, North American Power Supply, and FPL Read Power.

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1 Florida Power & Light Company  
2 FPL Massachusetts Formula

3		Revenues		Gross PP&E		Total Payroll		Average
4	Affiliate	2009 Forecast	Percent	2009 Forecast	Percent	2009 Forecast	Percent	Percent
5	FPL Utility							
6	FPL NED							
7	FPL Energy							
8	Seabrook							
9	Duane Arnold							
10	Point Beach							
11	Fibernet							
12	FPL ES							
13	Palms Insur.							
14	Readi Power							
15	Total							



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1 Florida Power & Light Company  
 2 FPL Massachusetts Formula

3	Revenues		Gross PP&E		Total Payroll		Average
4	2010 Forecast	Percent	2010 Forecast	Percent	2010 Forecast	Percent	Percent
5	FPL Utility						
6	FPL NED						
7	FPL Energy						
8	Seabrook						
9	Duane Arnold						
10	Point Beach						
11	Fibernet						
12	FPL ES						
13	Palms Insur.						
14	Readi Power						
15	Total						

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1 Florida Power & Light Company  
2 FPL Massachusetts Formula

3		Revenues		Gross PP&E		Total Payroll		Average
4	Affiliate	2011 Forecast	Percent	2011 Forecast	Percent	2011 Forecast	Percent	Percent
5	FPL Utility	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6	FPL NED	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7	FPL Energy	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8	Seabrook	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9	Duane Arnold	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10	Point Beach	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11	Fibernet	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12	FPL ES	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
13	Palms Insur.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
14	Readi Power	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
15	Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: Response to OPC Document Request 106; SFHHA Interrogatory 296.

**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 09 0172 EI  
FLORIDA POWER & LIGHT COMPANY**

**IN RE: FLORIDA POWER & LIGHT COMPANY'S  
PETITION TO DETERMINE NEED FOR  
FLORIDA ENERGYSECURE LINE**

**PETITION  
APPENDIX "B"**

**LIST OF ALL COMPANY OFFICERS,  
ADDRESSES/PHONE NUMBERS  
&  
ALL CORPORATE AFFILIATIONS**

**FLORIDA POWER & LIGHT COMPANY**

**Affiliation of Officers & Directors**

Name/Address/Phone	Title(s)	Affiliations
Lewis Hay, III 700 Universe Blvd. Juno Beach, FL 33408  561-694-4705	Director Chairman of the Board	FPL Energy Maine, Inc., Director, Chairman of the Board FPL Group Capital Inc, Director, President and Chief Executive Officer FPL Group Foundation, Inc., Director and Chairman of the Board FPL Group, Inc., Director, Chairman of the Board and Chief Executive Officer NextEra Energy Maine, LLC, Chairman NextEra Energy Resources, LLC, Chairman Turner Foods Corporation, Director
James L. Robo 700 Universe Blvd. Juno Beach, FL 33408  561-691-7711	Director	Contra Costa Capital, LLC, Vice President FPL Group Capital Inc, Director, Vice President FPL Group Foundation, Inc., Director FPL Group Resources Bahamas Asset Holdings, LTD., Director, President FPL Group Resources Bahamas Micro Pipeline, LTD., Director, President FPL Group Resources Bahamas Micro Terminal, LTD., Director, President FPL Group Resources Bahamas One, LTD., Director, President FPL Group Resources Bahamas Three, LTD., Director, President FPL Group Resources Bahamas Two, LTD., Director, President FPL Group Resources LNG Holdings, LLC, President FPL Group Resources Marketing Holdings, LLC, President FPL Group, Inc., President and Chief Operating Officer FPL Investments Inc, Director, President Inventus Holdings, LLC, President Sailfish Natural Gas Company, LLC, Vice President
Armando J. Olivera  561-694-4646	Director, President and Chief Executive Officer	BXR, LLC, President FPL Group Foundation, Inc., Director, President and Treasurer
Armando J. Pimentel, Jr.  561-691-7800	Director, Ex. Vice President, Finance & Chief Financial Officer	Contra Costa Capital, LLC, Vice President FPL Group, Inc., Ex. Vice President, Finance & Chief Financial Officer FPL Group Capital Inc, Director, Senior Vice President, Finance & Chief Financial Officer Inventus Holdings, LLC, Vice President Palms Insurance Company Limited, George Town, Cayman Islands, Director FPL Recovery Funding LLC, President
Antonio Rodriguez  561-694-4900	Director, Ex. Vice President, Power Generation Division	FPL Energy Canadian Operating Services, Inc., Director, President FPL Energy Virginia Power Services, Inc., Director, President FPL Group, Inc., Ex. Vice President, Power Generation Division FPL Historical Museum, Inc., Director and President NextEra Energy Operating Services, LLC, President

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Name/Address/Phone	Title(s)	Affiliations
John A. Stall 700 Universe Blvd. Juno Beach, FL 33408  561-694-4200	Director, Ex. Vice President, Nuclear Division	FPL Group, Inc., President, Nuclear Division
Edward F. Tancer 700 Universe Blvd. Juno Beach, FL 33408  561-691-7087	Director, Vice Chairman & Senior Vice President, Governmental Affairs-State, Asst. Secretary	Alandco I, Inc., Director, Secretary Alandco Inc., Director, Secretary Alandco/Cascade, Inc., Director, Secretary Colonial Penn Capital Holdings, Inc., Director, President and Secretary FPL Energy Services II, Inc., Director FPL FiberNet, LLC, Secretary FPL Group Capital Inc, Asst. Secretary FPL Group Foundation, Inc., Director FPL Group Holdings-1, Inc., Director, President and Secretary FPL Group Holdings 2, Inc., Director, President and Secretary FPL Group, Inc., Asst. Secretary FPL Holdings Inc, Director, President and Secretary FPL Recovery Funding LLC, Secretary Pipeline Funding, LLC, Secretary Praxis Group, Inc., Director, President and Secretary Turner Foods Corporation, Director, President and Secretary West Boca Security, Inc., Asst. Secretary
Robert L. McGrath 700 Universe Blvd. Juno Beach, FL 33408  561-691-7630	Ex. Vice President, Engineering, Construction & Corporate Services	FPL Energy Callahan Wind GP, LLC, Vice President FPL Energy MH700, LLC, Vice President, FPL Group, Inc., Ex. Vice President, Engineering, Construction & Corporate Services NextEra Energy Resources, LLC, Vice President
James W. Poppell 700 Universe Blvd. Juno Beach, FL 33408  561-691-2923	Ex. Vice President, Human Resources, Asst. Secretary	Calypso U.S. Pipeline, LLC, Vice President FPL Group Interstate Pipeline Co., LLC, President FPL Group, Inc., Ex. Vice President, Human Resources, Asst. Secretary
Charles E. Sieving 700 Universe Blvd. Juno Beach, FL 33408  561-691-7575	Ex. Vice President and General Counsel	FPL Group, Inc., Ex. Vice President and General Counsel
Manoochehr K. Nazar 700 Universe Blvd. Juno Beach, FL 33408  561-691-7045	Senior Vice President and Nuclear Chief Operating Officer	FPL Energy Duane Arnold, LLC, Vice President FPL Energy Point Beach, LLC, Vice President FPL Energy Seabrook, LLC, Senior Vice President & Chief Nuclear Officer FPL Group, Inc., Chief Nuclear Officer

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Name/Address/Phone	Title(s)	Affiliations:
Adalberto Alfonso 700 Universe Blvd. Juno Beach, FL 33408  561-904-3407	Vice President, Distribution	None
Craig W. Arcari 700 Universe Blvd. Juno Beach, FL 33408  561-691-2700	Vice President, Power Generation Technical Services	None
Alissa E. Bailot 700 Universe Blvd. Juno Beach, FL 33408  561-691-7721	Vice President & Corporate Secretary	FPL Energy Services, Inc., Secretary FPL Energy Services II, Inc., Secretary FPL Enersys, Inc., Secretary FPL Group, Inc., Vice President & Corporate Secretary FPL Group Capital Inc, Secretary FPL Services, LLC, Secretary FPL Group Foundation, Inc., Secretary Inventus Holdings, LLC, Secretary
Robert E. Barrett, Jr. 700 Universe Blvd. Juno Beach, FL 33408  561-694-6394	Vice President, Finance	None
Deborah H. Caplan 700 Universe Blvd. Juno Beach, FL 33408  561-691-2186	Vice President, Integrated Supply Chain	None
Lakshman Charanjiva 700 Universe Blvd. Juno Beach, FL 33408  561-694-4639	Vice President and Chief Information Officer	None
K. Michael Davis 700 Universe Blvd. Juno Beach, FL 33408  305-552-4327	Vice President, Accounting & Chief Accounting Officer	FPL Group, Inc., Controller & Chief Accounting Officer FPL Group Capital Inc, Controller & Chief Accounting Officer FPL Recovery Funding LLC, Chief Accounting Officer
Timothy Fitzpatrick 700 Universe Blvd. Juno Beach, FL 33408  561-694-6464	Vice President, Marketing & Communications	None

Name/Address/Phone	Title(s)	Affiliations
Sam A. Forrest 700 Universe Blvd. Juno Beach, FL 33408  661-694-3510	Vice President, Energy Marketing & Trading	None
Martin Gettler 700 Universe Blvd. Juno Beach, FL 33408  661-691-7487	Vice President, New Nuclear Projects	None
Donald Grissett 700 Universe Blvd. Juno Beach, FL 33408  661-691-7840	Vice President, Nuclear Operations, South Region	None
Paul W. Hamilton 700 Universe Blvd. Juno Beach, FL 33408  650-621-3915	Vice President, State Legislative Affairs	None
G. Keith Hardy 700 Universe Blvd. Juno Beach, FL 33408  661-694-4772	Vice President, Power Generation Operations	None
James P. Higgins 700 Universe Blvd. Juno Beach, FL 33408  661-691-7600	Vice President, Tax	BAC Investments Corp., Director BXR, LLC, Treasurer EMB Investments, Inc., Director, Vice President FPL Energy Virginia Funding Corporation, Director FPL Group, Inc., Vice President, Tax FPL Group Capital Inc, Vice President KPB Financial Corp., Director, Vice President MES Financial Corp., Director, Vice President Northern Cross Investments, Inc., Director Square Lake Holdings, Inc., Director Sullivan Street Investments, Inc., Director UFG Holdings, Inc., Director West Boca Security, Inc., Director, Vice President
William Jefferson, Jr. 700 Universe Blvd. Juno Beach, FL 33408  305-246-6113	Vice President, Turkey Point Nuclear Power Plant	None

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Name/Address/Phone	Title(s)	Affiliations
Gordon L. Johnston 700 Universe Blvd. Juno Beach, FL 33408  772-487-7100	Vice President, St. Lucie Nuclear Power Plant	None
Terry O. Jones 700 Universe Blvd. Juno Beach, FL 33408  561-691-7495	Vice President, Nuclear Operations, Midwest Region	None
James A. Keener 700 Universe Blvd. Juno Beach, FL 33408  561-691-2470	Vice President, Transmission and Substation	None
Rajiv S. Kundalkar 700 Universe Blvd. Juno Beach, FL 33408  561-694-4848	Vice President, Nuclear Power Uprate	FPL Energy Point Beach, LLC, Vice President FPL Energy Seabrook, LLC, Vice President
Randall R. LeBaume 700 Universe Blvd. Juno Beach, FL 33408  561-691-7001	Vice President, Environmental Services	None
R. W. Litchfield 700 Universe Blvd. Juno Beach, FL 33408  561-691-7101	Vice President, Regulatory Affairs and Chief Regulatory Officer	None
Susan A. Mellans 700 Universe Blvd. Juno Beach, FL 33408  561-694-6313	Vice President, Human Resources	None
C. Martin Mennes 700 Universe Blvd. Juno Beach, FL 33408  305-552-4138	Vice President, Transmission Operations & Planning	None
Pamela M. Rauch 700 Universe Blvd. Juno Beach, FL 33408  561-691-7114	Vice President, Corporate & External Affairs	None



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Name/Address/Phone	Title(s)	Affiliations
Mariene Santos 700 Universe Blvd. Juno Beach, FL 33408  305-552-2569	Vice President, Customer Service	FPL Energy Services, Inc., Director, President FPL Energy Services II, Inc., Director, President FPL Enersys, Inc., Director, President FPL Services, LLC, President
Eric E. Silagy 700 Universe Blvd. Juno Beach, FL 33408  561-304-5206	Vice President and Chief Development Officer	None
Mark E. Warner 700 Universe Blvd. Juno Beach, FL 33408  561-691-3002	Vice President, Nuclear Plant Support	None
Michael M. Wilson 700 Universe Blvd. Juno Beach, FL 33408  202-347-7082	Vice President, Governmental Affairs - Federal	FPL Group, Inc., Vice President, Governmental Affairs - Federal

Name/Address/Phone	Title(s)	Affiliations
William L. Yeager 700 Universe Blvd. Juno Beach, FL 33408  561-694-3407	Vice President, Engineering and Construction	Algona Wind Energy, LLC, Vice President Ashtabula Wind II, LLC, Vice President Ashtabula Wind, LLC, Vice President Beacon Solar, LLC, Vice President Blythe Energy, LLC, Vice President Capricorn Ridge Wind II, LLC, Vice President Capricorn Ridge Wind, LLC, Vice President Coyote Wind, LLC, Vice President Crowned Ridge Wind Energy Center, LLC, Vice President EFB Constructors, LLC, Vice President Elk City Wind, LLC, Vice President FPL Energy Montezuma Wind, LLC, Vice President FPL Energy Natural Gas Holdings, LLC, Vice President FPL Energy Oliver Wind II, LLC, Vice President FPL Energy Point Beach, LLC, Vice President FPL Energy Texas Wind Marketing GP, LLC, Vice President FRLE Montana Wind, LLC, Vice President Gateway Energy Center, LLC, Vice President Genesis Solar, LLC, Vice President Horse Hollow Generation Tie, LLC, Vice President Lamar Power Partners II, LLC, Vice President Langdon Wind, LLC, Vice President NextEra Energy Resources, LLC, Asst. Secretary Northern Colorado Wind Energy, LLC, Vice President Osceola Windpower II, LLC, Vice President Osceola Windpower, LLC, Vice President Peetz Energy, LLC, Vice President Peetz Logan Interconnect, LLC, Vice President Peetz Table Transmission Line, LLC, Vice President Peetz Table Wind Energy, LLC, Vice President Rough Rider Wind I, LLC, Vice President Thunderhead Lake Wind, LLC, Vice President Vasco Winds, LLC, Vice President WAS Holdings, LLC, Vice President West Fry Wind Energy, LLC, Vice President Wolf Ridge Wind, LLC, Vice President

Name/Address/Phone	Title(s)	Affiliations
Paul I. Cutler 700 Universe Blvd. Juno Beach, FL 33408  561-694-6204	Treasurer and Asst. Secretary	Alandco I, Inc., Treasurer Alandco Inc., Treasurer Alandco/Cascade, Inc., Treasurer Aquilo Holdings LP, ULC, Vice President Aquilo LP, ULC, Vice President Ashtabula Wind, LLC, Vice President, Assistant Treasurer Backbone Mountain Windpower LLC, Vice President, Treasurer Backbone Windpower Holdings, LLC, Vice President, Treasurer Badger Windpower, LLC, Vice President, Treasurer Bayswater Peaking Facility, LLC, Vice President, Treasurer Bison Wind Holdings, LLC, Vice President, Treasurer Bison Wind Investments, LLC, Vice President, Treasurer Bison Wind Portfolio, LLC, Vice President, Treasurer Bison Wind, LLC, Vice President, Treasurer Calhoun Power Company I, LLC, Vice President Colonial Penn Capital Holdings, Inc., Director, Vice President, Treasurer Conestogo Wind, ULC, Vice President Cross Timber Power Holding, LLC, Vice President, Treasurer Cross Timber Power, LLC, Vice President, Treasurer Crystal Lake Wind, LLC, Vice President, Asst. Treasurer Diablo Winds, LLC, Vice President Doswell I, LLC, Treasurer ESI Doswell GP, LLC, Treasurer ESI Energy, LLC, Treasurer ESI LP, LLC, Treasurer ESI Mojave LLC, Vice President ESI Vansycle GP, Inc., Vice President, Treasurer ESI Vansycle LP, Inc., Vice President, Treasurer ESI West Texas Energy LP, LLC, Vice President, Treasurer ESI West Texas Energy, Inc., Vice President, Treasurer Florida Power & Light Company Trust II, Administrative Trustee FPL Energy American Wind Holdings, LLC, Vice President, Treasurer FPL Energy American Wind, LLC, Vice President, Treasurer FPL Energy Burleigh County Wind, LLC, Vice President, Treasurer FPL Energy Canadian Operating Services, Inc., Vice President FPL Energy Cowboy Wind, LLC, Vice President, Treasurer FPL Energy Hancock County Wind, LLC, Vice President, Treasurer FPL Energy Horse Hollow Wind II, LLC, Vice President, Treasurer FPL Energy Horse Hollow Wind, LLC, Vice President, Treasurer FPL Energy Maine Hydro LLC, Vice President FPL Energy Marcus Hook LLC, Vice President FPL Energy MH700, LLC, Vice President FPL Energy Morwind, LLC, Vice President FPL Energy National Wind Holdings, LLC, Vice President, Treasurer FPL Energy National Wind Investments, LLC, Vice President, Treasurer FPL Energy National Wind Portfolio, LLC, Vice President, Treasurer

Name/Address/Phone	Title(s)	Affiliations
Cutler (Continued)		FPL Energy National Wind, LLC, Vice President, Treasurer FPL Energy New Mexico Holdings, LLC, Vice President, Treasurer FPL Energy New Mexico Wind Financing, LLC, Vice President, Treasurer FPL Energy New Mexico Wind Holdings II, LLC, Vice President, Treasurer FPL Energy New Mexico Wind II, LLC, Vice President, Treasurer FPL Energy New Mexico Wind, LLC, Vice President, Treasurer FPL Energy New York, LLC, Vice President, Treasurer FPL Energy North Dakota Wind II, LLC, Vice President, Treasurer FPL Energy North Dakota Wind, LLC, Vice President, Treasurer FPL Energy Oklahoma Wind Finance, LLC, Vice President, Treasurer FPL Energy Oklahoma Wind, LLC, Vice President, Treasurer FPL Energy Post Wind GP, LLC, Vice President, Treasurer FPL Energy Post Wind LP, LLC, Vice President, Treasurer FPL Energy Rockaway Peaking Facilities, LLC, Vice President FPL Energy SEGS III-VII GP, LLC, Vice President FPL Energy SEGS III-VII LP, LLC, Vice President FPL Energy Services II, Inc., Treasurer and Asst. Secretary FPL Energy Services, Inc., Treasurer FPL Energy Sooner Wind, LLC, Vice President, Treasurer FPL Energy South Dakota Wind, LLC, Vice President, Treasurer FPL Energy Stateline Holdings, L.L.C., Vice President, Treasurer FPL Energy Stateline II Holdings, LLC, Vice President, Treasurer FPL Energy Stateline II, Inc., Vice President, Treasurer FPL Energy Texas Wind GP, LLC, Vice President, Treasurer FPL Energy Tyler Texas LP, LLC, Vice President, Treasurer FPL Energy Upton Wind I, LLC, Vice President FPL Energy Upton Wind II, LLC, Vice President FPL Energy Upton Wind III, LLC, Vice President FPL Energy Upton Wind IV, LLC, Vice President FPL Energy Vansycle L.L.C., Vice President FPL Energy Waymart GP, LLC, Vice President, Treasurer FPL Energy Waymart LP, LLC, Vice President, Treasurer FPL Energy Wind Financing, LLC, Vice President, Treasurer FPL Energy Wind Funding Holdings, LLC, Vice President, Treasurer FPL Energy Wind Funding, LLC, Vice President, Treasurer FPL Energy Wyoming, LLC, Vice President, Treasurer NextEra Energy Resources, LLC, Treasurer FPL Enersys, Inc., Treasurer and Asst. Secretary FPL FiberNet, LLC, Treasurer FPL Group Capital Inc, Director, Vice President, Treasurer, Asst. Secretary FPL Group Capital Trust I, Administrative Trustee FPL Group Capital Trust II, Administrative Trustee FPL Group Capital Trust III, Administrative Trustee

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Name/Address/Phone	Title(s)	Affiliations
Cutler (continued)		FPL Group Holdings 1, Inc., Treasurer FPL Group Holdings 2, Inc., Treasurer FPL Group Resources Bahamas Asset Holdings, LTD., Treasurer FPL Group Resources Bahamas Micro Pipeline, LTD., Treasurer FPL Group Resources Bahamas Micro Terminal, LTD., Treasurer FPL Group Resources Bahamas One, LTD., Treasurer FPL Group Resources Bahamas Three, LTD., Treasurer FPL Group Resources Bahamas Two, LTD., Treasurer FPL Group Resources LNG Holdings, LLC, Treasurer FPL Group Resources Marketing Holdings, LLC, Treasurer FPL Group Resources, LLC, Treasurer FPL Group Trust I, Administrative Trustee FPL Group Trust II, Administrative Trustee FPL Group, Inc., Treasurer, Asst. Secretary FPL Historical Museum, Inc., Vice President and Asst. Secretary FPL Holdings Inc, Director, Vice President, Treasurer FPL Investments Inc, Director, Treasurer, Controller FPL Real-Power, LLC, Treasurer FPL Recovery Funding LLC, Treasurer FPL Services, LLC, Treasurer FPLE Canadian Wind, LLC, Vice President Green Ridge Power LLC, Vice President Green Ridge Services LLC, Vice President Heartland Wind Holding, LLC, Vice President, Asst. Treasurer Heartland Wind, LLC, Vice President, Asst. Treasurer Heartland Wind Holding II, LLC, Vice President, Asst. Treasurer Heartland Wind II, LLC, Vice President, Asst. Treasurer High Winds, LLC, Vice President, Treasurer Inventus Holdings, LLC, Treasurer Jamaica Bay Peaking Facility, LLC, Vice President, Treasurer Langdon Wind, LLC, Vice President, Asst. Treasurer Legacy Renewables Holdings, LLC, Vice President Legacy Renewables, LLC, Vice President Lone Star Wind Holdings, LLC, Vice President, Treasurer Lone Star Wind, LLC, Vice President, Treasurer Meyersdale Windpower LLC, Vice President, Treasurer Mill Run Windpower LLC, Vice President Mount Copper GP, Inc., Vice President Northern Frontier Wind Funding, LLC, Vice President Northern Frontier Wind, LLC, Vice President Pacific Power Investments, LLC, Vice President Palms Insurance Company, Limited, Director, Treasurer Pennsylvania Windfarms, LLC, Vice President Pipeline Funding, LLC, Vice President, Treasurer Praxis Group, Inc., Treasurer

Name/Address/Phone	Title(s)	Affiliations
Cutler (continued)		Pubnico Point GP, Inc., Vice President Pubnico Point Wind Farm Inc., Vice President Santa Barbara Turbine Finance V, LLC, Vice President Sky River LLC, Vice President Somerset Windpower LLC, Vice President Story Wind, LLC, Vice President; Assistant Treasurer Turner Foods Corporation, Treasurer Victory Garden Phase IV, LLC, Vice President White Pine Hydro Holdings, LLC, Vice President White Pine Hydro Investments, LLC, Vice President White Pine Hydro Portfolio, LLC, Vice President White Pine Hydro, LLC, Vice President
Kimberly Ousdahl 700 Universe Blvd. Juno Beach, FL 33408  561-694-6231	Controller	None

Name/Address/Phone	Title(s)	Affiliations
Kathy A. Bellhart 700 Universe Blvd. Juno Beach, FL 33408  561-694-6405	Asst. Treasurer	Aquilo Holdings LP, ULC, Vice President, Asst. Treasurer, Asst. Secretary Aquilo LP, ULC, Vice President, Asst. Treasurer, Asst. Secretary Ashtabula Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Backbone Mountain Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Backbone Windpower Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind Investments, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind Portfolio, LLC, Vice President, Asst. Treasurer, Asst. Secretary Bison Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Conestogo Wind, ULC, Vice President, Asst. Treasurer, Asst. Secretary Cross Timber Power Holding, LLC, Vice President, Asst. Treasurer, Asst. Secretary Cross Timber Power, LLC, Vice President, Asst. Treasurer, Asst. Secretary Crystal Lake Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Diablo Winds, LLC, Vice President, Asst. Treasurer, Asst. Secretary ESI Mojave LLC, Vice President, Asst. Treasurer, Asst. Secretary ESI Vansycle GP, Inc., Vice President, Asst. Treasurer, Asst. Secretary ESI Vansycle LP, Inc., Vice President, Asst. Treasurer, Asst. Secretary Florida Power & Light Company, Asst. Treasurer FPL Energy American Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Burleigh County Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Canadian Operating Services, Inc., VP, Asst. Treasurer, Asst. Secretary FPL Energy Cowboy Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Horse Hollow Wind II, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Horse Hollow Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Maine Hydro LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Morwind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy National Wind Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary

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Name/Address/Phone	Title(s)	Affiliations
Bellhart (continued)		FPL Energy National Wind Investments, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy National Wind Portfolio, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy National Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy North Dakota Wind II, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy North Dakota Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Oklahoma Wind Finance, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Oklahoma Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Post Wind GP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Post Wind LP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Rockaway Peaking Facilities, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Sooner Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy South Dakota Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Texas Wind GP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Tyler Texas LP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind I, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind II, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind III, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Upton Wind IV, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Vansycle L.L.C., Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Waymart GP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Waymart LP, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Energy Wyoming, LLC, Vice President, Asst. Treasurer, Asst. Secretary FPL Group Capital Inc, Asst. Treasurer FPL Group, Inc., Asst. Treasurer FPL Recovery Funding LLC, Asst. Treasurer FPLE Canadian Wind, ULC, Vice President, Asst. Treasurer, Asst. Secretary Green Ridge Power LLC, Vice President, Asst. Treasurer, Asst. Secretary Green Ridge Services LLC, Vice President, Asst. Treasurer, Asst. Secretary Heartland Wind Holding, LLC, Vice President, Asst. Treasurer, Asst. Secretary Heartland Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Heartland Wind Holding II, LLC, Vice President, Asst. Treasurer, Asst. Secretary Inventus Holdings, LLC, Asst. Treasurer Langdon Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Legacy Renewables Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Legacy Renewables, LLC, Vice President, Asst. Treasurer, Asst. Secretary Lone Star Wind Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary Lone Star Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary



Name/Address/Phone	Title(s)	Affiliations
Beilhart (continued)		Meyersdale Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Mill Run Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Mount Copper GP, Inc., Vice President, Asst. Treasurer, Asst. Secretary Northern Frontier Wind Funding, LLC, Vice President, Asst. Treasurer, Asst. Secretary Northern Frontier Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Pennsylvania Windfarms, LLC, Vice President, Asst. Treasurer, Asst. Secretary Pubnico Point GP, Inc., Vice President, Asst. Treasurer, Asst. Secretary Pubnico Point Wind Farm Inc., Vice President, Asst. Treasurer, Asst. Secretary Short Pines International Limited, Asst. Treasurer Sky River LLC, Vice President, Asst. Treasurer, Asst. Secretary Story Wind, LLC, Vice President, Asst. Treasurer, Asst. Secretary Somerset Windpower LLC, Vice President, Asst. Treasurer, Asst. Secretary Victory Garden Phase IV, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro Holdings, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro Investments, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro Portfolio, LLC, Vice President, Asst. Treasurer, Asst. Secretary White Pine Hydro, LLC, Vice President, Asst. Treasurer, Asst. Secretary
M. Beth Farr 700 Universe Blvd. Juno Beach, FL 33408  561-694-6464	Asst. Controller	FPL Group, Inc., Asst. Controller
Frank V. Isabell 700 Universe Blvd. Juno Beach, FL 33408  305-552-3547	Asst. Controller	Alandco Inc., Asst. Controller ESI Energy, LLC, Asst. Secretary FPL Group Capital Inc, Asst. Controller FPL Group International, Inc., Asst. Controller FPL Group, Inc., Asst. Controller
Daisy Jacobs 700 Universe Blvd. Juno Beach, FL 33408  561-694-6333	Asst. Controller	None

Name/Address/Phone	Title(s)	Affiliations
Judith J. Kahn 700 Universe Blvd. Juno Beach, FL 33408  561-691-7631	Asst. Treasurer	BAC Investment Corp., Director, Treasurer Contra Costa Capital, LLC, Treasurer EMB Investments, Inc., Director, Treasurer FPL Energy American Wind Holdings, LLC, Asst. Treasurer FPL Energy American Wind, LLC, Asst. Treasurer FPL Energy Duane Arnold, LLC, Asst. Treasurer FPL Energy Point Beach, LLC, Asst. Treasurer FPL Energy Rockaway Peaking Facilities, LLC, Treasurer FPL Energy Seabrook, LLC, Asst. Treasurer FPL Energy Virginia Funding Corporation, Director, Treasurer FPL Energy Wind Funding, LLC, Asst. Treasurer FPL Group, Inc., Asst. Treasurer and Asst. Secretary KPB Financial Corp., Director, Treasurer Kramer Junction Solar Funding, LLC, Treasurer MES Financial Corp., Director, Treasurer Northern Cross Investments, Inc., Director, Treasurer Pacific Power Investments, LLC, Treasurer Pipeline Funding Company, LLC, Treasurer Santa Barbara Turbine Finance V, LLC, Treasurer Square Lake Holdings, Inc., Director, Treasurer Sullivan Street Investments, Inc., Director, Treasurer UFG Holdings, Inc., Director, Treasurer West Boca Security, Inc., Director, Treasurer
Joaquin Leon 700 Universe Blvd. Juno Beach, FL 33408  305-552-3922	Asst. Secretary	FPL Group, Inc., Asst. Secretary
Nancy A. Swalwell 700 Universe Blvd. Juno Beach, FL 33408  561-691-2155	Asst. Secretary	None

**Florida Power & Light Company**  
**FPL Group Earnings Summary by Segment**

(unaudited)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Adjusted Earnings per Share (assuming dilution)									
FPL	\$ 1.89	\$ 2.06	\$ 2.07	\$ 2.06	\$ 2.07	\$ 1.94	\$ 2.02	\$ 2.09	\$ 1.96
NextEra	0.24	0.34	0.38	0.53	0.51	0.82	1.31	1.57	2.04
Corporate and Other	0.06	-0.02	-0.04	-0.11	-0.09	-0.13	-0.29	-0.17	-0.16
Total Adjusted Earnings per Share	\$ 2.19	\$ 2.38	\$ 2.41	\$ 2.48	\$ 2.49	\$ 2.63	\$ 3.04	\$ 3.49	\$ 3.84
Certain Items (after-tax)	-0.12	-0.04	-1.03	0.05	-0.01	-0.29	0.19	-0.22	0.23
Total Earnings per Share	\$ 2.07	\$ 2.34	\$ 1.38	\$ 2.53	\$ 2.48	\$ 2.34	\$ 3.23	\$ 3.27	\$ 4.07
FPL	86%	87%	86%	83%	83%	74%	66%	60%	51%
NextEra	11%	14%	16%	21%	20%	31%	43%	45%	53%
Corporate and Other	3%	-1%	-2%	-4%	-4%	-5%	-10%	-5%	-4%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Docket Nos. 080677-EI & 090130-EI  
FPL Group 2008 Annual Report  
Exhibit KHD-8, Page 1 of 2

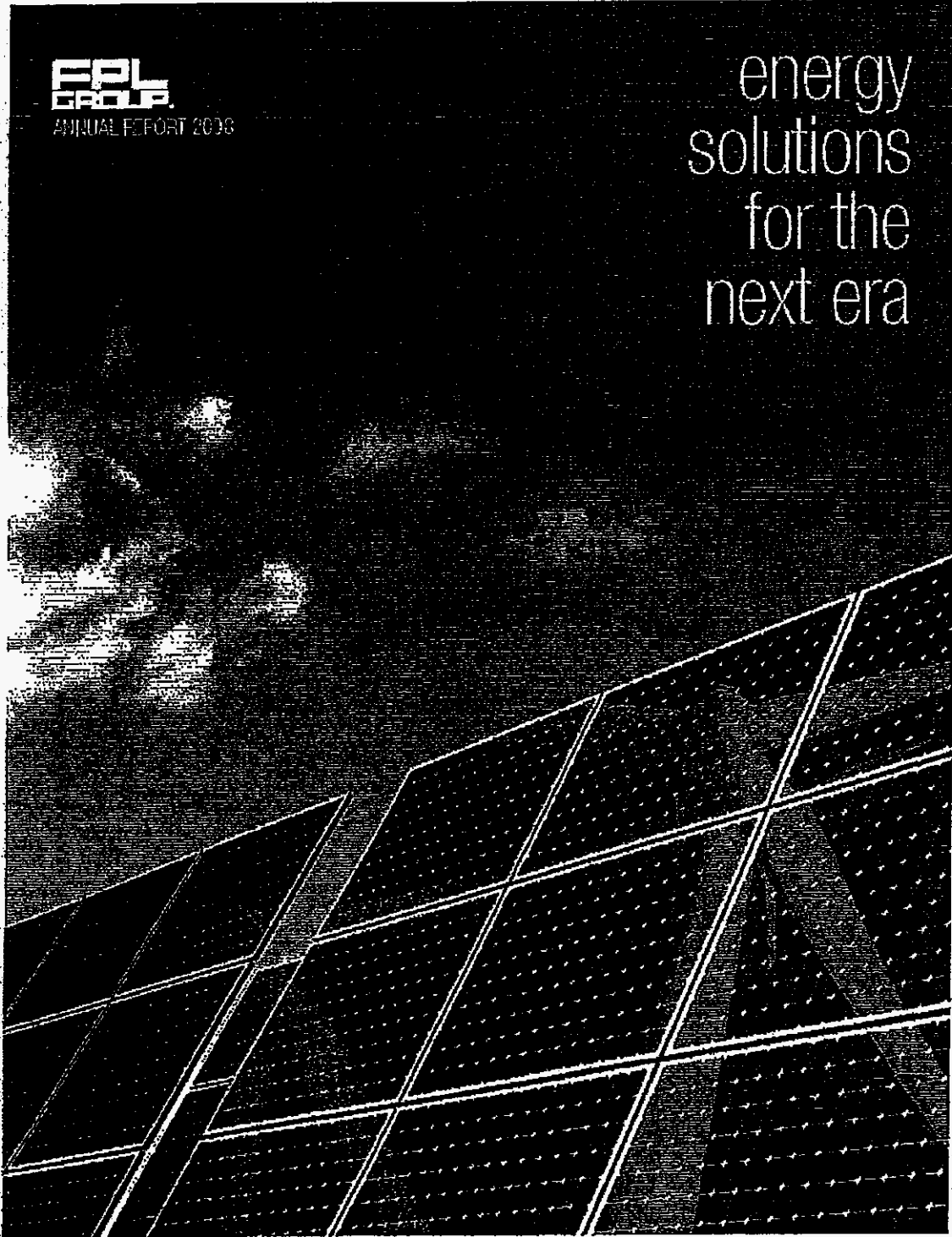
**Florida Power & Light Company**  
**FPL Group 2008 Annual Report**

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**FPL  
GROUP**

ANNUAL REPORT 2008

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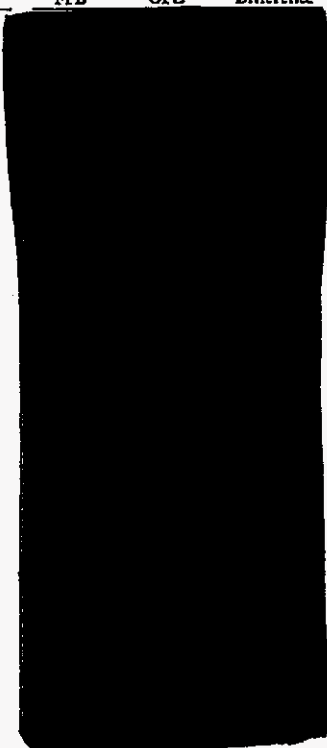
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C D E

1 Florida Power & Light Company  
 2 OPC Recommended Affiliate Management Fee Cost Drivers

Code	Description	2010		
		FPL	OPC	Difference
c1	MF-Shared			
c2	MF-FPLES & Fibernet			
c3	MF-FPLE & FPL NED			
c3a	MF-FPLE, FPL NED, & Fibernet			
c4	Headcount Incl. Affiliates			
c6	Sq Ft Avg Incl. Subs			
c7	Sq Ft - GO			
c8	Sq Ft - JB			
c9	Average of Shared Benefit Capitalized Software Drivers			
c10	Average of Shared Benefit Capitalized Hardware Drivers			
c11	Affiliate Megawatts - NUC Executive			
c12	Affiliate Megawatts - PGD Executive			
ca1	FTEs of cafeteria bldgs JB, GO, LFO, CSE, PIN, & PSL			
hr2	GO Building Affiliate FTE %			
hr3	JB Building Affiliate FTE %			
hr4	LFO Building Affiliate FTE%			
hr5	Well Program FTE%			
X1	Adjusted number of workstations per business unit for Desktop support (W/S Model #1)			
X2	Actual number of workstations per business unit. (includes Subsidiaries) (W/S Model #2)			
X4	Actual number of mainframe MVS CPU hours by business unit.			
X7	Actual number of workstations per business unit. (includes Subsidiaries), excludes BCCR charges			
XF	Actual number of workstations per business unit. (includes subsidiaries in FPL utility facilities)			
XN1	SAP Volume of Trans by Business Unit (FPLE Support)			
XS1	Based on server ownership information - IM percent allocated out by total workstation count			
XS2	Datacenter alloc. based on server located in GO and JB - IM percent allocated by total workstation count			
XS3	Shared DASD allocation based on server and datacenter models			
Y2	Actual number of workstations per business unit. (includes Subsidiaries) (W/S Model #2)			
Y3	Based on documents processed by BU			
Y7	Actual number of workstations per business unit (inc subs in FPL facilities) (W/S Model #4)			
YK	Actual % of FPL's subsidiaries workforce as a % of total FPL workforce for subs allocation.			
YN	Actual % of FPL's subsidiaries SAP transactions as a % of total FPL transactions for subs allocation.			
YS1	Based on server ownership information - IM percent allocated out by total workstation count			
YS2	Datacenter alloc. based on server located in GO and JB - IM percent allocated by total workstation count			
YS3	Shared DASD allocation based on server and datacenter models			



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1 Florida Power & Light Company  
 2 OPC Recommended Massachusetts Formula

3	FPL	Revenues	Gross PP&E	Total Payroll	Total Shared	FPL / Affiliate
4	FPL Utility					
5	FPL NED					
6	FPL Energy					
7	Seabrook					
8	Duane Arnold					
9	Point Beach					
10	Fibernet					
11	FPL ES					
12	Palms Insur.					
13	Readi Power					
14	Total					

15	OPC	Revenues	Gross PP&E	Total Payroll	Total Shared	FPL / Affiliate
16	FPL Utility					
17	FPL NED					
18	FPL Energy					
19	Seabrook					
20	Duane Arnold					
21	Point Beach					
22	Fibernet					
23	FPL ES					
24	Palms Insur.					
25	Readi Power					
26	Total					



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A            B            C            D            E            F            G  
1 Florida Power & Light Company  
2 OPC Recommended Affiliate Management Fee Adjustments  
3 FPL Group Executive Salary Adjustment

4		FPL Group	FPL	FPL Amount	OPC	OPC Amount	OPC
5		Executive	Allocation	Allocated to	Allocation	Allocated to	Recommended
6		Salary &	Factor	Affiliates	Factor	Affiliates	Adjustment
7	Year	Bonus					
8	2010	[REDACTED]			50%	[REDACTED]	\$ (7,935,975.87)
9	2011	[REDACTED]			50%	[REDACTED]	\$ (7,906,276.35)

A B C D

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1 **Florida Power & Light Company**  
2 **OPC Recommended Affiliate Management Fee Adjustments**  
3 **Affiliate Allocation Factor Adjustments**

4		FPL Amount	OPC Amount	OPC
5		Allocated to	Allocated to	Recommended
6	<u>Year</u>	<u>Affiliates</u>	<u>Affiliates</u>	<u>Adjustment</u>
7	<b>Costs Allocated Based on the Massachusetts Formula</b>			
8	2010	[REDACTED]	[REDACTED]	\$ -
9	2011	[REDACTED]	[REDACTED]	\$ (1,393,000.46)
10	<b>Costs Allocated Based on Specific Drivers</b>			
11	2010	[REDACTED]	[REDACTED]	\$ (2,284,350.28)
12	2011	[REDACTED]	[REDACTED]	\$ (5,069,195.30)

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1 Florida Power and Light Company  
2 FiberNet Adjustment

	Amount
3 <u>Cost Component</u>	
4 <u>Asset Base for ROI 2010</u>	
5 Fiber	
6 Shared Fiber	
7 Electronics	
8 Shared Electronics	
9 Capital Spares	
10 NOC Assets	
11 Accumulated Depreciation	
12 Total Allocated Asset Base	
13 ROI Rate	
14 FPL Return on Investment	7.41%
15 OPC Recommended ROI	
16 OPC Return on Investment	
17 OPC Recommended Adjustment 2010	\$ (1,182,224)
18 OPC Recommended Adjustment 2011	\$ (1,182,224)

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1 Florida Power & Light Company  
2 FPLES Margin on Gas Sales Adjustment

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3 Year	Gas Margin
4 2001	\$ [REDACTED]
5 2002	[REDACTED]
6 2003	[REDACTED]
7 2004	[REDACTED]
8 2005	[REDACTED]
9 Total	\$ [REDACTED]
10 Average Annual Gas Margin	\$ [REDACTED]
11 Gain on Sale	\$ 611,294
12 Amortization Period	5
13 Gain Attributable to Customers	\$ 122,259
14 Adjustment to Test Year Revenue 2010	\$ [REDACTED]
15 Adjustment to Test Year Revenue 2011	\$ [REDACTED]

Florida Power & Light Company  
 Gain on Sale Adjustment

Year	Transaction Sale Price	Transaction Original Cost	Transaction Gain	Transaction Description	Amount of Gain
2007	10. In 2007, FP&L transferred a combustion turbine rotor amounting to \$13,735,167 to FPL Group, Inc.	10. The original cost of the assets transferred in 2007 was \$9,189,756.	10. The 2007 asset transfers resulted in a gain of \$4,545,411, which was recorded above the line.	10. On 6/22/07, a combustion turbine rotor was sold to FPL Group, Inc. to restore configuration of combustion turbine.	\$4,545,411
2007	11. In 2007, FP&L transferred globe valves amounting to \$1,541 to Doswell Limited Partnership.	11. The original cost of the assets transferred in 2007 was \$1,149.	11. The 2007 asset transfer resulted in a gain of \$392, which was recorded above the line.	11. On 10/10/07, globe valves were sold to Doswell Limited Partnership due to an extended lead time from supplier.	392
2007	12. In 2007, FP&L transferred seal pins, lock wire, and dowel pins amounting to \$3,306 to Doswell Limited Partnership.	12. The original cost of the assets transferred in 2007 was \$3,198.	12. The 2007 asset transfer resulted in a gain of \$108, which was recorded above the line.	12. On 5/14/07, seal pins, lock wire, and dowel pins were sold to Doswell Limited Partnership due to an outage.	108
2007	13. In 2007, FP&L transferred v-seals amounting to \$7,617 to Doswell Limited Partnership.	13. The original cost of the assets transferred in 2007 was \$6,310.	13. The 2007 asset transfer resulted in a gain of \$1,307, which was recorded above the line.	13. In June, v-seals were sold to Doswell Limited Partnership.	1,307
2007	14. In 2007, FP&L transferred gaskets, brackets, ect. amounting to \$37,716 to Doswell Limited Partnership.	14. The original cost of the assets transferred in 2007 was \$31,411.	14. The 2007 asset transfer resulted in a gain of \$6,305, which was recorded above the line.	14. On 6/21/07, gaskets, brackets, ect were sold to Doswell Limited Partnership for their use.	6,305
2007	16. In 2007, FP&L transferred gland, packing, tubing assemblies amounting to \$969 to FPL Energy Forney, LLC.	16. The original cost of the assets transferred in 2007 was \$746.	16. The 2007 asset transfer resulted in a gain of \$223, which was recorded above the line.	16. On 3/6/07, gland, packing, tubing assemblies were sold to FPL Energy Forney, LLC due to an outage.	223
2007	18. In 2007, FP&L transferred probes, axial position amounting to \$1,608 to FPL Energy Forney, LLC.	18. The original cost of the assets transferred in 2007 was \$1,581.	18. The 2007 asset transfer resulted in a gain of \$27, which was recorded above the line.	18. On 4/13/07, probes, axial position were sold to FPL Energy Forney, LLC due to an outage.	27
2007	19. In 2007, FP&L transferred tubing, gaskets, belts, seals, & screws amounting to \$5,470 to FPL Energy Forney, LLC.	19. The original cost of the assets transferred in 2007 was \$5,408.	19. The 2007 asset transfer resulted in a gain of \$62, which was recorded above the line.	19. On 3/29/07, tubing, gaskets, belts, seals, & screws were sold to FPL Energy Forney, LLC due to an outage.	62
2007	20. In 2007, FP&L transferred brackets, retainers, & seals amounting to \$13,148 to FPL Energy Forney, LLC.	20. The original cost of the assets transferred in 2007 was \$13,032.	20. The 2007 asset transfer resulted in a gain of \$116, which was recorded above the line.	20. On 3/5/07, brackets, retainers, & seals were sold to FPL Energy Forney, LLC due to an outage.	116
2007	21. In 2007, FP&L transferred bolts, seals, bearings, screws, tube amounting to \$14,788 to FPL Energy Forney, LLC.	21. The original cost of the assets transferred in 2007 was \$13,678.	21. The 2007 asset transfer resulted in a gain of \$1,110, which was recorded above the line.	21. On 3/21/07, bolts, seals, bearings, screws, tube were sold to FPL Energy Forney, LLC due to an outage.	1,110
2007	22. In 2007, FP&L transferred dresser coupling gaskets amounting to \$1,250 to FPLE Calhoun Power Company.	22. The original cost of the assets transferred in 2007 was \$1,138.	22. The 2007 asset transfer resulted in a gain of \$112, which was recorded above the line.	22. On 3/29/07, dresser coupling gaskets were sold to FPLE Calhoun Power Company due to an outage.	112
2007	24. In 2007, FP&L transferred gaskets amounting to \$188 to FPLE Marcus Hook 750, LLC.	24. The original cost of the assets transferred in 2007 was \$121.	24. The 2007 asset transfer resulted in a gain of \$67, which was recorded above the line.	24. In June, gaskets were sold to FPLE Marcus Hook 750, LLC.	67
2007	31. In 2007, FP&L transferred bellows, gaskets, & bolts amounting to \$10,014 to Lamar Power Partners.	31. The original cost of the assets transferred in 2007 was \$9,950.	31. The 2007 asset transfer resulted in a gain of \$64, which was recorded above the line.	31. On 9/12/07, bellows, gaskets, & bolts were sold to Lamar Power Partner due to an outage.	64