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JOSE R. OLIVA
*Speaker of the House of
Representatives*

December 5, 2018

Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No _____; Joint Petition For Rate Reductions Or Alternative Reverse
Make-Whole Rate Case Against Florida Power & Light Company

Dear Ms. Stauffer:

I am submitting for filing and docketing the enclosed Joint Petition For Rate Reductions Or Alternative Reverse Make-Whole Rate Case Against Florida Power & Light Company on behalf of joint petitioners, Office of Public Counsel ("OPC"), the Florida Retail Federation ("FRF"), and the Florida Industrial Power Users Group ("FIPUG"), collectively "Joint Petitioners." The Joint Petitioners represent all of FPL's ratepayers. Through this Petition, the Joint Petitioners are asking the Florida Public Service Commission to promptly order Florida Power & Light Company ("FPL") to refund up to \$736.8 million of annual cost savings created by the Tax Cuts and Jobs Act ("TCJA"), over which the Commission asserted jurisdiction as of February 6, 2018, and to implement permanent base rate reductions reflecting FPL's dramatically reduced income tax costs and other adjustments.

When FPL exhausted the remaining balance in the amortization reserve surplus created by the Stipulation and Settlement that concluded FPL's 2016 general rate case, it extinguished both the Reserve and the Reserve Amortization Mechanism ("ARM") created in the 2016 Settlement. The unavailability of the ARM coupled with the annual TCJA savings of \$736.8 million causes FPL to exceed its authorized maximum 11.6% return on equity. Under the 2016 Settlement the appropriate remedy to address such excess earnings is a review of FPL's base rates, which is substantively a "reverse make-whole" rate case. The OPC and FRF are exercising their rights under the 2016 Settlement to invoke this remedy and in doing so are asking the Commission to take all necessary steps to ensure that FPL's customers promptly receive the benefits of the TCJA tax savings which belong to them and to which they are entitled, and further to ensure that FPL's base rates are fair, just, and reasonable

December 5, 2018
Page 2

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JR Kelly', is written over the word 'Sincerely,'.

JR Kelly
Public Counsel

cc: Attached Service List

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Enforcement of 2016
Settlement and Permanent Base Rate Reductions
Against Florida Power & Light Company

DOCKET No. _____-EI

FILED: December 5, 2018

**JOINT PETITION FOR RATE REDUCTIONS OR ALTERNATIVE REVERSE MAKE-
WHOLE RATE CASE AGAINST FLORIDA POWER & LIGHT COMPANY**

Come now the Citizens of the State of Florida, represented by the Office of Public Counsel (“Citizens” or “OPC”), the Florida Industrial Power Users Group (“FIPUG”) and the Florida Retail Federation (“FRF”) (collectively the “Joint Customers,” “Customers,” or “Petitioners”) and petition the Florida Public Service Commission (“Commission” or “PSC”) to protect all retail customers of Florida Power & Light Company (“FPL”) by ensuring that all FPL customers receive – as soon as possible – the full benefits of the federal income tax savings realized by FPL pursuant to the Tax Cuts and Jobs Act of 2017 (“Tax Act” or “TCJA”). The Customers’ experts estimate that FPL is presently realizing tax savings of approximately \$736,800,000 per year – i.e., \$736.8 million per year – the benefit of which all FPL customers are entitled to receive through rate reductions on their bills from FPL. Contrary to the 2016 Stipulation and Settlement between FPL, OPC, and the FRF, contrary to the “regulatory compact,” and contrary to fundamental regulatory principles that require utility rates to be fair, just, and reasonable, FPL is improperly attempting to retain all of the tax savings for the benefit of its shareholder, NextEra Energy, Inc., rather than flowing back these dramatic windfall cost savings to its customers.

In summary, with fair and transparent recognition of the cost savings FPL is realizing as a result of the TCJA, FPL is overearning by \$301 million per year in 2018, which translates to an ROE of approximately 13.0 percent. This triggers the Customers’ right to seek a review of FPL’s base rates, including rate reductions, pursuant to the 2016 Stipulation and Settlement (the “2016 Settlement”) approved by the Commission in FPL’s last general rate case. In re: Petition for Rate

Increase by Florida Power & Light Company, Docket No. 20160021-EI, Order No. PSC-2016-0560-AS-EI (F.P.S.C., Dec. 15, 2016) (the “2016 Order”). Accordingly, the Customers request that the Commission initiate a comprehensive review of FPL’s base rates, i.e., a reverse make-whole rate case, and at the conclusion of that case: (1) order FPL to refund to all retail customers the tax savings realized by FPL since February 6, 2018, which is the effective date of Commission Order No. PSC-2018-0104-PCO-EI, by which the Commission took jurisdiction over FPL’s savings resulting from the TCJA;¹ and (2) order FPL to permanently reduce its base rates, effective upon the date of the Commission’s vote, by the amount of FPL’s tax cost savings resulting from the TCJA and by other known factors affecting FPL’s fair, just, and reasonable revenue requirements, including a lower rate of return on equity (“ROE”) and a lower equity ratio, as well as any other adjustments determined by the Commission in the requested proceedings.

This Petition is filed pursuant to the Citizens’ and FRF’s right to seek a review of FPL’s base rates pursuant to Section 11(b) of the 2016 Settlement, and to the general right of a public utility’s customers (i.e., FIPUG) to petition the Commission to ensure fair, just, and reasonable rates for all of FPL’s customers pursuant to Chapter 366, Florida Statutes, including Sections 366.06(2), 366.07, and 366.071, Florida Statutes. It may also be considered a petition, request, or complaint within the meaning of Sections 366.06(2) and 366.07, Florida Statutes, and Rule 25-22.036(2), Florida Administrative Code (“F.A.C.”). As stated above, this Petition seeks refunds and rate reductions flowing from the tax cost savings being realized by FPL due to the TCJA, as well as reductions due to lower capital costs, i.e., a lower ROE and equity ratio, and other cost factors. Accordingly, the Customers will file, under cover of a Notice of Filing, this Petition in

¹ In re: Petition to Establish a Generic Docket to Investigate and Adjust Rates for 2018 Tax Savings, by Office of Public Counsel, Docket No. 20180013-EI, Order No. PSC-2018-0104-PCO-EI at 4-5 (F.P.S.C., Feb. 26, 2018).

Docket No. 20180046-EI, In Re: Consideration of the Tax Impacts Associated with Tax Cuts and Jobs Act of 2017 for Florida Power & Light Company (“FPL Tax Docket”).

In further support of this Petition, the Customers state as follows:

PROCEDURAL BACKGROUND

1. Pursuant to Section 350.0611, Florida Statutes, the Office of Public Counsel is the statutory representative of all retail customers of Florida public utilities, including FPL, in proceedings before the Commission. The Public Counsel’s specific statutory mandate is to represent the people of the state in such proceedings and includes the specific authority to petition the Commission to commence any proceeding that he or she deems to be in the public interest.

2. The Florida Retail Federation is an established association of more than 8,000 members in Florida. Many of the FRF’s members are retail electric customers of FPL; these members purchase electricity from FPL pursuant to several different FPL rate schedules. The FRF’s members require adequate, reasonably priced electricity in order to conduct their businesses consistently with the needs of their customers and ownership. The FRF has been granted intervention in every FPL general rate case and in many other Commission proceedings involving FPL and other Florida public utilities for many years. See, e.g., Order No. PSC-2016-0181-PCO-EI, Order Granting Florida Retail Federation’s Petition to Intervene, issued in Docket No. 20160021-EI (F.P.S.C., May 4, 2016).

3. The Florida Industrial Power Users Group is an *ad hoc* association consisting of industrial users of electricity in Florida, including FPL customers. Like the FRF’s members, FIPUG’s members require adequate, reasonably priced electricity in order to conduct their business. FIPUG has been granted intervention in every FPL general rate case and in many other Commission proceedings involving FPL and other Florida public utilities for many years. See,

e.g., Order No. PSC-2016-0132-PCO-EI, Order Granting Florida Industrial Power Users Group’s Motion to Intervene, issued in Docket No. 20160015-EI (F.P.S.C., April 4, 2016).

4. FPL is a public utility, as defined in Section 366.02(1), Florida Statutes, and thereby subject to the Commission’s plenary regulatory jurisdiction with respect to its retail electric service, as set forth in Chapter 366, Florida Statutes.

5. The agency affected by this Petition is:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850.

6. This Petition seeks relief in the form of rate reductions and refunds applicable to retail electric service provided by FPL. The requested rate reductions are required in order to pass the tax cost savings realized by FPL pursuant to the TCJA on to all of its retail customers in Florida, including the customers represented by the Public Counsel and the members of FIPUG and the FRF, and to make additional adjustments necessary to ensure that FPL’s rates are fair, just, and reasonable.

LEGAL BACKGROUND

7. The issue presented in this Petition is the determination of the fair, just, and reasonable rates to be charged by FPL following the windfall cost reduction resulting from the TCJA. Several provisions of Chapter 366, Florida Statutes, require the Commission to set rates for FPL that are fair, just, reasonable, and not unduly discriminatory, and provide substantially affected parties the opportunity to petition the Commission seeking rate adjustments to ensure that a public utility’s rates are fair, just, and reasonable. Section 366.05(1), Florida Statutes, provides:

366.05 Powers.—

(1)(a) In the exercise of such jurisdiction, the commission shall have power to prescribe fair and reasonable rates and charges

Sections 366.06 and 366.07, Florida Statutes, further provide that a public utility's rates must be fair, just, and reasonable, and also provide for affected customers to request that the Commission determine and fix fair, just, and reasonable rates, as follows:

366.06 Rates; procedure for fixing and changing.—

(1) A public utility shall not, directly or indirectly, charge or receive any rate not on file with the commission for the particular class of service involved, and no change shall be made in any schedule. All applications for changes in rates shall be made to the commission in writing under rules and regulations prescribed, and the commission shall have the authority to determine and fix fair, just, and reasonable rates that may be requested, demanded, charged, or collected by any public utility for its service.

(2) Whenever the commission finds, upon request made or upon its own motion, that the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unjust, unreasonable, unjustly discriminatory, or in violation of law; that such rates are insufficient to yield reasonable compensation for the services rendered; that such rates yield excessive compensation for services rendered; or that such service is inadequate or cannot be obtained, the commission shall order and hold a public hearing, giving notice to the public and to the public utility, and shall thereafter determine just and reasonable rates to be thereafter charged for such service and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used.

366.07 Rates; adjustment.—Whenever the commission, after public hearing either upon its own motion or upon complaint, shall find the rates, rentals, charges or classifications, or any of them, proposed, demanded, observed, charged or collected by any public utility for any service, or in connection therewith, or the rules, regulations, measurements, practices or contracts, or any of them, relating thereto, are unjust, unreasonable, insufficient, excessive, or unjustly discriminatory or preferential, or in anywise in violation of law, or any service is inadequate or cannot be obtained, the commission shall determine and by order fix the fair and reasonable rates, rentals, charges or classifications, and reasonable rules, regulations, measurements, practices, contracts or service, to be imposed, observed, furnished or followed in the future.

8. FPL and other Florida public utilities have regularly entered into, and the Commission has approved, stipulations and settlement agreements with consumer parties that govern rate-setting during their stated effective terms. Of particular relevance to this Petition are two stipulations and settlement agreements that involved FPL: (a) a Stipulation and Settlement filed on August 15, 2012, in Docket No. 20120015-EI, In re: Petition for Increase in Rates by

Florida Power & Light Company (the “2012 Settlement”), the parties to which were FPL, FIPUG, the Federal Executive Agencies (“FEA”), and the South Florida Hospital and Healthcare Association (“SFHHA”), and which was approved by Commission Order No. PSC-2013-0023-S-EI (the “2012 Order”); and (b) the 2016 Settlement, the parties to which were FPL, OPC, FRF, and the SFHHA, and which was approved by the 2016 Order.

9. Both the 2012 Settlement (in Section 10) and the 2016 Settlement (in Section 12) include provisions allowing FPL to use a separately defined “Reserve Amount” per each settlement, predicated on certain dollar amounts recognized as comprising theoretical depreciation reserve surplus amounts, to manage FPL’s earnings within an established range of rates of return on equity (“ROE”). (For convenience and clarity, this account and the balance therein, if any, are referred to in this Petition as the “Reserve;” where necessary and appropriate, specific reference is made to the 2012 Reserve, i.e., the Reserve created by the 2012 Settlement and 2012 Order, or to the 2016 Reserve, i.e., the Reserve created by the 2016 Settlement and the 2016 Order.) The maximum Reserve authorized in the 2012 Settlement and the 2012 Order was \$400 million. 2012 Order at 20. The maximum Reserve authorized by the 2016 Settlement and the 2016 Order was approximately \$1.25 billion, consisting of the remaining unamortized Reserve from the 2012 Order plus \$1 billion of a theoretical depreciation reserve surplus resulting from depreciation rates described in the 2016 Settlement and the 2016 Order. 2016 Order at 24-25. The mechanism by which FPL has been authorized to use the respective 2012 Reserve and the 2016 Reserve is referred to herein as the “Amortization Reserve Mechanism” or “ARM.”

10. Both the 2012 Settlement (in Section 5) and the 2016 Settlement (in Section 6) also provide for FPL to seek recovery of extraordinary storm restoration costs through rate surcharges that may be implemented soon after any named hurricane or tropical storm impacts FPL’s system, with ultimate recovery of costs based on the Commission’s final determination of FPL’s

reasonable and prudent restoration costs. This recovery mechanism is referred to herein, and in the settlements and orders, as the Storm Cost Recovery Mechanism (“SCRM”). The SCRM provisions in the 2012 Settlement and the 2016 Settlement are substantively identical. Pursuant to the 2012 Settlement, FPL used the SCRM in 2017 and 2018 to recover approximately \$295 million in restoration costs incurred following Hurricane Matthew’s impacts on FPL’s system in 2016. In re: Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricane Matthew by Florida Power & Light Company, Docket No. 20160251-EI, Order No. PSC-2018-0359-FOF-EI and Order No. PSC-2018-0359A-FOF-EI (F.P.S.C., July 24, 2018).

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

12. By order dated February 26, 2018, the Commission asserted jurisdiction over the TCJA cost reductions realized by public utilities that are not parties to stipulations or settlement agreements addressing tax reform, and expressly “put utilities on notice that all revenue requirement adjustments ultimately imposed by this Commission due to the Act’s provisions will be calculated as of February 6, 2018,” the date of the Commission’s vote. In re: Petition to Establish a Generic Docket to Investigate and Adjust Rates for 2018 Tax Savings, by Office of Public Counsel, Order No. PSC-2018-0104-PCO-PU at 4-5 (F.P.S.C., Feb. 26, 2018).

FACTUAL BACKGROUND

13. FPL, FIPUG, the FEA, and the SFHHA entered into the 2012 Settlement on August 15, 2012. As referenced above, the 2012 Settlement authorized FPL to use the 2012 Reserve, up to the defined Reserve Amount, to manage FPL’s earnings and authorized FPL to use the SCRM established therein to recover extraordinary storm restoration costs.

14. FPL, OPC, the FRF, and the SFHHA entered into the 2016 Settlement on October 6, 2016, which was approved by the 2016 Order on December 15, 2016. The 2016 Order and the 2016 Settlement also provide for FPL to use the Reserve, up to the defined Reserve Amount, to manage FPL's earnings and for FPL to use the SCRM established therein to recover extraordinary storm restoration costs. Together, the 2016 Settlement and the 2016 Order generally govern FPL's base rate levels and authorized base rate-generated earnings levels for the period January 1, 2017, through December 31, 2020.

15. The 2016 Settlement provides for a base rate freeze for a four-year period and prohibits any signatory from seeking to change FPL's base rates except under specified circumstances. The 2016 Settlement contains specific exceptions that expressly allow for changes to base rates in specific, limited circumstances; the exceptions are listed in Sections 8, 9 and 10, which relate to the revenue and customer bill-neutral transition of the West County Energy Center from clause-recovery to base rate-recovery, Solar Base Rate Adjustments ("SoBRAs"), and a Generation Base Rate Adjustment ("GBRA") to become effective on the in-service date of FPL's Okeechobee Unit. Otherwise, pursuant to Sections 4, 7, and 22, FPL's base rates are frozen through December 31, 2020, subject to the following provisions of the 2016 Settlement: if FPL is earning below 9.6%, the minimum of its authorized ROE range, FPL may petition for a rate increase, and if FPL is earning above 11.6%, the maximum of its ROE range, then any signatory to the 2016 Settlement may petition for rate reductions. If such proceedings are commenced, the 2016 Settlement will terminate upon the effective date of any final order issued in such proceedings. In any such proceedings, no party is limited in the scope or components of requests for rate increases (by FPL) or rate reductions (by the Customers).

16. In establishing the Commission-adopted general base rates and earnings regulation policy under the 2016 Settlement, the 2016 Order approved two provisions that are relevant to this

Petition. First, as referenced above in paragraph 9 of this Petition, the 2016 Order approved the ARM and the base rate freeze period in the 2016 Settlement. This mechanism, contained in Section 12 of the 2016 Settlement, has as its central feature the 2016 Reserve, which was specifically identified, segregated, and established in the 2016 Settlement.²

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

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

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

Attachment 1 – Excerpts from October 27, 2016, Hearing Transcript at 000144-000145. Mr. Barrett additionally explained how this would work and how, in FPL’s view and understanding, it was integral to the agreement being successful.

Q. Is this provision critical to the settlement?

A. Yes. The reserve amortization mechanism provides the Company the flexibility necessary to achieve reasonable financial results during the four-year settlement period while also agreeing to substantially lower base revenue increases

² Neither the ARM nor the Reserve is an ongoing, permanent reserve account such as those contained in the FERC Uniform System of Accounts, Accounts 228.1 and 228.2.

compared to those requested in the 2016 Rate Petition. Without this flexibility, base rates could not be held constant for such an extended period due to the risk of weather, inflation, rising interest rates, mandated cost increases and other factors affecting FPL's earnings that largely are beyond the Company's control.

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

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

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

The reserve amortization mechanism provides confidence to customers and the Commission that FPL will be able to avoid the need for expensive and disruptive base rate proceedings over the four-year settlement period.

Attachment 1 at 79-80 and 89.³

19. It is significant that in 2010 and 2012 the Commission adopted stipulations and settlement agreements between FPL and customer parties, including the Customers petitioning the Commission here, each of which contained both SCRM and ARM.⁴ The 2010 Settlement included

³ It is worth noting that the testimony filed in October 2016 preceded the outcome of the 2016 U.S. Presidential Election, and the resulting \$736.8 million in FPL's annual tax savings; as such, the happenstance of that tax savings windfall was obviously not factored into the negotiation or outcome of the 2016 Settlement or the 2016 Order.

⁴ In re: Petition for Increase in Rates by Florida Power & Light Company, Docket No. 20080677-EI, Order No. PSC-2011-0089-S-EI (F.P.S.C., Feb. 1, 2011). Although issued in 2011, this order is referred to herein as the "2010 Order" because it resolved issues arising from the Commission's March 17, 2010 order (Order No. PSC-2010-0153-FOF-EI) in that general rate case; correspondingly, the Stipulation and Settlement approved in the 2010 Order is referred to herein as the "2010 Settlement."

an ARM and recognized limited amortization flexibility with a depreciation reserve surplus of \$894 million. At the end of the 2010 Settlement in 2012, there was a projected unamortized balance in the depreciation reserve surplus that was retained only through the mutual agreement of the parties to the 2012 Settlement. Mr. Barrett testified in August 2016 that, without the mutual agreement to save it, the functionally equivalent mechanism in the 2012 Settlement would also expire at the conclusion of that Agreement. See Attachment 2 – Excerpts from August 3, 2016, Robert Barrett Deposition Transcript at 22-26 and 60-61. This sworn testimony illustrates that the ARM has been, and continues to be, a creature of the mutual agreement of the parties in the 2016 Settlement, and not something that FPL could unilaterally create or re-create. In the 2012 Order, the Commission approved a new ARM set forth in the 2012 Settlement.⁵ The Reserve Amount recognized in the 2012 Settlement and the 2012 Order was \$400 million and operated much like the ARM that would be established in the 2016 Order.

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

⁵ Order No. PSC-2013-0023-S-EI.

Commission (“SEC”) and investors. See Attachment 3 – Excerpts from NextEra Energy, Inc./Florida Power & Light Company’s Reports Filed with the United States Securities and Exchange Commission at 0007 (highlight added). These acts and representations by FPL conclusively demonstrate the SCRM was designed to allow for the separate recovery of storm costs in a way that would explicitly not depend on “fluctuations” in the business cycle.⁶

21. The intended purpose of the SCRM is to allow the Company to quickly recover storm restoration costs without consideration of earnings or depreciation surplus credit balances, as explained in the August 4, 2016, deposition testimony of FPL witness Moray Dewhurst at pp. 55-59, and in the testimony at the hearing conducted August 12 – September 1, 2016, in Docket No. 20160021-EI (general rate case) at TR 2450-53 and 2477-78. In deposition testimony, FPL, through Mr. Dewhurst, stated FPL’s intent to utilize the SCRM, and further stated that it would be implemented without regard to earning considerations (as was done in the 2012 Settlement, which also included a provision that forbade access to the available amortization reserve⁷):

⁶ Any reference to “weather risk” in FPL testimony relating to the availability and intended purposes of the ARM is to the weather (hot or cold) that affects energy sales and is unrelated to repair and restoration costs incurred to restore service following named tropical storms and hurricanes. Any lost revenue caused by a storm is not recoverable under the SCRM per the 2016 Settlement’s incorporation of Commission Rule 25-6.0143, F.A.C.

⁷ In the 2016 Settlement, the naming convention was refined to specify the amortization mechanism associated with the ARM. The nomenclature in the SCRM provisions in the 2010 Settlement and the 2012 Settlement used a more general term of “theoretical depreciation reserve” when identifying it as a forbidden offset to full recovery under the SCRM. See Section 5 of the 2012 Settlement and Section 3 of the 2010 Settlement. What in the 2016 Settlement is now referred to as the “Amortization Reserve” was then referred to in Section 10(b) of the 2012 Settlement as the “theoretical depreciation reserve surplus, and (when combined with the designated portion of the fossil dismantlement reserve) as the “Reserve Amount,” or simply as the “Reserve.” The change in the name was non-substantive and since 2011, *i.e.*, since the approval of the 2010 Settlement, the policy of the Commission has been that recovery under the SCRM could not be offset by the availability of the specially designated depreciation reserve surplus discretionary mechanism that was created by the parties’ stipulations and settlement agreements. In re: Petition for Increase in Rates by Florida Power & Light Company, Docket No. 20080677-EI, Order No. PSC-2011-0089-S-EI (F.P.S.C., Feb. 1, 2011), at 14 (paragraph 3); In re: Petition for Increase in Rates by Florida Power & Light Company Order, Docket No. 20120015-EI, Order No. PSC-2013-

Q Okay. Let me move away from that background information. I just want to touch on the storm-recovery aspect of your testimony. You answered some questions earlier about named storms to staff counsel. And I want to ask you, if the named-storms restriction that is in the intent of the settlement agreement provision is brought forward and approved by the Commission as a stand-alone provision in this rate case, you would not object to the Commission making clear that that was a requirement of the storm-recovery mechanism, would you?

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

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

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

Q Correct.

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

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

A That's correct.

Q Okay.

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

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

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

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

Q Okay.

A But again -- excuse me.

Q Yes, sir.

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

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

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

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

A Correct.

Q Okay. So, if the Commission were to clarify or to put some bounds around that, if they were to approve the storm-recovery mechanism, you would not find that offensive, correct?

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

Attachment 4 – Excerpts from August 4, 2016, Moray Dewhurst Deposition Transcript at 55-59.

Thus, the clear point and intent of FPL's effort to import the 2012 SCRM into the 2016 adjudicated rate case proceeding and the virtually identical language in the 2016 Settlement was that the Company intended to use, and would use, the SCRM to recover storm costs without any external offsets such as

earnings. (Further, the depreciation reserve offset prohibition language was to be imported along with the earning offset prohibition language.)

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

In addition, my testimony supports the adoption of an ROE performance adder of 50 basis points ("bps") for setting rates and the continued use of the Company's current storm cost recovery mechanism.

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

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

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

are three major elements that will continue to support FPL's ability to improve its already excellent customer value proposition.

Attachment 5 – Excerpts from August 25, 2016, Hearing Transcript at 2450-2453.

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

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

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

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

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

THE WITNESS: That's correct, yeah.

Attachment 1 at 56. Again, in testimony about the 2016 Settlement and the SCRM, FPL gave the Commission reason to believe that after January 1, 2017, the Company would continue to use a mechanism identical to the one in the 2012 Settlement, which was tantamount to indicating that it would use the SCRM on a going-forward basis.

24. Tellingly, in the December 31, 2015, Form 10-K of NextEra Energy, Inc. and Florida Power & Light Company (which was the last one filed before the Commission voted to approve the 2016 Settlement) the Company made this representation on page 47: “The drivers of FPL’s net income not reflected in the reserve amortization calculation typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC – equity and costs not allowed to be recovered from retail customers by the FPSC.” Further, on page 48 of the same Form 10-K, FPL discusses and classifies storm-related surcharges under the general heading “Cost

Recovery Clauses,” thus cementing FPL’s representation to investors and regulators alike that the SCRM and ARM were established for distinctly separate purposes. **Attachment 3** at 0006 and 0007. This identical language is found at pages 41 and 42 of the December 31, 2016, Form 10-K which was the next such report filed after approval of the 2016 Settlement. Id. at 0010-0011.

25. In summary, FPL provided sworn testimony to the Commission that (a) it intended to use the SCRM to recover restoration costs incurred due to major storms; (b) the SCRM provided and provides for recovery of significant storm costs and does so without regard to the level of earnings; and (c) use of the SCRM is expressly intended to exclude consideration of earnings or the availability of a credit balance in the Reserve (or the Reserve Amount or the amortization reserve). These statements were bolstered by the fact that FPL made similar representations to investors and to financial and utility regulators. The only logical conclusion is that the Reserve and the ARM were not intended under the 2016 Settlement to be utilized to offset the costs resulting from a major storm such as Hurricane Irma – \$1.3 billion of claimed damages, the largest ever for FPL. The specific language of Section 5(c) of the 2016 Settlement contemplates that storm costs will be recovered in a PSC proceeding, and that the balance in the Reserve cannot be used to offset recovery from customers.

The 2012 Order and Hurricane Matthew

26. FPL demonstrated this intent and understanding when Hurricane Matthew resulted in the Company incurring approximately \$300 million of restoration costs when there was a \$250 million credit balance in the Reserve at the time Matthew impacted FPL’s system. FPL utilized the SCRM and recovered its Matthew restoration costs from March 2017 through February 2018 via a surcharge without regard to earnings or reserve surplus availability. Order No. 2018-0359-FOF-EI at 1. Through Section 12(c) of the 2012 Settlement and subsequent Commission approval in the 2016 Order, the leftover \$250 million balance in the Reserve created by the 2012 Order was added to the newly created 2016 Reserve instead of expiring as it otherwise would have.

Hurricane Irma

27. Hurricane Irma impacted FPL's system on September 10 and 11, 2017. FPL claims to have spent \$1.321 Billion on storm restoration costs for Irma. Docket No. 20180049-EI, In re: Evaluation of Storm Restoration Costs for Florida Power & Light Company Related to Hurricane Irma, Testimony of Manuel B. Miranda at 25. Duke Energy Florida ("DEF") claims to have spent \$513 Million restoring service following the impacts of Hurricane Irma and Hurricane Nate on its system in 2017. Docket No. 20170272-EI, In re: Application for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricanes Irma and Nate, by Duke Energy Florida, LLC, Duke's Petition at 1 (PSC Document No. 10933-2017, Dec. 28, 2017). Tampa Electric Company claims to have spent \$102.7 Million on storm restoration costs in 2015, 2016, and 2017, the bulk of those costs due to Hurricane Irma in 2017. Docket No. 20170271-EI, In re: Petition for Recovery of Costs Associated with Named Tropical Systems During the 2015, 2016, and 2017 Hurricane Seasons and Replenishment of Storm Reserve Subject to Final True-up, Tampa Electric Company, Tampa Electric's Amended Petition at 1 (PSC Document No. 00787-2018, Jan. 30, 2018).

28. FPL paid its Irma-related storm restoration costs from available funds and, without first seeking or obtaining Commission approval (and without first consulting with any of the parties to the 2016 Settlement), recorded its Irma restoration costs as a base operation and maintenance expense and made an accounting entry to charge off those expenditures against the Reserve created by the 2016 Settlement. FPL now claims, again with no approval from the Commission, to be making accounting entries that according to FPL will "partially restore" the Reserve with the additional net income that it is realizing through the federal corporate income tax reductions per the TCJA. **Attachment 3** at 0003 (highlight added).

Treatment of TCJA Windfall Cost Reductions and Earnings Increases by Other Utilities

29. According to numerous press reports and other sources, the regulatory authorities in 48 states have taken and are taking action to reduce the rates of more than 100 investor-owned utilities to reflect the cost reductions realized as a result of the TCJA. In Florida, pending final Commission approval, DEF is applying the substantial majority⁸ of savings realized due to the TCJA to offset its storm restoration costs due to Hurricanes Irma and Nate, with DEF's express agreement with parties representing DEF's customers that when its storm costs are fully paid off, DEF will implement a permanent reduction of \$150.9 million per year in its base rates. Docket No. 20180047-EI, In Re: Consideration of the Tax Impacts Associated with Tax Cuts and Jobs Act of 2017 for Duke Energy Florida, LLC, ("DEF Tax Docket"), Joint Motion by Duke Energy Florida LLC, and Citizens of Florida to Approve Stipulated Positions and Suspend Procedural Dates, Exhibit A at 4-5 (PSC Document No. 06974-2018, filed Nov. 2, 2018). Like DEF, Tampa Electric is applying the savings realized due to the TCJA to offset its storm restoration costs, and Tampa Electric has further agreed to – and the Commission has approved – a permanent base rate reduction to flow those savings back to TECO's customers effective January 1, 2019, after TECO's storm costs are fully paid off. Docket No. 20180045-EI, In Re: Consideration of the Tax Impacts Associated with Tax Cuts and Jobs Act of 2017 for Tampa Electric Company ("TECO Tax Docket"), Order No. PSC-2018-0457-FOF-EI at 3 (F.P.S.C., Sept. 10, 2018). Similarly, Gulf Power Company, although not impacted by storms in 2017, has agreed – and the Commission has approved – base rate reductions to ensure that Gulf's customers promptly realize the savings resulting from the TCJA. Docket No. 20180039-EI, In re: Consideration of the Stipulation and Settlement Agreement Between Gulf Power Company, the Office of Public Counsel, Florida

⁸ Pursuant to a 2017 settlement agreement between DEF and several consumer parties, including the Citizens and FRF, DEF is expressly authorized to use up to \$50 million in tax cost savings resulting from the TCJA to accelerate its depreciation of DEF's Crystal River 4 and 5 coal units.

Industrial Power Users Group, and Southern Alliance for Clean Energy Regarding the Tax Cuts and Jobs Act of 2017 (“Gulf Tax Docket”), Order No. PSC-2018-0180-FOF-EI at 1, 4; see also Order No. 2018-0548-S-EI at 2-3, 7-8 (F.P.S.C., Nov. 19, 2018), by which the Commission approved Gulf’s agreement to implement an additional permanent base rate decrease to flow back to customers additional amounts flowing from the TCJA on January 1, 2019.

30. FPL, unlike the other Florida public utilities, apparently wants to keep all of the cost savings flowing from the TCJA for the exclusive benefit of its sole shareholder, NextEra Energy, Inc. with any putative customer benefits being framed in FPL’s sole discretion without affected party input or Commission approval. See FPL’s Petition in Docket No. 20180049-EI (PSC Document No. 05744-2018, filed Aug. 31, 2018) at 1; see also **Attachment 3**, and **Attachment 7** – January 26, 2018, NextEra Energy, Inc. Press Release (highlight added throughout). FPL’s testimony filed in the FPL Tax Docket states that FPL’s estimated tax cost savings due to the TCJA is \$684.8 million per year, based on FPL’s 2018 revenue requirements. FPL Tax Docket, Direct Testimony of Scott R. Bores at 4, 11 (PSC Document No. 04009-2018, filed May 31, 2018). The Citizens’ witness, Ralph Smith, CPA, accepts the Bores testimony figure of at least \$684.8 and adjusts the flow-back of unprotected excess accumulated deferred income taxes to a 10-year period and thus supports a finding that the proper amount of FPL’s tax savings to be refunded and applied for the benefit of FPL’s customers is \$736.8 million per year, effective as of January 1, 2018. **Attachment 6** – October 2, 2018, Direct Testimony of Ralph Smith, CPA at 18-19.

STATEMENT OF SUBSTANTIAL INTERESTS AFFECTED

31. The Petitioners ultimately and directly represent all of FPL’s retail customers. Pursuant to Section 350.0611, Florida Statutes, the Public Counsel is the statutory representative of all of FPL’s retail customers. As stated above, FIPUG represents the interests of its members in proceedings before the Commission, and the FRF similarly represents the interests of its

members in PSC proceedings. In this case, since January 1, 2018, FPL has realized and is realizing cost savings of at least \$684.8 Million per year (FPL's estimate) and as much as \$736.8 Million per year according to the estimates of the Citizens' tax expert. FPL's retail customers are entitled to refunds and to rate reductions implemented as quickly as possible to reflect this dramatic reduction in FPL's costs. It is the substantial interests of all of FPL's customers, represented by their Public Counsel, by FIPUG, and by the FRF, to have the Commission determine and fix fair, just, and reasonable rates that reflect FPL's dramatically reduced costs to serve that are to be determined by the Commission in this case.

DISCUSSION OF CUSTOMERS' REQUESTED RELIEF

32. In summary, FPL has experienced a dramatic windfall reduction in costs on the order of \$700 million per year as a result of the TCJA. FPL's estimate of its annual TCJA tax savings cost reduction is \$684.8 million per year, while the estimate of the Citizens' expert is \$736.8 million per year.⁹ Under either estimate, FPL has experienced a dramatic reduction in its costs of providing service, and the Petitioners – representing all of FPL's retail customers – respectfully petition the Commission to act as quickly as possible to require refunds and permanent base rate reductions to reflect FPL's substantially lower costs. The Citizens and FRF request this relief pursuant to their right under Section 11(b) of the 2016 Settlement to seek a review of FPL's base rates, which review would necessarily include relief in the form of fair, just, and reasonable rates pursuant to several rate-regulation provisions of Chapter 366, Florida Statutes. FPL paid its

⁹ Direct Testimony of FPL Witness Scott R. Bores at 4, 11; Direct Testimony of Ralph Smith, CPA, on behalf of the Citizens of the State of Florida at 19 (PSC Document No. 06387-2018, filed Oct. 2, 2018). The difference between FPL's and the Citizens' annual tax cost reductions is attributable to different time periods over which FPL's Excess Accumulated Deferred Income Taxes ("EADITs" or "ADITs") are to be flowed back to customers. FPL proposes to flow the EADITs back over approximately 27 years, while the Citizens' expert recommends flowing them back over 10 years. (DEF, TECO, and Peoples Gas have all agreed to flow the EADITs back to customers over 10 years, while Gulf Power agreed to a one-year flow-back period.)

Hurricane Irma restoration costs with available funds and then exhausted the Reserve by using it to offset the base operating and maintenance expenses for Irma restoration. *When it did so, FPL exhausted and thereby extinguished the Reserve, and has fully paid off its Irma costs, with the result that FPL has been over-earning on a current basis since January 1, 2018, due to the windfall tax savings flowing from the TCJA as of that date.*

33. The Customers petition the Commission to initiate a review of FPL's base rates (a) that have been in effect since February 6, 2018, the date on which the Commission took jurisdiction over FPL's TCJA tax cost savings and (b) to be effective as of the conclusion of the proceeding requested by the Customers herein. Specifically, the Customers petition the Commission to order FPL to refund to all of FPL's retail customers the full TCJA savings, of at least \$684.8 million per year, for the period beginning February 6, 2018, through the effective date of the Commission's decisions in this case. The Customers further petition the Commission to establish new permanent base rates for FPL that accurately reflect the tax cost savings flowing from the TCJA and other factors, including a lower ROE of 9.6% and a lower equity ratio of 55.0%, both of which are more reflective of current capital market conditions and regulatory commission decisions for electric utilities. The Citizens and FRF are entitled to bring this action by Section 11(b) of the 2016 Settlement because FPL has materially misstated its earnings in its Earnings Surveillance Reports. When FPL "wrote off" its Hurricane Irma restoration costs, it depleted and eliminated the Reserve. With the Reserve depleted, and with FPL's Hurricane Irma restoration costs fully paid off, the additional net revenues being realized by FPL **since January 1, 2018**, due to the TCJA tax cost savings have caused and will continue to cause FPL's ROE to exceed the 11.6% maximum of its allowed ROE range. This triggers the rights of the Citizens and FRF to bring this Petition.¹⁰

¹⁰ The Citizens and FRF are bringing this action as signatories to the 2016 Settlement. FIPUG, as a non-signatory, contends that it is not constrained by the trigger provision of Section 11(b) in any event.

34. The 2016 Reserve and the ARM were created solely by the 2016 Settlement approved in the 2016 Order and as such could only be used for the purposes intended by the parties to the 2016 Settlement. By recording the Irma costs as an expense, and then writing off that expense against the Reserve, FPL wiped out the Reserve and eliminated the ARM. There is no provision in the 2016 Settlement or in the 2016 Order authorizing the resurrection or unilateral re-establishment of the Reserve or the ARM by FPL once it was fully exhausted and extinguished when FPL applied the entire Reserve balance to write off the Irma storm restoration costs.

35. On January 26, 2018, FPL made public statements, including statements in filings with the SEC that it had recorded the entire estimated Irma cost as an expense on its books in December 2017. **Attachment 7** at 2-3 (highlight added). Further, FPL had told investors in its December 31, 2017, SEC Form 10-K that “At December 31, 2017, no amounts remain in accrued asset removal costs related to reserve amortization.” **Attachment 3** at 0017 (highlight added). FPL told the Commission that it had then debited the entire remaining balance of the Reserve of approximately \$1,148,000,000 and credited its income statement (depreciation expense) in the same amount – effectively wiping out the ARM. This is evidenced by the sworn filing FPL made with the Commission in its December 2017 ESR (see last page of the ESR, entitled ‘ATTACHMENT 1’), where FPL reported under oath that the balance of the Reserve was \$0 at December 31, 2017, representing an elimination of the Reserve and the resulting extinguishment of the ARM. **Attachment 8** – February 26, 2018, Cover Letter and FPL’s Rate of Return Surveillance Report for December 2017.

36. By charging the Irma costs against the Reserve, FPL extinguished the Reserve which had been created for a specific purpose by the 2016 Settlement and adopted as ratemaking policy by the Commission.

37. FPL did not seek prior approval from the Commission to modify the 2016 Settlement and the 2016 Order to charge the Irma costs against the Reserve, or to use the Reserve balance or the

ARM to pay for its Hurricane Irma restoration costs. Having extinguished the Reserve, FPL does not have any right or authority to unilaterally re-establish it. Since the Reserve has been extinguished, the ARM is no longer available.

38. As a result, FPL is or will be overearning by at least \$301 million per year (on an annual basis for calendar year 2018). See Attachment 9 – Affidavit of Lane Kollen Affidavit, Executed December 4, 2018. This value is superseded by FPL’s own estimate that its actual TCJA savings should be flowed back to customers at the rate of \$684.8 million per year based on 2018 values. The exceedance, and thus any refund necessary to make customers whole and any permanent base rate reduction likewise necessary to make customers whole in light of FPL’s windfall TCJA cost savings, may be greater for 2019.

39. Section 11(b) of the 2016 Settlement provides that a signatory may file a petition for a review of FPL’s base rates under these circumstances. This Petition is such a filing by the Citizens and the FRF. The Customers (including FIPUG) request that the Commission find that FPL is earning in excess of its authorized ROE range and that they are no longer or not bound by the 2016 Settlement, except for the provisions that expressly survive termination.

40. For the protection of all of FPL’s retail customers, and to ensure that FPL’s retail service rates are fair, just, and reasonable, the Customers request the Commission to place \$736.8 million per year, beginning on February 6, 2018, subject to refund pending the establishment of final rates in this case. This is the amount of tax savings that the Citizens’ expert estimates that FPL is realizing based on 2018 forecast earnings and tax liability, and accordingly, this is the amount that the Commission asserted jurisdiction over by Order No. PSC-2018-0104-PCO-EI. The Customers acknowledge that there is a disputed issue as to whether the tax savings amount is \$684.8 million per year, as supported by FPL’s witness in the FPL Tax Docket, or \$736.8 million per year, as supported

by the Citizens' witness; however, the only fair treatment for customers is for the Commission to place the greater amount subject to refund pending final resolution of this disputed issue.

41. For the further protection of all of FPL's retail customers, the Customers further request that the Commission initiate a "reverse make-whole" general rate case for FPL and order FPL to file Minimum Filing Requirements ("MFRs") and testimony, utilizing a 2019 test year.

42. The Customers have also submitted with this Petition the affidavit of Richard Baudino, which supports a finding that an ROE of 9.6% should be used for setting FPL's rates on a prospective basis at the conclusion of the requested rate case. **Attachment 10** – Affidavit of Richard Baudino, Executed December 4, 2018. By this Petition, the Customers also request that the Company's authorized equity ratio for rate-setting purposes be set at 55%, which is more in line with the equity ratios of the other major investor-owned public utilities providing electric service in Florida and in the United States, and therefore more reasonable for purposes of setting fair, just, and reasonable rates for FPL.

43. Accordingly, the Customers respectfully petition the Commission to issue an order that will:

- a. Initiate a comprehensive review of FPL's base rates, i.e., a reverse make-whole rate case, as provided by Section 11(b) of the 2016 Settlement, and in such case to apply the criteria of Sections 366.06(1)-(2) and 366.07, Florida Statutes, to establish the fair, just, and reasonable rates to be charged by FPL;
- b. Require FPL to hold, subject to refund pending the outcome of the requested base rate review, at least \$736.8 million per year effective as of February 6, 2018, i.e., the windfall tax savings being realized by FPL as a result of the TCJA; and
- c. At the conclusion of the requested review, require refunds of at least the tax cost savings, \$736.8 million per year, for the period starting on February 6, 2018, and

impose new, permanent, fair, just, and reasonable base rates applicable for all of FPL's retail customers that reflect the lower costs realized by FPL as a result of the TCJA, lower ROE and equity ratio values consistent with current capital market conditions, and other cost factors to be determined in the requested rate case.

DISPUTED ISSUES OF MATERIAL FACT

44. The Customers believe and assert that the following are likely to be disputed issues of material fact:

- A. What are FPL's earnings with proper accounting for the savings resulting from the TCJA?
- B. What is the amount of FPL's TCJA income tax cost savings realized from February 6, 2018 through the effective date of the Commission's decisions in this proceeding to be refunded to FPL's retail customers?
- C. What should FPL's retail base rates be, effective upon the effective date of the Commission's decisions in this proceeding, to ensure that FPL's rates are fair, just, and reasonable?
- D. What should the effective date of the Commission's decisions in this proceeding be?

STATEMENT OF ULTIMATE FACTS ALLEGED

45. The Customers allege that the following facts entitle them and all FPL retail customers to the relief requested in this Petition.

- A. FPL has realized and is continuing to realize cost savings reductions of approximately \$736.8 million per year as a result of the Tax Cuts and Jobs Act of 2017.
- B. FPL extinguished the entire Reserve created by the 2016 Settlement and 2016 Order when it applied the entire balance in the Reserve, approximately \$1.148 billion, to write off the amounts that it claims it paid for Hurricane Irma restoration costs.
- C. FPL made the accounting entry or entries to write off the Hurricane Irma restoration costs without approval from the Commission.
- D. FPL has made, and continues to make, accounting entries by which it purports to "replenish" the extinguished Reserve, also without Commission approval.
- E. All of FPL's retail customers, represented by the Public Counsel and including the members of the FRF and FIPUG, are entitled to have the Commission determine and fix

retail rates for FPL's service that reflect the windfall cost reductions resulting from the TCJA.

- F. With its earnings stated fairly and transparently, recognizing the tax savings flowing from the TCJA and also recognizing that FPL has paid all of its Hurricane Irma restoration costs and extinguished the Reserve, FPL is overearning by at least \$301 million on an annual basis for calendar year 2018.
- G. The appropriate rate of return on equity to be used for setting FPL's base rates is 9.60%.
- H. The appropriate equity ratio to be used for setting FPL's base rates is 55.0%.

STATUTES AND RULES THAT ENTITLE THE PETITIONERS TO THE RELIEF REQUESTED

46. The applicable statutes and rules that entitle the Customers to relief include, but are not limited to, Sections 120.569, 120.57(1), 366.04(1), 366.05(1), 366.06(1)-(2), and 366.07, Florida Statutes, and Chapter 28-106, Florida Administrative Code.

STATEMENT EXPLAINING HOW THE FACTS ALLEGED ENTITLE THE CUSTOMERS TO THE RELIEF REQUESTED

47. The above-cited sections of Chapter 366 include the Commission's jurisdiction over FPL's rates and the Commission's statutory mandate to ensure that FPL's rates are fair, just, and reasonable. The facts alleged here by the Customers demonstrate that FPL has violated the 2016 Settlement and thus the 2016 Order, and that the Commission must act to ensure that FPL's retail customers pay the fair, just, and reasonable rates that will permit FPL to recover only its reasonable and prudent costs, including the dramatically reduced costs experienced by FPL as a result of the TCJA.

CONCLUSION AND RELIEF REQUESTED

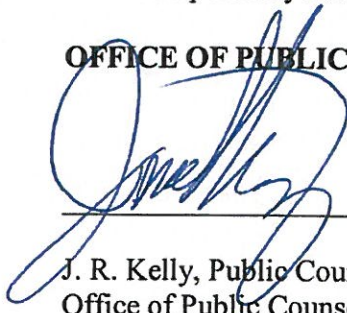
48. As explained above, FPL acted without Commission approval when it wrote off its Hurricane Irma restoration costs against the Reserve. When it did so, FPL exhausted and extinguished the Reserve and the ARM. Unlike other Florida public utilities, including Duke Energy Florida, Tampa Electric Company, and Gulf Power Company, FPL is apparently

attempting to keep all of the TCJA tax savings for the benefit of its sole shareholder, NextEra Energy, Inc., and not to return those tax cost savings to its retail customers. The Commission must act to ensure that FPL's rates are fair, just, and reasonable by requiring FPL to promptly flow back the TCJA cost savings to its customers, and by setting new, permanent base rates that fairly reflect FPL's costs of providing service, including its lower tax costs and also including ROE and equity ratio values that are fair, just, and reasonable in light of current capital market conditions.

WHEREFORE, the Citizens of the State of Florida, by and through their Public Counsel, the Florida Retail Federation, and the Florida Industrial Power Users Group, as representatives of all of FPL's retail customers, respectfully petition this Commission to initiate a review of FPL's base rates, and at the conclusion of that review, to order FPL to promptly refund to FPL's customers the full amount of FPL's TCJA tax cost savings beginning as of February 6, 2018, and to establish new base rates for FPL that properly reflect FPL's dramatically lower income tax costs at the conclusion of the requested review.

Respectfully submitted this 5th day of December, 2018.

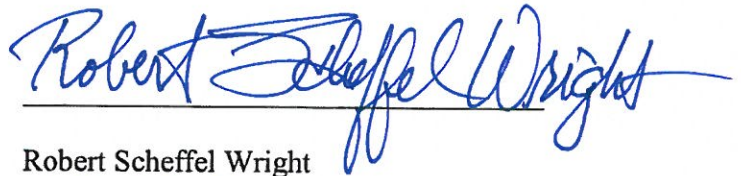
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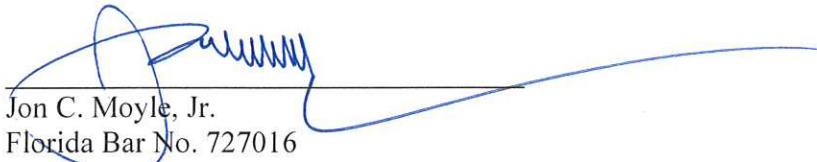
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 5th day of December, 2018, to the following:

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Charles J. Rehwinkel
Deputy Public Counsel

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 1

Excerpts from October 27, 2016, Hearing Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

DOCKET NO. 160061-EI

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

DOCKET NO. 160062-EI

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

DOCKET NO. 160088-EI

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

PROCEEDINGS: HEARING

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

DATE: Thursday, October 27, 2016

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

3 PLACE: Betty Easley Conference Center
4 Room 148
5 4075 Esplanade Way
6 Tallahassee, Florida

7 REPORTED BY: LINDA BOLES, CRR, RPR
8 Official FPSC Reporter
9 (850) 413-6734

10 -and-

11 ANDREA KOMARIDIS
12 Premier Reporting
13 (850) 894-0828
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25

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19 Agency, 139 Barnes Drive, Suite 1, Tyndall Air Force
20 Base, Florida 32403, appearing on behalf of Federal
21 Executive Agencies.

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

25

1 APPEARANCES (Continued):

2 STEPHANIE EATON, 110 Oakwood Drive, Suite
3 500, Winston-Salem, North Carolina 27103, appearing on
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5 ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III,
6 ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive,
7 Tallahassee, Florida 32308, appearing on behalf of the
8 Florida Retail Federation.

9 JACK MCRAY, 200 West College Avenue,
10 #304, Tallahassee, Florida, 32301, appearing on behalf
11 of AARP.

12 SERENA MOYLE, JON C. MOYLE, JR., and KAREN
13 PUTNAL, ESQUIRES, Moyle Law Firm, P.A., 118 North
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15 behalf of Florida Industrial Power Users Group.

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

21 KEITH HETRICK, ESQUIRE, General Counsel, and
22 MARY ANNE HELTON, ESQUIRE, FPSC General Counsel's
23 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
24 32399-0850, appearing as advisors to the Florida Public
25 Service Commission.

I N D E X

WITNESSES

	NAME:	PAGE NO.
1		
2		
3		
4	TIFFANY COHEN	
	Examination by Ms. Moncada	26
5	Prefiled Testimony Inserted	28
	Examination by Ms. Brownless	31
6	Examination by Ms. Moncada	33
	Examination by Ms. Brownless	35
7		
	KEITH FERGUSON	
8	Examination by Mr. Butler	40
	Prefiled Testimony Inserted	42
9	Examination by Ms. Brownless	47
	Examination by Mr. Butler	48
10	Examination by Ms. Brownless	51
	Examination by Mr. Butler	57
11		
	SAM FORREST	
12	Examination by Mr. Butler	58
	Prefiled Testimony Inserted	60
13	Examination by Ms. Brownless	64
	Examination by Mr. Butler	64
14	Examination by Ms. Brownless	67
15		
	ROBERT E. BARRETT, JR.	
	Examination by Mr. Litchfield	73
16	Prefiled Testimony Inserted	76
	Examination by Ms. Brownless	87
17	Examination by Mr. Litchfield	87
	Examination by Ms. Eaton	90
18	Examination by Ms. Brownless	93
	Examination by Mr. Litchfield	122
19		
	MICHAEL L. BROSCHE	
20	Examination by Mr. McRay	124
21		
	ROBERT E. BARRETT, JR.	
	Examination by Mr. Litchfield	143
22		
23		
24		
25		

EXHIBITS

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

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

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

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

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

12 **THE WITNESS:** Yeah. It's actually 117, which
13 is what it was as of January 1st, 2017. So -- sorry,
14 2013.

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

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

25 **THE WITNESS:** That's correct, yeah.

- 1 **Q. What does the Proposed Settlement Agreement provide as it relates to**
2 **amortization of the Reserve Amount?**
- 3 A. Paragraph 12 of the Proposed Settlement Agreement provides FPL with the
4 ability to amortize the Reserve Amount, at its discretion, during the settlement
5 term conditioned by the following: (1) for any period in which FPL's actual
6 FPSC adjusted return on equity ("ROE") would otherwise fall below 9.6%,
7 FPL must amortize any remaining Reserve Amount to at least increase the
8 ROE to 9.6%; and, (2) FPL may not amortize the Reserve Amount in an
9 amount that results in FPL achieving an FPSC adjusted ROE greater than
10 11.6%.
- 11 **Q. Is this provision critical to the settlement?**
- 12 A. Yes. The reserve amortization mechanism provides the Company the
13 flexibility necessary to achieve reasonable financial results during the four-
14 year settlement period while also agreeing to substantially lower base revenue
15 increases compared to those requested in the 2016 Rate Petition. Without this
16 flexibility, base rates could not be held constant for such an extended period
17 due to the risk of weather, inflation, rising interest rates, mandated cost
18 increases and other factors affecting FPL's earnings that largely are beyond
19 the Company's control.
- 20 **Q. What are the benefits of allowing FPL to amortize the Reserve Amount**
21 **during the settlement term?**
- 22 A. The amortization of the Reserve Amount provides rate certainty and avoids
23 the need for expensive and disruptive base rate proceedings over the four-year

1 settlement period. The Commission approved a similar mechanism in Order
2 No. PSC-13-0023-S-EI, so the Proposed Settlement Agreement provides
3 nothing new in that regard. Specifically, the reserve amortization mechanism
4 allows the Company to forgo a portion of the cash revenue increases it
5 petitioned for, providing significant benefit to customers through lower rates
6 over the four-year period.

7

8 IV. SOLAR BASE RATE ADJUSTMENT

9

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

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

1 demand-side management opt-out program.

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

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

23 Upon approval by the Commission, the SoBRA for
24 each facility will become effective once the facility is
25 placed in service. At that time, FPL's fuel charges

1 company's incentive to continue to look for efficiency
2 improvements during the term of the proposed settlement
3 agreement. Do you recall hearing that testimony?

4 **A** I do.

5 **Q** Would you please respond to that.

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

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

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

25 The settlement agreement, itself -- this four-

1 year term provides a period of time where we can really
2 focus on running the business, allowing this reserve
3 mechanism to offset some of the fluctuations in the
4 business. And we've demonstrated that we can do that.

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

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

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

15 **CHAIRMAN BROWN:** Okay. Thank you.

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

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

20 **MR. McRAY:** No questions.

21 **CHAIRMAN BROWN:** Okay.

22 FIPUG?

23 **MS. MOYLE:** No questions.

24 **CHAIRMAN BROWN:** Walmart?

25 **MS. EATON:** No questions.

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 2

Excerpts from August 3, 2016, Robert Barrett Deposition
Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

DOCKET NO. 160061-EI

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

DOCKET NO. 160062-EI

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

DOCKET NO. 160088-EI

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

TELEPHONIC
DEPOSITION OF: ROBERT E. BARRETT, JR.

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

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

TIME: Commenced at 8:30 a.m.
Concluded at 5:18 p.m.

DATE: Wednesday, August 3, 2016

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

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

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

11 **MS. HARPER:** Yes, the Tab 1.

12 **MR. BUTLER:** Okay.

13 **MS. HARPER:** Page 1, yes.

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

17 **BY MS. HARPER:**

18 **Q** Yes, that's correct. We did.

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

24 **A** Subject to check, I can accept that the math
25 is right, although obviously disagreeing with the

1 premise or the predicate of the actual scenario.

2 Q Okay. Again, another subject to check, do you
3 agree that the calculated percentage difference in
4 actual to planned net income for 2015, which is
5 8.63 percent, is the error in FPL's three-year ahead net
6 income forecast, assuming weather had been equal to
7 normal weather and adjustments to planned reserve
8 amortizations were not at the company's disposal?

9 A Can you repeat that, please?

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

17 A No.

18 Q Okay. Why not?

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

25 Q Okay. Okay.

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

2 **Q** Yeah. No problem.

3 (Pause.)

4 **A** There's just one other clarification I would
5 make, that the 8.63, as you noted here, assumes that the
6 \$61 million of reserve amortization that was in the plan
7 was also in the actuals, as you phrased it. It was not
8 at the company's discretion to change that number.
9 That's not the same as saying that we did not have any
10 reserve amortization mechanism available to use, and
11 that's just a matter of math.

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

15 **A** It is not.

16 **Q** Okay. Let me pause here for just a second.
17 (Pause.)

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

25 **A** Yes.

1 **Q** Okay. Assuming the subsequent test year 2018
2 is approved, what offsetting factor or factors does FPL
3 believe could be available to the company to allow it to
4 control its variances in net income in 2016, 2017, and
5 2018 compared to planned net income?

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

8 **Q** Okay.

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

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

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

18 **Q** Yes.

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

22 **Q** Okay.

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

1 **Q** Yes.

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

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

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

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

22 **Q** Okay. Thank you. Okay. Mr. Barrett, on line
23 7 of REB-6, your REB-6, FPL's, was the planned net
24 income established as part of the budget plan in 2012
25 for 20 -- through 2015?

1 **A** That's correct.

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

5 **A** Yes.

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

9 **A** I do.

10 **Q** Okay.

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

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

16 **A** Yes.

17 **Q** Okay.

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

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

25 **A** Yes.

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

6 A Specifically it says, "Traditionally and
7 historically."

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

10 A I am.

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

14 A Well, if I understand your question, you're
15 asking if we would -- if we're committing to paragraph
16 6 of the settlement agreement, and I think that goes
17 beyond what is contained in my testimony as the
18 commitment.

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

23 A Correct.

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

CERTIFICATE OF OATH

STATE OF FLORIDA

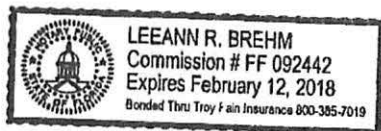
COUNTY OF PALM BEACH

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

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


Notary Public, State of Florida at Large

My commission Expires:



JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 3

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

*Highlighting Added by Petitioners



**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

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

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

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

State or other jurisdiction of incorporation or organization: Florida

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

NextEra Energy, Inc. Yes No

Florida Power & Light Company Yes No

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

NextEra Energy, Inc. Yes No

Florida Power & Light Company Yes No

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

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

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

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

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

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

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

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

DEFINITIONS

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

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

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

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

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

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

Operating Revenues

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

Fuel, Purchased Power and Interchange Expense

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

Depreciation and Amortization Expense

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

Income Taxes

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

NEER: Results of Operations

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

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

(a) Reflects after-tax project contributions, including PTCs, ITCs and deferred income taxes and other benefits associated with convertible ITCs for wind and solar projects, as applicable, but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects and pipelines are included in new investments during the first twelve months of operation or ownership. Project results are included in existing assets and pipeline results are included in gas infrastructure beginning with the thirteenth month of operation or ownership.

(b) Excludes allocation of interest expense and corporate general and administrative expenses.

(c) Includes differential membership interest costs. Excludes unrealized mark-to-market gains and losses related to interest rate derivative contracts, which are included in change in non-qualifying hedge activity.

(d) See Overview - Adjusted Earnings for additional information.

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

Operating Revenues

Operating revenues for the three months ended September 30, 2018 decreased \$313 million primarily due to:

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

partly offset by,

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

Operating revenues for the nine months ended September 30, 2018 decreased \$623 million primarily due to:

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

partly offset by,

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

Operating Expenses - net

Operating expenses - net for the three months ended September 30, 2018 decreased \$40 million primarily due to:

- the absence of approximately \$100 million of operating expenses related to NEP which is no longer consolidated,

partly offset by,



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
 OF THE SECURITIES EXCHANGE ACT OF 1934
 For the fiscal year ended **December 31, 2015**

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

	Name of exchange on which registered
Securities registered pursuant to Section 12(b) of the Act:	
NextEra Energy, Inc.:	
Common Stock, \$0.01 Par Value	New York Stock Exchange
5.799% Corporate Units	New York Stock Exchange
6.371% Corporate Units	New York Stock Exchange
Florida Power & Light Company: None	

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

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

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

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

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

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

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

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

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

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

NextEra Energy, Inc.	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Florida Power & Light Company	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

Table of Contents

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

FPL: Results of Operations

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

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

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

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

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

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

- higher earnings on investment in plant in service of approximately \$105 million. Investment in plant in service grew FPL's average retail rate base in 2014 by approximately \$2.3 billion reflecting, among other things, the modernized Riviera Beach power plant and ongoing transmission and distribution additions,
 - growth in wholesale services provided which increased earnings by \$47 million,
 - the absence of \$32 million of after-tax charges associated with the cost savings initiative recorded in 2013, and
 - higher earnings of \$30 million related to the increase in the targeted regulatory ROE from 11.25% to 11.50%,
- partly offset by,
- lower cost recovery clause results of \$22 million primarily due to the transfer of new nuclear capacity to retail rate base as discussed below under Retail Base, Cost Recovery Clauses and Interest Expense, and
 - lower AFUDC - equity of \$19 million primarily related to the Riviera Beach and Cape Canaveral power plants being placed in service in April 2014 and April 2013, respectively.

Table of Contents

FPL's operating revenues consisted of the following:

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

Retail Base

FPSC Rate Orders

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

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

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

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

Retail Customer Usage and Growth

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

Cost Recovery Clauses

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



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
 OF THE SECURITIES EXCHANGE ACT OF 1934
 For the fiscal year ended **December 31, 2016**

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

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:	Name of exchange on which registered
NextEra Energy, Inc.: Common Stock, \$0.01 Par Value 6.371% Corporate Units 6.123% Corporate Units	New York Stock Exchange New York Stock Exchange New York Stock Exchange
Florida Power & Light Company: None	

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

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

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

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

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

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

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

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

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

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

NextEra Energy, Inc.	Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>
Florida Power & Light Company	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

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

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

(c) Approximately \$276 million of the gains is included in NEER's net income; the balance is included in Corporate and Other. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale and Note 6.

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

2016 Summary

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

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

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

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

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

RESULTS OF OPERATIONS

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

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

FPL: Results of Operations

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

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

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

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

FPL's operating revenues consisted of the following:

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

Retail Base

FPSC Rate Orders

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

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

Retail Customer Usage and Growth

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

Cost Recovery Clauses

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

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

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

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

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

Woodford Shale Investment

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

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

Other

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

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense

The major components of FPL's fuel, purchased power and interchange expense are as follows:

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

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

Depreciation and Amortization Expense

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

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

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

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



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
 OF THE SECURITIES EXCHANGE ACT OF 1934
 For the fiscal year ended **December 31, 2017**

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

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:	Name of exchange on which registered
NextEra Energy, Inc.: Common Stock, \$0.01 Par Value	New York Stock Exchange
6.371% Corporate Units	New York Stock Exchange
6.123% Corporate Units	New York Stock Exchange
Florida Power & Light Company: None	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

Adjusted Earnings

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

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

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

(a) For 2017, 2016 and 2015, approximately \$47 million of gains, \$233 million of losses and \$175 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other. The change in non-qualifying hedge activity is primarily attributable to changes in forward power and natural gas prices, interest rates and foreign currency exchange rates, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized. In 2017, net losses associated with non-qualifying hedge activity were partly offset by approximately \$95 million of tax reform impacts.

(b) See Note 1 - Merger Terminations.

(c) Reflects OTTI losses on securities held in NEER's nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). For 2017, 2016 and 2015, approximately \$2 million of income, \$2 million of losses and \$14 million of losses, respectively, are included in NEER's net income; the balance is included in Corporate and Other.

(d) Approximately \$1,925 million of net favorable tax reform impacts and \$50 million of net unfavorable tax reform impacts are included in NEER's and FPL's net income, respectively; the balance is included in Corporate and Other. See Note 1 - Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve and Note 5.

(e) See Note 1 - Assets and Liabilities Associated with Assets Held for Sale for a discussion of the sale of the fiber-optic telecommunications business.

(f) Approximately \$276 million of the gains is included in NEER's net income; the balance is included in Corporate and Other. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale for a discussion of the sale of the natural gas generation facilities.

(g) Approximately \$246 million of the impairment charge is included in NEER's net income; the balance is included in Corporate and Other. See Note 4 - Nonrecurring Fair Value Measurements.

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

2017 Summary

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

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

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

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

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

RESULTS OF OPERATIONS

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

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

FPL: Results of Operations

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

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

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

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

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

Retail Base

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

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

Cost Recovery Clauses

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

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

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

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense

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

Storm Restoration Costs

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

Depreciation and Amortization Expense

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

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

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

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

Taxes Other Than Income Taxes and Other

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

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 4

Excerpts from August 4, 2016, Moray Dewhurst
Deposition Transcript

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

_____ / DOCKET NO. 160021-EI
PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

_____ / DOCKET NO. 160061-EI
PETITION FOR APPROVAL OF
2016-2018 STORM HARDENING PLAN
BY FLORIDA POWER & LIGHT
COMPANY.

_____ / DOCKET NO. 160062-EI
2016 DEPRECIATION AND
DISMANTLEMENT STUDY BY FLORIDA
POWER & LIGHT COMPANY.

_____ / DOCKET NO. 160088-EI
PETITION FOR LIMITED PROCEEDING
TO MODIFY AND CONTINUE INCENTIVE
MECHANISM, BY FLORIDA POWER &
LIGHT COMPANY.

TELEPHONIC
DEPOSITION OF: MORAY DEWHURST

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

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

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

DATE: Thursday, August 4, 2016

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

1 APPEARANCES:

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

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

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

13 JON C. MOYLE, JR., ESQUIRE, Moyle Law Firm,
14 P.A., 118 North Gadsden Street, Tallahassee, Florida
15 32301, appearing on behalf of Florida Industrial Power
16 Users Group.

17 MARK F. SUNDBACK and WILLIAM M. RAPPOLT,
18 ESQUIRES, Andrews Kurth LLP, 1350 I Street NW, Suite
19 1100, Washington, DC 20005, appearing on behalf of South
20 Florida Hospital and Healthcare Association.

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

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I N D E X
WITNESSES

NAME:	PAGE NO.
MORAY DEWHURST	
Examination by Ms. Leathers	5
Examination by Ms Brownless	8
Examination by Mr. Rehwinkle	48
Further Examination by Ms. Brownless	82
Examination by Mr. Sundback	83
Examination by Mr. Moyle	97
Examination by Ms. Cano	140

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EXHIBITS

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

*Huh-uh is a negative response

*Uh-huh is a positive response

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

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

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

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

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

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

1 Q Okay. Very good.

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

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

7 Q Correct.

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

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

19 A That's correct.

20 Q Okay.

21 A And I agree that the prudence is a separate
22 issue. In 2006, we had discussions about the prudence
23 of restoration costs that had been incurred in 2004 and
24 2005, but there was no application of what I would call
25 any earnings test or consideration of where FPL, then,

1 was in its earnings band. And what's what the provision
2 in the settlement agreement was designed to prevent.

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

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

14 MS. CANO: I'm going to object to the form.

15 Just ambiguous, hard to follow.

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

21 Q Okay.

22 A But again -- excuse me.

23 Q Yes, sir.

24 A That -- that discussion should not be
25 conditioned upon where FPL is at that point in time in

1 its earnings band. It should be a function of FPL
2 demonstrating or failing to demonstrate that the costs
3 incurred were prudently incurred in achieving the
4 restoration of the service to our customers.

5 Q And to follow up on that, I -- I -- I think
6 the intent of the provision, if you can agree with me,
7 is that the -- if there are offsetting costs, for
8 example, maybe you had an efficiency measure that saved
9 \$30 million unrelated to storm costs, that would not be
10 allowed as an offset to consideration about whether you
11 were -- to get recovery of, you know, say \$410 million
12 of storm damage, right?

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

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

23 A Correct.

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

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

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

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

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

13 A Yes, it would reduce cash flow.

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

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

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

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CERTIFICATE OF REPORTER

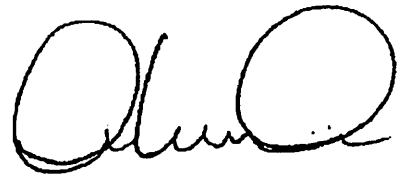
STATE OF FLORIDA)
COUNTY OF LEON)

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

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

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

DATED THIS 8th day of August, 2016.



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

CERTIFICATE OF OATH

STATE OF FLORIDA

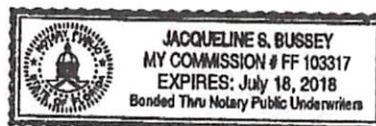
COUNTY OF PALM BEACH

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

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

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

My commission Expires:



Personally known OR produced identification _____.

Type of identification produced _____.

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ERRATA SHEET

DO NOT WRITE ON TRANSCRIPT - ENTER CHANGES HERE

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

NAME: MORAY DEWHURST

DATE: August 4, 2016

PAGE/LINE	CORRECTION/AMENDMENT	REASON FOR CHANGE
7		
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11		
12	SEE ATTACHED	DETAIL
13		
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Under penalties of perjury, I declare that I have read my deposition and that it is true and correct, subject to any changes in form or substance entered here.

Aug 15 2016
DATE


MORAY DEWHURST

ERRATA TO THE DEPOSITION OF MORAY DEWHURST

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

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

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

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 5

Excerpts from August 25, 2016, Hearing Transcript

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

FILED AUG 29, 2016
DOCUMENT NO. 07066-16
FPSC - COMMISSION CLERK
DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

DOCKET NO. 160061-EI

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

DOCKET NO. 160062-EI

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

DOCKET NO. 160088-EI

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

VOLUME 20
PAGES 2382 THROUGH 2576

PROCEEDINGS: HEARING

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

DATE: Thursday, August 25, 2016

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

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

REPORTED BY: ANDREA KOMARIDIS
Court Reporter

APPEARANCES: (As heretofore noted.)

1	I N D E X	
2	WITNESSES	
3	NAME:	PAGE NO.
4	ROBERT HEVERT	
5	Continued Examination by Mr. Rappolt	2385
	Examination by Ms. Brownless	2400
6	Redirect Examination by Mr. Litchfield	2427
7		
8	MORAY P. DEWHURST	
9	Direct Examination by Mr. Litchfield	2445
	Prefiled direct testimony inserted	2447
10	Examination by Ms. Brownless	2480
	Redirect Examination by Mr. Litchfield	2482
11	Examination by Mr. Moyle	2485
	Examination by Mr. Rehwinkel	2517
12	Examination by Mr. Sundback	2529
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EXHIBITS			
NUMBER:		ID	ADMITTED
124 through 133 (as identified on comprehensive exhibit list)			2437
656 through 657 (as identified in a previous volume)			2437
675 (as identified in a previous volume)			2440
676 through 681 (as identified in a previous volume)			2441
683 through 684 (as identified in a previous volume)			2441
685 - Hevert Work Papers Chart No. 5		2389	2441
686 - excerpt from FPL Witness Hevert's direct testimony before the Missouri Public Service Commission		2390	2442
687 - excerpt from FPL Witness Hevert's direct testimony before the PUC of Texas, Docket No. 3848		2394	2443
688 - FPL's responses to staff's 36 set of interrogatories, No. 424		2401	2443
689 - CAPM application and theory per new regulatory finance by Roger A. Morin, Ph.D.		2408	2443
690 - Direct testimony of Woolridge		2414	2443
691 - U.S. Department of Treasury historical 30-year treasury rates		2415	2443
692 - Mr. Hevert's direct testimony in the Tampa Electric rate case, 130040		2417	2443
693 - utility comparison of nuclear power and percent and natural gas power		2499	
694 - equity-ratio comparison		2499	
695 - 50-basis-point adder		2500	
696 - Chart 1, Page 19 from O'Donnell testimony		2525	
697 - excerpt from a NextEra Energy, November 8th through 11th, 2015, investor presentation		2538	
698 - excerpt from NextEra Energy's 2015 SEC Form 10K		2540	
699 - excerpt from a NextEra Energy June 16th, 2015, Europe 2015, investor presentation		2554	
700 - article by Dewhurst at U.S. Power Conference		2569	

1 • MD-1 MFRs and Schedules Sponsored and Co-sponsored by Moray P.
2 Dewhurst

3 • MD-2 FPL's Virtuous Circle

4 • MD-3 Regional Comparison: ROE and Key Performance Metrics

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

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

8 **Q. What is the purpose of your testimony?**

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

17 **Q. Please summarize your testimony.**

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

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

7
8 One important aspect of FPL’s strategy has been the consistent maintenance
9 of a core set of financial policies, which have ensured that the Company has
10 access to the financial resources it needs at very competitive prices to execute
11 its capital programs, to manage its liquidity needs, and to maintain the
12 flexibility to respond rapidly to unexpected changes in the external
13 environment – all of which are necessary to deliver superior customer value.
14 FPL’s principal financial policies have focused on maintaining:

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

23

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

13
14 Given the demonstrated success of both FPL’s overall strategy and the
15 financial policies that have underpinned it, there is no reason to make major
16 changes at this time. FPL’s filing proposes a continuation of the successful
17 policies of the past, updated to reflect today’s market conditions, to support a
18 continued strategy of improving the customer value proposition. Specifically,
19 (i) the continued use of FPL’s historical capital structure, (ii) the provision of
20 an allowed ROE consistent with current capital market conditions, and (iii) the
21 provision of a suitable mechanism for the prompt recovery of prudently
22 incurred storm restoration costs are three major elements that will continue to

1 support FPL's ability to improve its already excellent customer value
2 proposition.

3
4 In addition, the provision of a 50 bps ROE adder is appropriate for important
5 policy reasons. Such an incentive would send a strong signal, not just to FPL
6 but also to investors and other stakeholders, of the importance of consistently
7 seeking to improve value delivery for customers and of being willing to
8 innovate and take risks in pursuit of superior outcomes for customers.

9
10 **II. THE ROLE AND IMPORTANCE OF A**
11 **STRONG FINANCIAL POSITION**

12
13 **Q. What have been FPL's financial policies?**

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

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

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

5

6

VII. STORM COST RECOVERY

7

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

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

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

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

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

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

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

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

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

1 MR. MOYLE: -- Madam Chair.

2 CHAIRMAN BROWN: Thank you.

3 Staff, are you done?

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

6 CHAIRMAN BROWN: Thank you.

7 CONTINUED EXAMINATION

8 BY MR. LITCHFIELD:

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

11 A Yes.

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

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

1 change these policies at this time.

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

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

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

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 6

October 2, 2018, Direct Testimony of Ralph Smith, CPA

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Consideration of the tax impacts
associated with Tax Cuts and Jobs Act of
2017 for Florida Power & Light Company.

DOCKET NO. 20180046-EI

FILED: October 2, 2018

DIRECT TESTIMONY

OF

RALPH SMITH, CPA

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

J. R. Kelly
Public Counsel

Patty Christensen
Associate Public Counsel

Stephanie Morse
Associate Public Counsel

Office of Public Counsel
c/o The Florida Legislature
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TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	QUANTIFICATION, CLASSIFICATION AND APPLICATION OF EXCESS ACCUMULATED DEFERRED INCOME TAXES.....	3
III.	2018 INCOME TAX SAVINGS IN BASE RATES RELATED TO THE REDUCTION IN THE FEDERAL INCOME TAX RATE TO 21 PERCENT.....	13
IV.	WHETHER A PRIVATE LETTER RULING ("PLR") SHOULD BE REQUIRED, AND ISSUES RELATED TO A PLR REQUEST.....	15
V.	FINDINGS AND RECOMMENDATIONS.....	17

1 **DIRECT TESTIMONY**

2 **OF**

3 **RALPH SMITH**

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

5 **Before the**

6 **Florida Public Service Commission**

7 **20180046-EI**

8

9

I. INTRODUCTION

10 **Q. WHAT ARE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS?**

11 **A. My name is Ralph Smith. I am a Certified Public Accountant licensed in the State of**
12 **Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC,**
13 **Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan,**
14 **48154.**

15

16 **Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.**

17 **A. Larkin & Associates, PLLC, ("Larkin") is a Certified Public Accounting and Regulatory**
18 **Consulting Firm. The firm performs independent regulatory consulting primarily for**
19 **public service/utility commission staffs and consumer interest groups (public counsels,**
20 **public advocates, consumer counsels, attorneys general, etc.). Larkin has extensive**
21 **experience in the utility regulatory field as expert witnesses in over 600 regulatory**
22 **proceedings, including numerous electric, water and wastewater, gas and telephone utility**
23 **cases.**

24

1 Q. **HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC**
2 **SERVICE COMMISSION?**

3 A. Yes, I have testified before the Florida Public Service Commission (“FPSC” or
4 “Commission”) previously. I have also testified before several other state regulatory
5 commissions.

6

7 Q. **HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS**
8 **AND EXPERIENCE?**

9 A. Yes. I have attached Exhibit RCS-1, which is a summary of my regulatory experience and
10 qualifications.

11

12 Q. **ON WHOSE BEHALF ARE YOU APPEARING?**

13 A. Larkin & Associates, PLLC, was retained by the Florida Office of Public Counsel (“OPC”)
14 to review the impacts on public utility revenue requirements due to the Tax Cuts and Jobs
15 Act of 2017 (“TCJA” or “2017 Tax Act”). My testimony addresses the impacts of the
16 TCJA on Florida Power & Light Company (“FPL” or “Company”) on behalf of the OPC.
17 Accordingly, I am appearing on behalf of the Citizens of the State of Florida.

18

19 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

20 A. I am presenting OPC's recommendations regarding certain aspects of the TCJA impacts on
21 the Company. In this testimony, I address TCJA impacts on FPL.

22

23 Q. **WHAT INFORMATION DID YOU REVIEW IN PREPARATION OF YOUR**
24 **TESTIMONY?**

1 A. I reviewed the Company's filing, including the direct testimony and exhibits. I also
2 reviewed the Company's responses to OPC's formal and informal discovery and other
3 materials pertaining to the TCJA and its impacts on the Company. In addition, I reviewed
4 Rule 25-14.011, Florida Administrative Code ("F.A.C."), concerning procedures for
5 processing requests for rulings to be filed with the Internal Revenue Service ("IRS").

6

7 **Q. PLEASE DESCRIBE HOW THE REMAINDER OF YOUR TESTIMONY IS**
8 **ORGANIZED.**

9 A. After this introduction (Section I), I address the TCJA impacts related to each of the
10 following issues:

- 11 • In Section II, I address the amount and recommended treatment of "Protected" and
12 "Unprotected" Excess Accumulated Deferred Income Taxes ("EADIT").
- 13 • In Section III, I address the amount of estimated 2018 income tax savings in base
14 rates related to the reduction in the federal income tax rate to 21 percent.
- 15 • In Section IV, I address whether a Private Letter Ruling ("PLR") should be required
16 for the Company, and issues related to a PLR request.
- 17 • In Section V, I summarize my findings and recommendations.

18

19 **II. QUANTIFICATION, CLASSIFICATION AND APPLICATION OF**
20 **EXCESS ACCUMULATED DEFERRED INCOME TAXES**

21 **Q. WHAT ARE ACCUMULATED DEFERRED INCOME TAXES ("ADIT")?**

22 A. ADIT is a source of cost-free capital to reflect that the utility collects money from
23 ratepayers for Deferred Income Tax Expense and holds onto that money prior to eventually
24 paying the income taxes to the government. ADIT results from differences between book
25 and tax accounting. ADIT is referred to as Accumulated Deferred Income Taxes to
26 recognize that these balances typically build up (or accumulate) over time, e.g., as tax

1 deductions exceed corresponding book expense. One primary source of ADIT results from
2 claiming accelerated tax deductions. The tax depreciation deductions on public utility
3 property typically occur on an accelerated basis (i.e., method differences) and over a
4 shorter period (i.e., life differences) than book depreciation accruals relating to the original
5 cost of the public utility property. These types of differences between book and tax
6 depreciation are referred to as "method/life" differences. Unlike many other types of book-
7 tax differences, the tax depreciation "method/life" differences are subject to normalization
8 requirements under Sections 167 and 168 of the Internal Revenue Code.

9

10 **Q. WHAT ARE "EXCESS" ACCUMULATED DEFERRED INCOME TAXES**
11 **("EXCESS ADIT" OR "EADIT")?**

12 **A. Regulated public utilities will be required to identify the portions of their ADIT balances**
13 **that represent "excess" ADIT based on recalculations using the difference between the old**
14 **federal corporate income tax ("FIT") rate (typically 35%) under which the ADIT was**
15 **originally accumulated and the new FIT rate of 21% provided for in the TCJA. Basically,**
16 **the utility's ADIT must be revalued at the new FIT rate (as if it had always been applicable)**
17 **and the amounts that have been accumulated using the federal income tax rates that are**
18 **higher than the current 21% rate will represent "excess" ADIT.**

19

20 **Q. WHAT AMOUNT OF EXCESS ACCUMULATED DEFERRED INCOME TAXES**
21 **("EADIT") DOES FPL SHOW?**

22 **A. FPL shows a total EADIT net liability of \$3.241 billion. A summary of this is presented**
23 **on Exhibit RCS-2, which reproduces in summary format the contents of an Excel file that**
24 **was provided to OPC by FPL after on-site discussions. The Company indicates it will true-**
25 **up these estimates after filing its 2017 tax return in October 2018. The total EADIT net**

1 liability of \$3.241 billion consists of a property-related (account 282) EADIT liability of
2 approximately \$3.084 billion and a non-property related net EADIT liability of
3 approximately \$157.4 million.
4

5 **Q. HOW HAS FPL CLASSIFIED THE PROPERTY-RELATED EADIT BETWEEN**
6 **"PROTECTED" AND "UNPROTECTED"?**

7 **A.** In its response to OPC Production of Documents (POD) No. 10, FPL shows a property-
8 related (account 282) EADIT liability of \$3.084 billion, of which FPL indicates \$2.382
9 billion is "protected" and \$701.4 million is "unprotected". FPL indicates that it tracks these
10 property-related EADIT amounts in PowerTax (FPL's computer tax program).
11

12
13 **Q. HOW HAS FPL CLASSIFIED THE NON-PROPERTY-RELATED EADIT**
14 **BETWEEN "PROTECTED" AND "UNPROTECTED"?**

15 **A.** As noted above, FPL shows an "other" EADIT liability (for EADIT tracked by FPL outside
16 of PowerTax) of \$157.4 million. A summary of these items is shown on Exhibit RCS-2,
17 attached to my testimony. The "other" EADIT liability has been classified by FPL as
18 "unprotected" except for the following two items:

- 19 • a \$36.145 million EADIT liability for Florida bonus depreciation¹ and
- 20 • a \$57.5 million EADIT asset for "Depreciation Protected - ICL"²

21
22 **Q. DO THE EADIT AMOUNTS INCLUDE A TAX "GROSS-UP"?**

¹ See "Code" items DEP118, DEP133 and DEP134 on Exhibit RCS-2.

² This relates to FPL's acquisition of an Indiantown CoGeneration facility (referred to as "ICL"); see "Code" items DEP101 on Exhibit RCS-2.

1 A. Yes. The amounts listed above include the "gross up" amount. The EADIT resulting from
2 the tax rate change is increased or "grossed up" for the current income tax rate. The
3 "grossed up" amount of the EADIT regulatory liability (or asset) will then be amortized
4 and subject to income taxes at the current rate; therefore, the net income impact equals the
5 amortized tax benefit.

6

7 **Q. HOW DO IRS NORMALIZATION REQUIREMENTS AFFECT THE**
8 **CATEGORIZATION OF ADIT AND EXCESS ADIT?**

9 A. IRS normalization requirements will apply to the portion of the property-related ADIT that
10 relates to the use of accelerated tax depreciation (including bonus tax depreciation). This
11 will result in two general categories of excess ADIT: (1) "protected" (i.e., related to the use
12 of accelerated tax depreciation and subject to the normalization requirements) and (2)
13 "unprotected" property and non-property related excess ADIT (which is not subject to
14 normalization requirements and for which the amortization or application is up to the
15 discretion of the Commission).

16

17 **Q. HOW DOES THE CATEGORIZATION OF "PROTECTED" OR**
18 **"UNPROTECTED" AFFECT THE AMORTIZATION OF THE EADIT?**

19 A. The 2017 Tax Act provides that the Average Rate Assumption Method ("ARAM") must
20 be used for the "protected" portion of the EADIT. The flow back of the "protected" excess
21 ADIT, therefore, must follow the prescribed method to comply with normalization
22 requirements. In contrast, the flow back of the "unprotected" portion of the excess ADIT
23 will be up to the discretion of the Commission. "Unprotected" ADIT is not subject to
24 normalization requirements. The "unprotected" ADIT will be revalued at the lower 21%
25 tax rate, creating balances of excess "unprotected" ADIT that can be flowed back to

1 customers over amortization periods to be determined by the Commission, or applied in
2 some other manner to be determined by the Commission (e.g., such as for the recovery of
3 regulatory assets).

4
5 **Q. DO YOU AGREE WITH FPL'S CLASSIFICATION OF THE EADIT BETWEEN**
6 **THE "PROTECTED" AND "UNPROTECTED" CATEGORIES?**

7 **A.** I have no disagreement with the Company's updated classification of EADIT. However, I
8 note that the guidance provided in the TCJA and in previous IRS rulings presents some
9 degree of uncertainty as to the classification of the EADIT related to at least one of the
10 large book-tax differences, specifically to the EADIT relating to cost of removal/negative
11 net salvage.

12 **Q. WHAT IS THE APPROPRIATE DISPOSITION OF THE "PROTECTED" EADIT?**

13 **A.** The "protected" EADIT should be reversed using an ARAM if the utility has the available
14 information to calculate the ARAM, or via another appropriate method that complies with
15 normalization requirements, if the Company does not have the information to compute the
16 ARAM. FPL has the information needed for the ARAM calculations, so it should use the
17 ARAM for its "protected" EADIT.

18
19 **Q. ARE YOU CONTESTING THE AMOUNTS ASSOCIATED WITH THE**
20 **COMPANY'S PROPOSED EADIT?**

21 **A.** No. The Company has indicated that its EADIT amounts are estimates and are subject to
22 correction after it files its 2017 tax return in October. I have accepted the Company's
23 amounts as reasonable estimates, subject to the later true up.

24

1 Q. WHAT AMORTIZATION DOES FPL PROPOSE FOR ITS PROPERTY-
2 RELATED "PROTECTED" AND "UNPROTECTED" EADIT?

3 A. FPL is proposing to use ARAM for both the "protected" and "unprotected" property-
4 related EADIT.

5

6 Q. DO YOU AGREE WITH FPL'S PROPOSAL TO APPLY THE ARAM FOR THE
7 "PROTECTED" PORTION OF ITS PROPERTY-RELATED EADIT?

8 A. Yes, I do. Application of the ARAM for the "protected" EADIT is required by the Internal
9 Revenue Code and TCJA. I agree with FPL's proposal to use the ARAM, but only for the
10 "protected" EADIT. As explained below, I disagree with FPL's proposal to apply the
11 ARAM to "unprotected" EADIT.

12

13 Q. DO YOU AGREE WITH FPL'S PROPOSAL TO APPLY THE ARAM FOR THE
14 "UNPROTECTED" PORTION OF ITS PROPERTY-RELATED EADIT?

15 A. No, I do not. There is no Internal Revenue Code or TCJA requirement that the
16 "unprotected" EADIT must be amortized using the ARAM. The amortization of FPL's
17 "unprotected" EADIT is up to the discretion of the Commission. Since this EADIT is by
18 definition "excess" (meaning amounts that are in excess, or more than needed, based on
19 the current federal corporate income tax rate of 21 percent) and the balance is a liability
20 (meaning the amounts are being held by the Company and should be returned to
21 ratepayers), a shorter amortization period should be considered.

22

23 Q. DO YOU HAVE A RECOMMENDATION FOR THE AMORTIZATION OF THE
24 "UNPROTECTED" PORTION OF FPL'S PROPERTY-RELATED EADIT?

1 A. Yes. I recommend that FPL's "unprotected" property-related EADIT be amortized over
2 ten years on a straight-line basis. A ten-year straight-line amortization period for
3 "unprotected" EADIT is being used by another Florida regulated utility, Tampa Electric
4 Company³, and is a reasonable period for returning these excess amounts to customers. In
5 addition, Duke Energy Florida has agreed to flow back its "unprotected" EADIT over a
6 maximum period of 10 years pursuant to a 2017 settlement.⁴ Moreover, Gulf Power
7 Company agreed to return its entire "unprotected" property-related EADIT in 2018.⁵ Thus,
8 a ten-year flow back is reasonable for FPL to return this money to its ratepayers.

9

10 **Q. WHAT ANNUAL AMORTIZATION OF THE "UNPROTECTED" PORTION OF**
11 **FPL'S PROPERTY-RELATED EADIT IS PRODUCED BY A TEN-YEAR**
12 **STRAIGHT-LINE AMORTIZATION?**

13 A. Amortizing the "unprotected" property-related EADIT liability of \$701,315,829 over ten
14 years produces an annual amortization amount of \$70,131,583.

15

16 **Q. HOW DO THE RESULTS OF A 10-YEAR AMORTIZATION OF THE**
17 **"UNPROTECTED" PROPERTY-RELATED EADIT COMPARE WITH FPL'S**
18 **PROPOSED 2018 ARAM-BASED AMORTIZATION FOR THAT EADIT?**

³ In re: Consideration of the Tax Impacts Associated with Tax Cuts and Jobs Act of 2017 for Tampa Electric Company, Order No. PSC-2018-0457-FOF-EI, issued September 10, 2018, in Docket No. 20180046-EI at p. 5.

⁴ In re: Application for Limited Proceeding to Approve 2017 Second Revised and Restated Settlement Agreement, including Certain Rate Adjustments, by Duke Energy Florida, LLC., Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, et. al., at p. 40.

⁵ In re: Consideration of the Stipulation and Settlement Agreement Between Gulf Power Company, the Office of Public Counsel, Florida Industrial Power Users Group, and Southern Alliance for Clean Energy Regarding the Tax Cuts and Jobs Act of 2017, Order No. PSC-2018-0180-FOF-EI, issued April 12, 2018, in Docket No. 20180039-EI, at pp. 11-12.

1 A. Using a ten-year straight line amortization of FPL's "unprotected" property-related EADIT
 2 liability would increase the 2018 amortization amount by approximately \$41.46 million,
 3 as summarized in the following table:

Florida Power & Light Co & Subs Unprotected Property-Related EADIT	Amount	Source
EADIT Liability Amount	\$ 701,315,829	Ex. RCS-1
Annual Amortization		
OPC proposed 2018 amortization (10 year straight line basis)	\$ 70,131,583	EADIT / 10 years
FPL proposed 2018 amortization using ARAM	28,671,032	Ex. RCS-1
Increased 2018 EADIT amortization using 10-year vs ARAM	\$ 41,460,551	

4

5

6 **Q. HOW HAS FPL CLASSIFIED THE EADIT RELATED TO COST OF**
 7 **REMOVAL/NEGATIVE NET SALVAGE?**

8 A. As shown on FPL's response to OPC POD No.10, FPL has identified an EADIT net asset
 9 of approximately \$20 million for cost of removal/salvage in its property-related EADIT.
 10 FPL has classified that EADIT as "protected" in its response to OPC POD No. 10. FPL's
 11 response to OPC Interrogatory No. 29(a) provides an additional explanation of FPL's
 12 reasoning for classifying the EADIT for cost of removal as "protected." Later in my
 13 testimony, I discuss the potential need to request a Private Letter Ruling from the IRS
 14 related to the cost of removal component of EADIT.

15

16 **Q. WHAT DOES THE COMPANY PROPOSE FOR THE AMORTIZATION OF THE**
 17 **NON-PROPERTY EADIT?**

18 A. As explained in Company witness Bores' testimony at page 7, FPL proposes to apply what
 19 it refers to as the "Reverse South Georgia Method" ("RSGM") to its non-property EADIT.
 20 At page 7 of his Direct Testimony, FPL witness Bores states the RSGM provides for the

1 turnaround of the “unprotected” EADIT on a straight-line basis over the estimated
2 remaining life of the related assets and liabilities.

3

4 **Q. DO YOU AGREE WITH APPLYING A STRAIGHT-LINE METHOD FOR**
5 **AMORTIZING THE “UNPROTECTED” EADIT?**

6 A. Yes. Amortizing the “unprotected” EADIT using a straight-line method is a
7 straightforward approach that is simple to administer.

8

9 **Q. IS IT NECESSARY THAT THE “UNPROTECTED” EADIT BE FLOWED BACK**
10 **OVER A PERIOD SIMILAR TO HOW THE ADIT WOULD HAVE FLOWED**
11 **BACK IN THE ABSENCE OF THE TCJA?**

12 A. No. The amortization of the “unprotected” EADIT is subject to the discretion of the
13 Commission. There is no need to allow utilities to hold “unprotected” EADIT amounts for
14 decades into the future. As described above, the EADIT amounts are “excess” and, if in a
15 liability position (i.e., if they represent amounts owed to customers), these amounts should
16 be flowed back over a quicker period. This quicker flow back reduces intergenerational
17 inequity by returning the money to the customers who paid the higher tax rates rather than
18 stretching the timeframe into the future for the benefit of customers who may never have
19 paid for the “excess” ADIT. I am recommending amortization periods that are no longer
20 than ten years as the flow back period for FPL’s “unprotected” EADIT balances.

21

22 **Q. HAS THE COMPANY PROVIDED A DETAILED SCHEDULE SHOWING ITS**
23 **PROPOSED AMORTIZATION OF THE NON-PROPERTY EADIT?**

1 A. Yes. The Company provided OPC with an Excel file that presents a summary of the
2 periods for which FPL proposes to amortize the non-property EADIT. Those periods are
3 also shown in the "Turn Period (Years)" column of Exhibit RCS-2.
4

5 **Q. REFERRING TO THE INFORMATION SHOWN IN THE "TURN PERIOD**
6 **(YEARS)" COLUMN OF EXHIBIT RCS-2, ARE YOU RECOMMENDING**
7 **ALTERNATIVE AMORTIZATION PERIODS FOR SOME OF FPL'S NON-**
8 **PROPERTY RELATED "UNPROTECTED" EADIT?**

9 A. Yes. In general, I am not taking issue with the accrual/reversal items of non-property
10 related EADIT. FPL indicates those items will reverse in one year; thus, the "turn period"
11 proposed by FPL is one year. I agree with FPL's use of a one-year "turn period" for EADIT
12 for such accrual/reversal type items.

13 In addition, I am not recommending alternative amortization periods for the other
14 "unprotected" non-property EADIT for which FPL shows a "turn period" of up to ten years.
15 There are several "unprotected" EADIT items which FPL shows "turn periods" of 5 or 10
16 years. For those items, I have accepted FPL's proposed amortization.

17 However, there are some "unprotected" EADIT items that FPL proposes using
18 periods longer than ten years. For those items, I recommend that the amortization occur
19 over a period of no longer than 10 years.
20

21 **Q. WHAT ADJUSTMENT TO THE 2018 NON-PLANT EADIT AMORTIZATION**
22 **RESULTS FROM USING AN AMORTIZATION PERIOD OF NO LONGER**
23 **THAN 10 YEARS FOR THE ITEMS OF "UNPROTECTED" EADIT FOR WHICH**
24 **FPL PROPOSED USING LONGER AMORTIATON PERIODS?**

1 A. Exhibit RCS-3 presents a calculation of the EADIT amortization on "non-plant" EADIT
2 proposed by FPL. This calculation includes acceptance of FPL's proposed amortization
3 periods for items where FPL proposed a "turn period" of 1 to 10 years, and application of
4 a maximum amortization period of 10 years for the items for which FPL proposed longer
5 amortizations. As shown on Exhibit RCS-3, FPL's total proposed 2018 amortization for
6 such items is approximately \$7.938 million.

7 In contrast, accepting FPL's proposed amortization periods for items where FPL
8 proposed a "turn period" of 1 to 10 years, and applying a maximum amortization period of
9 10 years for the "unprotected" items for which FPL proposed longer amortizations,
10 produces a 2018 annual amortization of approximately \$18.774 million.

11 In summary, the 2018 non-property EADIT amortization amount is increased by
12 \$10.836 million over FPL's proposal, if the amortization periods for the "unprotected"
13 EADIT components are capped at 10 years.

14

15 **III. 2018 INCOME TAX SAVINGS IN BASE RATES RELATED TO THE**
16 **REDUCTION IN THE FEDERAL INCOME TAX RATE TO 21**
17 **PERCENT.**

18 **Q. HOW MUCH 2018 INCOME TAX SAVINGS FROM BASE RATES HAS THE**
19 **COMPANY IDENTIFIED?**

20 A. Company witness Bores' Direct Testimony at pages 7-12 refers to calculations made by
21 FPL using its 2018 Forecasted Earnings Surveillance Report ("2018 FESR"). At page 11
22 of his Direct Testimony, Mr. Bores identifies the overall forecast change in the Company's
23 2018 FPSC adjusted revenue requirement as a result of the TCJA to be a reduction of
24 \$684.8 million, consisting of the following five primary components:

25 1) a \$582.7 million reduction in the base rate revenue requirement as a result of
26 the lower federal income tax rate;

- 1 2) a \$154.9 million reduction from the EADIT amortization proposed by FPL;
- 2 3) a \$26.0 million increase related to the loss of the manufacturer's deduction⁶;
- 3 4) a \$10.3 million increase due to higher sources of investor capital associated
- 4 with lower bonus tax depreciation; and
- 5 5) a \$16.5 million increase related to higher sources of investor capital due to
- 6 less ADIT related to depreciation timing differences on plant going into
- 7 service in 2018.

8

9 **Q. IF A MORE RAPID AMORTIZATION IS APPLIED TO THE "UNPROTECTED"**
10 **EADIT AS YOU HAVE RECOMMENDED, WOULD THAT IMPACT THE**
11 **ABOVE AMOUNTS FROM FPL'S APPLICATION?**

12 **A. Yes. The more rapid amortization I am recommending for "unprotected" EADIT would**
13 **impact the second item listed above. The reduction related to the TCJA in 2018 would be**
14 **higher if the amount of "unprotected" EADIT amortization in 2018 were higher. There**
15 **would also be an impact on the sources of investor capital if investor capital was needed in**
16 **2018 to replace the amounts of net regulatory liability related to that "unprotected" EADIT**
17 **and the related higher amortization amount in 2018.**

18

19 **Q. WHAT TREATMENT HAS THE COMPANY PROPOSED FOR THE 2018 BASE**
20 **RATE INCOME TAX SAVINGS?**

21 **A. FPL's application references the Settlement Agreement in its rate case and Order No. PSC-**
22 **16-0560-AS-EI issued on December 15, 2016 wherein the Commission approved that**
23 **Settlement Agreement. As described in FPL's application, in paragraph 7, when the TCJA**

⁶ This is also referred to as the Domestic Production Activities Deduction, and was allowable under Section 199 of the Internal Revenue Code, which was repealed by the TCJA.

1 was signed into law, FPL concluded it had the opportunity to combine expected tax savings
2 with the flexible amortization of a depreciation Reserve Amount under the Settlement
3 Agreement, to avoid an interim storm charge due to Hurricane Irma. In paragraph 8 of its
4 application, FPL states it expects that from 2018 through 2020, tax savings under the TCJA
5 will enable FPL to partially reverse the one-time amortization of the Reserve Amount,
6 while staying within its authorized ROE range. By applying TCJA savings in such a
7 manner, FPL indicates in its application in paragraph 9 that it expects rate stability under
8 the Settlement Agreement to continue for up to two additional years past the end of 2020.
9 Thus, FPL wants to effectively retain all of the TCJA tax savings related to its base rate
10 revenue requirement and to return none of this money directly to its ratepayers.

11
12 **Q. HOW DOES THE OPC PROPOSE TO APPLY THE TCJA SAVINGS FOR FPL?**

13 **A.** OPC has determined that the application of TCJA savings for FPL involve legal
14 interpretations of the Settlement Agreement. Therefore, the OPC's proposed application
15 of the TCJA savings for FPL will be addressed in OPC's legal pleadings. I am not offering
16 an opinion on the ultimate method of returning the total tax savings to FPL's customers.

17
18 **IV. WHETHER A PRIVATE LETTER RULING ("PLR") SHOULD BE**
19 **REQUIRED, AND ISSUES RELATED TO A PLR REQUEST.**

20 **Q. DID THE COMPANY'S FILING CONTAIN A CLASSIFICATION OF EADIT**
21 **RELATED TO COST-OF-REMOVAL?**

22 **A.** Yes. FPL's property-related EADIT contains a net asset of approximately \$20 million for
23 cost-of-removal. This is shown on the Company's response to OPC POD No. 10 and
24 described in FPL's response to OPC Interrogatory No. 29.

25

1 **Q. DO YOU HAVE AN OPINION AS TO WHETHER THE EADIT RELATED TO**
2 **COST OF REMOVAL/NEGATIVE NET SALVAGE IS "PROTECTED" OR**
3 **"UNPROTECTED"?**

4 **A. Yes, I do. Based on currently available guidance, it is my opinion that the EADIT related**
5 **to cost of removal/negative net salvage is "unprotected." This is because the tax deduction**
6 **for cost of removal is not addressed under §167 or §168 of the Internal Revenue Code**
7 **("IRC" or "Code"), which are the sections pertaining to the use of accelerated tax**
8 **depreciation and the sections which contain the normalization requirements pertaining to**
9 **the continued use of accelerated tax depreciation. Deductions provided for under other**
10 **sections of the Code are not subject to the normalization requirements associated with the**
11 **Company's ability to continue to use accelerated depreciation for federal income tax**
12 **purposes.**

13
14 **Q. IS THERE SOME UNCERTAINTY IN THIS AREA?**

15 **A. Yes, there is. The comparison of utility book and tax depreciation for purposes of tracking**
16 **the method/life and other differences can be very complex. Utility book depreciation rates**
17 **typically include a component for negative net salvage (as well as for the recovery of**
18 **original cost over the estimated useful life of the assets). The normalization process**
19 **involves comparing book and tax depreciation; however, the calculations can be very**
20 **complex. Such calculations are typically done by larger utilities using specialized**
21 **software, such as PowerPlan and PowerTax, and the proper application can require**
22 **significant additional analytical work by the utility and the vendor. Since the comparison**
23 **of book and tax depreciation involves complex calculations and utility book depreciation**
24 **typically includes an element for negative net salvage, some jurisdictions (e.g., New York)**
25 **have raised concerns about the cost of removal/negative net salvage component of book**

1 depreciation and the risks presented for potential normalization violations. For example,
2 FPL appears to be taking a different position than Tampa Electric Company (“TECO”) and
3 Peoples’ Gas System (“PGS”) concerning the treatment of cost of removal/negative net
4 salvage and has proposed to treat that item as "protected," pending receipt of additional
5 guidance.

6
7 **Q. SHOULD FPL SEEK A PRIVATE LETTER RULING FROM THE IRS**
8 **REGARDING ITS CLASSIFICATION OF THE EXCESS ADIT RELATING TO**
9 **COST OF REMOVAL/NEGATIVE NET SALVAGE AS “UNPROTECTED”?**

10 **A.** Possibly, yes.

11
12 **Q. IF FPL SEEKS A PRIVATE LETTER RULING AND THE IRS RULES THEREIN**
13 **(OR IN ANOTHER PRIVATE LETTER RULING) THAT THE EADIT**
14 **RELATING TO COST OF REMOVAL/NEGATIVE NET SALVAGE IS TO BE**
15 **TREATED AS “PROTECTED,” WHAT PROCESS SHOULD BE FOLLOWED**
16 **FOR THE RECLASSIFICATION?**

17 **A.** Pending clarification of the appropriate classification of EADIT for cost of
18 removal/negative net salvage, FPL should amortize the related EADIT using the ARAM if
19 the classification ruled by the IRS indicates this is “protected.”

20
21 **V. FINDINGS AND RECOMMENDATIONS**

22 **Q. ARE YOU RECOMMENDING ANY ADJUSTMENTS TO THE COMPANY'S**
23 **QUANTIFICATIONS OF THE TCJA IMPACTS AT THIS TIME?**

1 A. No, I am not. The Companies' quantifications do not appear to be unreasonable for the
2 purposes of estimating the one-time annual revenue requirement reduction and EADIT
3 related to the TCJA.

4
5 **Q. ARE YOU RECOMMENDING ANY DIFFERENT AMORTIZATION PERIODS**
6 **FOR FPL'S EADIT?**

7 A. Yes. For FPL's "unprotected" property-related EADIT, I recommend an amortization
8 period of ten years. As explained above in my testimony, FPL has an "unprotected"
9 property-related EADIT Liability Amount of approximately \$701.3 million. Amortizing
10 that over 10 years results in an annual amortization of \$70.132 million per year. Compared
11 with FPL proposed 2018 amortization (which used ARAM approach) of \$28.671 million,
12 applying a 10-year straight-line approach for the "unprotected" property-related EADIT
13 versus FPL's proposed ARAM-based approach results in an increased 2018 EADIT
14 amortization of \$41.461 million.

15 Additionally, for FPL's "unprotected" non-property-related EADIT, I recommend
16 accepting FPL's proposed "turn period" where FPL has proposed turn periods of 10 years
17 or less. For the "unprotected" non-property related EADIT, where FPL proposed a "turn
18 period" longer than ten years, I recommend that a ten-year turn period be used instead. As
19 shown on Exhibit RCS-3, this results in a 2018 "unprotected" EADIT amortization of
20 \$18.774 million, which is \$10.836 million higher than the \$7.938 million proposed by FPL.

21 **Q. PLEASE SUMMARIZE YOUR RECOMMENDED ADJUSTMENTS FOR THE**
22 **FLOW BACKS FOR THE TCJA SAVINGS.**

23 A As noted above, FPL quantified the FPSC adjusted revenue requirement as a result of the
24 TCJA to be a reduction of \$684.8 million, consisting of the following five primary
25 components:

- 1) a \$582.7 million reduction in the base rate revenue requirement as a result of the lower federal income tax rate;
- 2) a \$154.9 million reduction from the EADIT amortization proposed by FPL;
- 3) a \$26.0 million increase related to the loss of the manufacturer's deduction;
- 4) a \$10.3 million increase due to higher sources of investor capital associated with lower bonus tax depreciation; and
- 5) a \$16.5 million increase related to higher sources of investor capital due to less ADIT related to depreciation timing differences on plant going into service in 2018.

I am recommending the EADIT amortizations identified in Item No.2 above to be increased, which will reduce FPL's 2018 revenue requirement. As discussed above, my recommended sum for 2018 EADIT amortizations results in increases of \$41.461 million for "unprotected" property-related EADIT and \$10.836 million for "unprotected" non-property-related EADIT is approximately \$52 million. Therefore, the \$154.9 million reduction from the EADIT amortization proposed by FPL should be increased by approximately \$52 million. This produces a reduction to FPL's 2018 revenue requirement from EADIT amortization of approximately \$204.9 million, or \$52 million larger than the \$154.9 million proposed by FPL for Item No. 2 in the above list.

Similarly, adding the \$52 million additional EADIT amortization to FPL's identified total net TCJA revenue requirement reduction amount of \$684.8 million increases that reduction amount to \$736.8 million.

Q. COULD THERE BE A RELATED IMPACT ON INVESTOR CAPITAL SOURCES ASSOCIATED WITH INCREASED EADIT AMORTIZATION IN 2018?

1 A. Yes. I acknowledge that, other things being equal, the increased 2018 EADIT amortization
2 could have an impact related to requiring higher sources of investor capital (similar to Item
3 No. 5 on FPL's list). If the non-investor supplied cost-free capital represented by that
4 EADIT is being amortized at higher amounts in 2018, other things being equal, that could
5 require sources of investor-supplied capital to support rate base; however, I have not
6 quantified that impact. Presumably, that could be quantified by FPL in a compliance filing
7 if the Commission adopts the recommended 2018 EADIT amortizations that I have
8 described above.

9

10

11 **Q. DOES THIS COMPLETE YOUR PREFILED TESTIMONY?**

12 A. Yes, it does.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony of Ralph Smith, CPA has been furnished by electronic mail on this 2nd day of October, 2018, to the following:

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Patricia A. Christensen
Associate Public Counsel

QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. –16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. – E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	
	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	
	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
	Georgia Power Company (Georgia PSC)
3673-	Long Island Lighting Co. (New York Dept. of Public Service)
29484	Consumers Power Company – Gas (Michigan PSC)
U-8924	Austin Electric Utility (City of Austin, Texas)
Docket No. 1	Carolina Power & Light Company (North Carolina PUC)
Docket E-2, Sub 527	Pennsylvania Gas and Water Company (Pennsylvania PUC)
870853	Southern Bell Telephone Company (Florida PSC)
880069**	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
U-1954-88-102	Illinois Bell Telephone Company (Illinois CC)
T E-1032-88-102	Puget Sound Power & Light Company (Washington UTC))
89-0033	Philadelphia Electric Company (Pennsylvania PUC)
U-89-2688-T	Potomac Electric Power Company (District of Columbia PSC)
R-891364	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
F.C. 889	Duquesne Light Company, et al, plaintiffs, against Gulf+Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
Case No. 88/546	Florida Power & Light Company (Florida PSC)
	Gulf Power Company (Florida PSC)
	Jersey Central Power & Light Company (BPU)
	Hawaiian Electric Company (Hawaii PUCs)
87-11628	
890319-EI	
891345-EI	
ER 8811 0912J	
6531	

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102 & U-1551-89-103	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and TC-91-040B	Intrastate Access Charge Methodology, Pool and Rates Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS & 911-67-WS 922180 7233 and 7243 R-00922314 & M-920313C006 R00922428 E-1032-92-083 & U-1656-92-183	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC) The Peoples Natural Gas Company (Pennsylvania PUC) Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC) Metropolitan Edison Company (Pennsylvania PUC) Pennsylvania American Water Company (Pennsylvania PUC)
92-09-19 E-1032-92-073 UE-92-1262 92-345 R-932667 U-93-60** U-93-50** U-93-64 7700 E-1032-93-111 & U-1032-93-193 R-00932670 U-1514-93-169/ E-1032-93-169 7766 93-2006- GA-AIR 94-E-0334 94-0270 94-0097 PU-314-94-688 94-12-005-Phase I R-953297 95-03-01 95-0342 94-996-EL-AIR 95-1000-E	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission) Southern New England Telephone Company (Connecticut PUC) Citizens Utilities Company (Electric Division), (Arizona CC) Puget Sound Power and Light Company (Washington UTC)) Central Maine Power Company (Maine PUC) Pennsylvania Gas & Water Company (Pennsylvania PUC) Matanuska Telephone Association, Inc. (Alaska PUC) Anchorage Telephone Utility (Alaska PUC) PTI Communications (Alaska PUC) Hawaiian Electric Company, Inc. (Hawaii PUC) Citizens Utilities Company - Gas Division (Arizona Corporation Commission) Pennsylvania American Water Company (Pennsylvania PUC) Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission) Hawaiian Electric Company, Inc. (Hawaii PUC) The East Ohio Gas Company (Ohio PUC) Consolidated Edison Company (New York DPS) Inter-State Water Company (Illinois Commerce Commission) Citizens Utilities Company, Kauai Electric Division (Hawaii PUC) Application for Transfer of Local Exchanges (North Dakota PSC) Pacific Gas & Electric Company (California PUC) UGI Utilities, Inc. - Gas Division (Pennsylvania PUC) Southern New England Telephone Company (Connecticut PUC) Consumer Illinois Water, Kankakee Water District (Illinois CC) Ohio Power Company (Ohio PUC) South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed Staff Investigation E-1032-95-473 E-1032-95-433	Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission) Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC) Citizens Utility Co. - Arizona Electric Division (Arizona CC) Collaborative Ratemaking Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285 94-10-45 A.96-08-001 et al.	Missouri Gas Energy (Missouri PSC) Southern New England Telephone Company (Connecticut PUC) California Utilities' Applications to Identify Sunk Costs of Non- Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324 96-08-070, et al.	Bell Atlantic - Delaware, Inc. (Delaware PSC) Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12 R-00973953	Connecticut Light & Power (Connecticut PUC) Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65	Application of Delmarva Power & Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705 E-1072-97-067 Non-Docketed Staff Investigation PU-314-97-12 97-0351 97-8001	Energy Gulf States, Inc. (Cities Steering Committee) Southwestern Telephone Co. (Arizona Corporation Commission) Delaware - Estimate Impact of Universal Services Issues (Delaware PSC) US West Communications, Inc. Cost Studies (North Dakota PSC) Consumer Illinois Water Company (Illinois CC) Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I 9355-U 97-12-020 - Phase I U-98-56, U-98-60, U-98-65, U-98-67 (U-99-66, U-99-65, U-99-56, U-99-52) Phase II of 97-SCCC-149-GIT PU-314-97-465 Non-docketed Assistance Contract Dispute	San Diego Gas & Electric Co., Section 386 costs (California PUC) Georgia Power Company Rate Case (Georgia PUC) Pacific Gas & Electric Company (California PUC) Investigation of 1998 Intrastate Access charge filings (Alaska PUC) Investigation of 1999 Intrastate Access Charge filing (Alaska PUC) Southwestern Bell Telephone Company Cost Studies (Kansas CC) US West Universal Service Cost Model (North Dakota PSC) Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC) City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL) Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No.	
98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No.	Post-Transition Ratemaking Mechanisms for the Electric Industry
99-01-016,	Restructuring (US Department of Navy)
Phase I	
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020	Pacific Gas & Electric Company Rate Case (California PUC)
Phase II	United Illuminating Company (Connecticut OCC)
01-10-10	Georgia Power FCR (Georgia PSC)
13711-U	Verizon Delaware § 271(Delaware DPA)
02-001	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-BLVT-377-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No. E-01345A-06-009 Case No.	Arizona Public Service Company (Arizona Corporation Commission)
05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No. 03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363, Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM, Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT- 1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT- 607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT- 060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA, 06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No. UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036 E-04100A-09-0496 E-01773A-09-0472 R-2010-2166208, R-2010-2166210, R-2010-2166212, & R-2010-2166214 PSC Docket No. 09-0602	Kentucky-American Water Company (Kentucky PSC) Southwest Transmission Cooperative, IHnc. (Arizona CC) Arizona Electric Power Cooperative, Inc. (Arizona CC)
10-0713-E-PC Docket No. 31958 Docket No. 10-0467 PSC Docket No. 10-237 U-10-51	Pennsylvania-American Water Company (Pennsylvania PUC) Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC) Allegheny Power and FirstEnergy Corp. (West Virginia PSC) Georgia Power Company (Georgia PSC) Commonwealth Edison Company (Illinois CC) Delmarva Power & Light Company (Delaware PSC) Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T A.10-07-007 A-2010-2210326 09-1012-EL-FAC	West Virginia-American Water Company (West Virginia PSC) California-American Water Company (California PUC) TWP Acquisition (Pennsylvania PUC) Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit I (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080 G-01551A-10-0458 10-KCPE-415-RTS PUE-2011-00037 R-2011-2232243 U-11-100	Hawaiian Electric Company, Inc. (Hawaii PUC) Southwest Gas Corporation (Arizona CC) Kansas City Power & Light Company – Remand (Kansas CC) Virginia Appalachian Power Company (Commonwealth of Virginia SCC) Pennsylvania-American Water (Pennsylvania PUC) Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005 PSC Docket No. 11-207 Cause No. 44022	San Diego Gas & Electric Company (California PUC) Artesian Water Company, Inc. (Delaware PSC) Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158 E-01345A-11-0224 UE-111048 & UE-111049	UNS Gas, Inc. (Arizona Corporation Commission) Arizona Public Service Company (Arizona CC) Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721 11AL-947E U-11-77 & U-11-78	Commonwealth Edison Company (Illinois CC) Public Service Company of Colorado (Colorado PSC) Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767 PSC Docket No. 11-397 Cause No. 44075 Docket No. 12-0001 11-5730-EL-FAC	Illinois-American Water Company (Illinois CC) Tidewater Utilities, Inc. (Delaware PSC) Indiana Michigan Power Company (Indiana Utility Regulatory Commission) Ameren Illinois Company (Illinois CC) Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528 11-281-EL-FAC et al.	Delmarva Power & Light Company (Delaware PSC) Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
E-04230A-14-0011 & E-01933A-14-0011	Reorganization of UNS Energy Corporation with Fortis, Inc. (Arizona CC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)

2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)
PUE-2015-00027	Virginia Electric and Power Company (Commonwealth of Virginia SCC)
Docket No. 2015-0022	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T	West Virginia-American Water Company (West Virginia PSC)
15-07-38 ^{AA}	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26 ^{AA}	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)
Docket No. 15-00042	B&W Pipeline, LLC (Tennessee Regulatory Authority)
WR-2015-0301/SR-2015-0302	Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 16-00001	Kingsport Power Company d/b/a AEP Appalachian Power (Tennessee Regulatory Authority)
PUE-2015-00097	Virginia-American Water Company (Commonwealth of Virginia SCC)
15-1854-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
P-15-014	PTE Pipeline LLC (Regulatory Commission of Alaska)
P-15-020	Swanson River Oil Pipeline, LLC (Regulatory Commission of Alaska)
Docket No. 40161	Georgia Power Company – Integrated Resource Plan (Georgia PSC)
Formal Case No. 1137	Washington Gas Light Company (District of Columbia PSC)
160021-EL, et al.	Florida Power Company (Florida PSC)
R-2016-2537349	Metropolitan Edison Company (Pennsylvania PUC)
R-2016-2537352	Pennsylvania Electric Company (Pennsylvania PUC)
R-2016-2537355	Pennsylvania Power Company (Pennsylvania PUC)
R-2016-2537359	West Penn Power Company (Pennsylvania PUC)
16-0717-G-390P	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
15-1256-G-390P	
(Reopening)/16-0922-G-390P	Mountaineer Gas Company (West Virginia PSC)
16-0550-W-P	West Virginia-American Water Company (West Virginia PSC)
CEPR-AP-2015-0001	Puerto Rico Electric Power Authority (Puerto Rico Energy Commission)
E-01345A-16-0036	Arizona Public Service Company (Arizona CC)
Docket No. 4618	Providence Water Supply Board (Rhode Island PUC)
Docket No. 46238	Joint Report and Application of Oncor Electric Delivery Company LLC and NextEra Energy Inc. (Texas State Office of Administrative Hearings; Texas PUC)
U-16-066	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Case No. 2016-00370	Kentucky Utilities Company (Kentucky PSC)
Case No. 2016-00371	Louisville Gas and Electric Company (Kentucky PSC)
P-2015-2508942	Metropolitan Edison Company (Pennsylvania PUC)
P-2015-2508936	Pennsylvania Electric Company (Pennsylvania PUC)
P-2015-2508931	Pennsylvania Power Company (Pennsylvania PUC)
P-2015-2508948	West Penn Power Company (Pennsylvania PUC)
E-04204A-15-0142*	UNS Electric, Inc. (Arizona CC)
E-01933A-15-0322*	Tucson Electric Power Company (Arizona CC)
UE-170033 & UG-170034*	Puget Sound Energy, Inc. (Washington UTC)
Case No. U-18239	Consumers Energy Company (Michigan PSC)
Case No. U-18248	DTE Electric Company (Michigan PSC)

Case No. 9449	Merger of AltaGas Ltd. and WGL Holdings (Maryland PSC)
Formal Case No. 1142	Merger of AltaGas Ltd. and WGL Holdings (District of Columbia PSC)
Case No. 2017-00179	Kentucky Power Company (Kentucky PSC)
Docket No. 29849	Georgia Power Plant Vogtle Units 3 and 4, VCM 17 (Georgia PSC)
Docket No. 2017-AD-112	Mississippi Power Company (Mississippi PSC)
Docket No. D2017.9.79	Montana-Dakota Utilities Co. (Montana PSC)
SW-01428A-17-0058 et al	Liberty Utilities (Litchfield Park Water & Sewer) Corp. (Arizona CC)

* Testimony filed, examination not completed

** Issues stipulated

*** Company withdrew case

^ Testimony filed, case withdrawn after proposed decision issued

^^ Issues stipulated before testimony was filed

Excess Deferred Tax Balance @ 12/31/2017

Tax Rates

-14.0% 0.7700% 0.0% -13.23%

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
5	AMO201	Tx Refund Int Below	49,560	(6,938)	382	0	(6,557)
5	AMO301	Gain Disp Prop Abv	33,013,660	(4,621,912)	254,205	0	(4,367,707)
15	AMO312	Reg Liab SWAPC - ECCR	46,801,764	(6,552,247)	360,374	0	(6,191,873)
1	AMO316	Reg Liab - CB Bk/Tx Diff - L/T	14,074,913	(1,970,488)	108,377	0	(1,862,111)
1	AMO319	Reg Liab - CB Bk/Tx Diff - Current	1,893,506	(265,091)	14,580	0	(250,511)
1	BAD101	Bad Debt Expense	2,533,098	(354,634)	19,505	0	(335,129)
5	DBT102	Gain on Reacq Debt	1,620,377	(226,853)	12,477	0	(214,376)
30	DCM101	Decommissioning Accrual	356,332,180	(49,886,505)	2,743,758	0	(47,142,747)
30	DCM201	Decommissioning Below	711,184,357	(99,565,810)	5,476,120	0	(94,089,690)
1	EMP103	Non Ded Medic Contr	2,700,883	(378,124)	20,797	0	(357,327)
1	EMP201	Employee Bonus Accrual	112,726,470	(15,781,706)	867,994	0	(14,913,712)
1	EMP202	Accrued FICA Taxes	9,163,181	(1,282,845)	70,556	0	(1,212,289)
10	EMP802	Post Retirement SFAS 112 - NC	19,068,000	(2,669,520)	146,824	0	(2,522,696)
1	EMP806	Post Retirement Benefits - FAS106 Curren	15,845,690	(2,218,397)	122,012	0	(2,096,385)
10	EMP807	Post Retirement Benefits - FAS106 NC	188,314,186	(26,363,986)	1,450,019	0	(24,913,967)
10	EMP810	Medicare Part D Subsidy	(4,656,347)	651,889	(35,854)	0	616,035
10	EMP901	Def Compensation	3,387,857	(474,300)	26,086	0	(448,213)
1	EMP903	SERP Current Portion	360,882	(50,523)	2,779	0	(47,745)
10	EMP907	SERP Fund Activity and Thrift, BOD Pensic	7,124,177	(997,385)	54,856	0	(942,529)
5	FIN403	FIN48 Interest Payable-State	964,905	(135,087)	7,430	0	(127,657)
5	FIN405	Int Accrued St Current - FIN48	393,572	(55,100)	3,031	0	(52,070)
1	FUL301	Def Franchise Fee Rev	7,731,068	(1,082,350)	59,529	0	(1,022,820)
5	INC602	Premium Lighting Prog Rev	6,198,290	(867,761)	47,727	0	(820,034)
10	INC605	Deferred Income - NC	386,594	(54,123)	2,977	0	(51,146)
5	INJ101	Injuries and Damages	17,972,160	(2,516,102)	138,386	0	(2,377,717)
21	ITC101	Conv ITC Amort & GU	52,065,738	(7,289,203)	400,906	0	(6,888,297)
22	ITC103	Space Coast ITC GU	22,292,084	(3,120,892)	171,649	0	(2,949,243)
21	ITC105	Martin Solar ITC G/U	154,080,973	(21,571,336)	1,186,423	0	(20,384,913)

Excess Deferred Tax Balance @ 12/31/2017

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Tax Rates			
				-14.0%	0.7700%	0.0%	-13.23%
				Federal	FBOS	State	Total
30	NUC106	Nuclear Rule Book/Tax Basis	250,215,443	(35,030,162)	1,926,659	0	(33,103,503)
30	PSP101	Reverse Partnership Book (Income) Loss	(8,294,334)	1,161,207	(63,866)	0	1,097,340
5	PSP108	Sangroup Partnership LLC	44,414	(6,218)	342	0	(5,876)
2	REP501	Nuc Maint Reserve	16,580,661	(2,321,293)	127,671	0	(2,193,621)
5	RES106	Legal Reserve	7,312,500	(1,023,750)	56,306	0	(967,444)
5	RES109	Fuel Storage Reserve	5,447,994	(762,719)	41,950	0	(720,770)
30	RES113	Nuc Last Core Expense	111,722,086	(15,641,092)	860,260	0	(14,780,832)
30	RES114	Nuc M and S Inventory	24,065,820	(3,369,215)	185,307	0	(3,183,908)
1	RES126	Nuclear Rad Waste	9,273,516	(1,298,292)	71,406	0	(1,226,886)
10	RES137	Savings/Warrant Reserve	42,712	(5,980)	329	0	(5,651)
1	RES137	Savings/Warrant Reserve	118,819	(16,635)	915	0	(15,720)
1	RES139	Scherer Supplemental Perf Fee	6,131,708	(858,439)	47,214	0	(811,225)
10	RES301	Environmental Liability	135,891,407	(19,024,797)	1,046,364	0	(17,978,433)
1	RES401	Vacation Pay Accrual	5,457,391	(764,035)	42,022	0	(722,013)
5	RES601	Dormant Materials	63,554	(8,898)	489	0	(8,408)
1	REV103	Measurement And Verification Incom	1,289,929	(180,590)	9,932	0	(170,658)
5	SAL301	Cap Gain Emiss Allow	886	(124)	7	0	(117)
3	SJR101	SJRPP Decommissioning	39,923,306	(5,589,263)	307,409	0	(5,281,853)
3	SJR102	SJRPP Def Interest	12,382,353	(1,733,529)	95,344	0	(1,638,185)
1	STM402	Over/Under Recovery - FREC	4,897,596	(685,663)	37,711	0	(647,952)
1	STM409	Storm-Reg Asset - Regulated	74,274,946	(10,398,492)	571,917	0	(9,826,575)
1	UBR102	Unbilled Revenue FPSC	22,311,769	(3,123,648)	171,801	0	(2,951,847)
		Sub-Total Account 190	2,502,778,254	(350,388,956)	19,271,393	0	(331,117,563)
1	CAC102	Primeco CIAC Below	661	(93)	5	0	(87)
1	DEP101	Tax Depreciation	(10,855,470)	1,519,766	(83,587)	0	1,436,179
ICL 20	DEP101	Tax Depreciation	434,568,750	(60,839,625)	3,346,179	0	(57,493,446)
10	DEP102	Fossil Dismantlement	370,901,893	(51,926,265)	2,855,945	0	(49,070,320)

Excess Deferred Tax Balance @ 12/31/2017

Tax Rates

-14.0% *0.7700%* *0.0%* *-13.23%*

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
1	DEP102	Fossil Dismantlement	(5,540,839)	775,717	(42,664)	0	733,053
30	DEP107	Def ITC Interest Synch	6,779,781	(949,169)	52,204	0	(896,965)
30	DEP131	FAS90 Depr Reclass	87,006,154	(12,180,862)	669,947	0	(11,510,914)
20	DEP201	ARO Accretion	10,885,315	(1,523,944)	83,817	0	(1,440,127)
20	DEP202	ARO Asset	(10,885,315)	1,523,944	(83,817)	0	1,440,127
30	NUC107	Nuclear Rule Book/Tax - Plant In Service	7,541,981	(1,055,877)	58,073	0	(997,804)
5	SAL602	Gain on Sale of MIT Credits	110,606,293	(15,484,881)	851,668	0	(14,633,213)
		<i>Sub-Total Account 282</i>	1,001,009,204	(140,141,289)	7,707,771	0	(132,433,518)
1	AMO102	Amortization of Intangibles	258,666	(36,213)	1,992	0	(34,222)
1	AMO202	Int Tx Deficiency Above	(1,737,676)	243,275	(13,380)	0	229,895
5	AMO303	Loss Disp Prop Abv	(193,657)	27,112	(1,491)	0	25,621
20	AMO304	Reg Asset - Surplus Flowback	(1,208,675,515)	169,214,572	(9,306,801)	0	159,907,771
1	AMO309	Reg Asset - FAS90 Current	4,526,984	(633,778)	34,858	0	(598,920)
30	AMO310	Reg Asset - FAS90 L/T	(91,533,137)	12,814,639	(704,805)	0	12,109,834
20	AMO311	Reg Asset - Dism Resv - Surplus Flowback	(146,014,234)	20,441,993	(1,124,310)	0	19,317,683
6	AMO314	Reg Asset - CB PPA Loss - L/T	(334,607,191)	46,845,007	(2,576,475)	0	44,268,531
6	AMO315	Reg Asset - CB Tax GU - L/T	(210,133,794)	29,418,731	(1,618,030)	0	27,800,701
6	AMO317	Reg Asset - CB PPA Loss - Current	(55,767,857)	7,807,500	(429,412)	0	7,378,087
6	AMO318	Reg Asset - CB Tax GU - Current	(35,022,306)	4,903,123	(269,672)	0	4,633,451
10	AMO320	Reg Asset - PTN Cooling Canals	(112,422,793)	15,739,191	(865,656)	0	14,873,536
30	AMO321	Reg Asset - ICL - PPA Loss	(401,333,333)	56,186,667	(3,090,267)	0	53,096,400
10	AMO322	Reg Asset - Environmental Remediation	(687,448)	96,243	(5,293)	0	90,949
30	CAP202	Nustart Energy	(1,812,112)	253,696	(13,953)	0	239,742
2	CAP301	Rate Case Expenses	(2,519,917)	352,788	(19,403)	0	333,385
5	DBT101	Loss on Reacq Debt	(92,180,381)	12,905,253	(709,789)	0	12,195,464
30	EMP102	Pension SFAS 87	(1,350,835,622)	189,116,987	(10,401,434)	0	178,715,553
5	FIN404	FIN48 Interest Receivable-State	(1,358,477)	190,187	(10,460)	0	179,727

Excess Deferred Tax Balance @ 12/31/2017

Tax Rates

-14.0% 0.7700% 0.0% -13.23%

Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
1	FUL102	Def Fuel Cost FERC	(30,351)	4,249	(234)	0	4,015
1	FUL103	Def Fuel Cost FPSC - Current	(6,358,244)	890,154	(48,958)	0	841,196
1	FUL109	EPU Asset Retirements	(1,008,527)	141,194	(7,766)	0	133,428
1	FUL302	Franchise Fee Costs	(3,389,162)	474,483	(26,097)	0	448,386
1	INC608	Accrued Revenues - GPIF	(9,656,036)	1,351,845	(74,351)	0	1,277,494
1	INC609	Accrued Revenues - Asset Optimization	(10,101,485)	1,414,208	(77,781)	0	1,336,426
21	ITC102	Conv ITC Depr Loss	(26,032,853)	3,644,599	(200,453)	0	3,444,146
22	ITC104	Space Coast ITC Depr Loss	(11,146,139)	1,560,459	(85,825)	0	1,474,634
21	ITC106	Martin ITC Depr Loss	(77,040,475)	10,785,667	(593,212)	0	10,192,455
30	NUC103	Nuclear Cola Payroll	(29,298,885)	4,101,844	(225,601)	0	3,876,242
1	PPD101	Prepaid Insurance	(12,825,069)	1,795,510	(98,753)	0	1,696,757
1	PPD202	Prepaid Franchise Fees	(14,597,066)	2,043,589	(112,397)	0	1,931,192
1	PPD203	Prepaid State Motor Vehicle Taxes	(742,563)	103,959	(5,718)	0	98,241
30	RSH102	Research and Experimental Costs	(2,804,913)	392,688	(21,598)	0	371,090
1	STM401	Storm Recovery Property	(67,547,937)	9,456,711	(520,119)	0	8,936,592
1	STM407	Storm Recovery - Current	(115,491,986)	16,168,878	(889,288)	0	15,279,590
5	STM408	Involuntary Conversion - Storm - Deferrec	5,224,057	(731,368)	40,225	0	(691,143)
		Sub-Total Account 283	(4,424,897,434)	619,485,641	(34,071,710)	0	585,413,931
		Total Federal & State	(921,109,976)	128,955,397	(7,092,547)	0	121,862,850
6	DEP118	Florida Bonus Depreciation	4,674,495,003	0	35,993,612	0	35,993,612
2	DEP133	Florida Bonus Depreciation - 2014	23,579,500	0	181,562	0	181,562
3	DEP134	Florida Bonus Depreciation - 2015	(3,929,917)	0	(30,260)	0	(30,260)
		Total State Modifications	4,694,144,586	0	36,144,913	0	36,144,913
		Total with State Modifications	3,773,034,610	128,955,397	29,052,366	0	158,007,763

				<u>Excess Deferred Tax Balance @ 12/31/2017</u>			
				-14.0%	0.7700%	0.0%	-13.23%
Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Federal	FBOS	State	Total
		<i>Tax Rates</i>					
30	RATE_ADJ_ST	Adjust for tax rates & apportionment		0	(662,685)	0	(662,685)
		Miscellaneous Difference (offset w/ PT misc diff)		(639,456)	697,855	0	58,398
		Total Deferred Only		(639,456)	35,170	0	(604,286)
Protected/Protected		Non PowerTax Excess Deferred Taxes		128,315,940	29,087,537	0	157,403,477
							2,382,142,972
							701,315,829
Protected/Unprotected		PowerTax Excess Deferred Taxes	[A]	3,261,169,792	(179,953,840)	2,242,854	3,083,458,807
		GRAND TOTAL Excess Deferred Taxes		3,389,485,732	(150,866,304)	2,242,854	3,240,862,284
		Amortization:					
		Protected					2,360,794,440
		UnProtected					880,067,838
							3,240,862,278
							(1)
		EADIT BALANCE					
		Protected					2,360,794,440
		UnProtected					880,067,838
							3,240,862,278

Co	FERC	Type	FPL Turn Period (Years)	OPC Turn Period (Years)	Code	Name	Pre-Tax 2017 End Balance	Excess Deferred Tax Balance @ 12/31/2017				FPL Proposed 2018 Activity	OPC Proposed 2018 Activity	Adjustment to 2018 EADIT Amortization
								Tax Rates	Federal	FBOS	State			
								-14.0%	0.7700%	0.0%	-13.23%	1	1	
						Total with State Modifications	3,773,034,610	128,955,397	29,052,366	0	158,007,763	7,998,319	18,878,453	10,880,134
						Deferred Only								
1500	282	Other Unprotected - 30	30	10	RATE_ADJ_ST	Adjust for tax rates & apportionment		0	(662,685)	0	(662,685)	(22,089)	(66,268)	(44,179)
						Miscellaneous Difference (offset w/ PT misc diff)		(639,456)	697,855	0	58,398	(38,339)	(38,339)	0
						Total Deferred Only		(639,456)	35,170	0	(604,286)	(60,429)	(104,608)	(44,179)
		NonPowerTax - UnProtected/Protected				Non PowerTax Excess Deferred Taxes		128,315,940	29,087,537	0	157,403,477	7,937,890	18,773,845	10,835,955

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 7

January 26, 2018, NextEra Energy, Inc.

Press Release

Exhibit 99

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

FOR IMMEDIATE RELEASE**NextEra Energy reports 2017 fourth-quarter and full-year financial results**

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

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

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

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

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

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

Florida Power & Light Company

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

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

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

In 2017, FPL responded to Hurricane Irma – one of the largest, most powerful storms to ever hit Florida – and the company's response was unprecedented both in scale and the speed of power restoration. FPL had previously announced its intention to begin recovering the approximately \$1.3 billion restoration cost by implementing a surcharge on customer bills through 2020. Instead, FPL plans to reduce customer bills by using federal tax savings to forgo recovery of the Hurricane Irma restoration cost, which will save each of FPL's nearly 5 million customers an average of approximately \$250. In addition, FPL may be able to

use future federal tax savings to continue operating under the current base rate agreement beyond the initial term, which covers through 2020, for up to two additional years, potentially avoiding base rate increases to customer bills in 2021 and 2022. FPL believes this is the fastest way to begin passing tax savings along to customers and the most appropriate approach to keeping rates low and stable for years to come.

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

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

This month, FPL retired the St. Johns River Power Park in Jacksonville, Florida, an approximately 1,300-MW coal-fired power plant co-owned with JEA. Closure of the plant is projected to prevent more than 5.6 million tons of carbon dioxide emissions annually and save FPL customers an estimated \$183 million.

NextEra Energy Resources

NextEra Energy Resources, the competitive energy business of NextEra Energy, reported a fourth-quarter 2017 contribution to net income attributable to NextEra Energy on a GAAP basis of \$1.894 billion, or \$4.00 per share, compared to \$360 million, or \$0.77 per share, in the prior-year quarter. On an adjusted basis, NextEra Energy Resources' earnings for the fourth quarter of 2017 were \$230 million, or \$0.49 per share, compared to \$191 million, or \$0.41 per share, for the fourth quarter of 2016. For the full year 2017, NextEra Energy Resources reported net income attributable to NextEra Energy on a GAAP basis of \$2.963 billion, or \$6.27 per share, compared to \$1.125 billion, or \$2.41 per share, in 2016. On an adjusted basis, NextEra Energy Resources' earnings for the full year 2017 were \$1.230 billion, or \$2.61 per share, compared to \$1.090 billion, or \$2.33 per share, for the full year 2016.

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

NextEra Energy Resources' contribution to adjusted earnings per share in the fourth quarter of 2017 increased by \$0.08 against the prior-year comparable period. The business' results were primarily driven by contributions from new investments and increased contributions from existing generation assets as a result of repowering, partially offset by lower contributions from the gas infrastructure business.

For the full year 2017, NextEra Energy Resources' contribution to adjusted earnings per share increased \$0.28 from the prior-year comparable period. Growth was driven by continued new additions to its renewables portfolio, including the roughly 2,500 MW of new wind and solar projects commissioned in

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

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

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

Corporate and Other

In the fourth quarter of 2017 on a GAAP basis, Corporate and Other earnings decreased \$0.68 per share, compared to the prior-year quarter. On an adjusted basis, Corporate and Other earnings for the fourth quarter of 2017 decreased \$0.09 per share, compared to the prior-year quarter. During the fourth quarter of 2017, the company capitalized on the ongoing favorable financing market conditions and completed several refinancing initiatives. The combined financings, which have roughly a \$165 million after-tax net present value benefit on a cash basis, resulted in a net income reduction of approximately \$33 million, or \$0.07 per share. For full year 2017, Corporate and Other earnings increased \$1.00 per share on a GAAP basis, compared to 2016, due to a gain on the sale of FiberNet in early 2017. On an adjusted basis, full-year 2017 Corporate and Other earnings decreased \$0.15 per share year-over-year, primarily reflecting the costs related to fourth quarter 2017 refinancing initiatives.

Outlook

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

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

As previously announced, NextEra Energy's 2017 fourth-quarter and full-year earnings conference call is scheduled for 9 a.m. ET today. Also discussed during the call will be the 2017 fourth-quarter and full-year financial results for NextEra Energy Partners, LP (NYSE: NEP). The listen-only webcast will be available on NextEra Energy's website by accessing the following link: www.NextEraEnergy.com/investors. The news release and slides accompanying the presentation may be downloaded at www.NextEraEnergy.com/investors, beginning at 7:30 a.m. ET today. A replay will be available for 90 days by accessing the same link as listed above.

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

NextEra Energy, Inc.

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

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Cautionary Statements and Risk Factors That May Affect Future Results

This news release contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical facts, but instead represent the current expectations of NextEra Energy, Inc. (NextEra Energy) and Florida Power & Light Company (FPL) regarding future operating results and other future events, many of which, by their nature, are inherently uncertain and outside of NextEra Energy's and FPL's control. Forward-looking statements in this news release include, among others, statements concerning adjusted earnings per share expectations and future operating performance, and statements concerning future dividends. In some cases, you can identify the forward-looking statements by words or phrases such as "will," "may result," "expect," "anticipate," "believe," "intend," "plan," "seek," "potential," "projection," "forecast," "predict," "goals," "target," "outlook," "should," "would" or similar words or expressions. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance. The future results of NextEra Energy and FPL and their business and financial condition are subject to risks and uncertainties that could cause their actual results to differ materially from those expressed or implied in the forward-looking statements, or may require them to limit or eliminate certain operations. These risks and uncertainties include, but are not limited to, the following: effects of extensive regulation of NextEra Energy's and FPL's business operations; inability of NextEra Energy and FPL to recover in a timely manner any significant amount of costs, a return on certain assets or a reasonable return on invested capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise; impact of political, regulatory and economic factors on regulatory decisions important to NextEra Energy and FPL; disallowance of cost recovery by FPL based on a finding of imprudent use of derivative instruments; effect of any reductions or modifications to, or elimination of, governmental incentives or policies that support utility scale renewable energy projects of NextEra Energy Resources, LLC and its affiliated entities (NextEra Energy Resources) or the imposition of additional tax laws, policies or assessments on renewable energy; impact of new or revised laws, regulations, interpretations or other regulatory initiatives on NextEra Energy and FPL; capital expenditures, increased operating costs and various liabilities attributable to environmental laws, regulations and other standards applicable to NextEra Energy and FPL; effects on NextEra Energy and FPL of federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions; exposure of NextEra Energy and FPL to significant and increasing compliance costs and substantial monetary penalties and other sanctions as a result of extensive federal regulation of their operations and businesses; effect on NextEra Energy and FPL of changes in tax laws, guidance or policies as well as in judgments and estimates used to determine tax-related asset and liability amounts; impact on NextEra Energy and FPL of adverse results of litigation; effect on NextEra Energy and FPL of failure to proceed with projects under development or inability to complete the construction of (or capital improvements to) electric generation,

transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget; impact on development and operating activities of NextEra Energy and FPL resulting from risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements; risks involved in the operation and maintenance of electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities; effect on NextEra Energy and FPL of a lack of growth or slower growth in the number of customers or in customer usage; impact on NextEra Energy and FPL of severe weather and other weather conditions; threats of terrorism and catastrophic events that could result from terrorism, cyber attacks or other attempts to disrupt NextEra Energy's and FPL's business or the businesses of third parties; inability to obtain adequate insurance coverage for protection of NextEra Energy and FPL against significant losses and risk that insurance coverage does not provide protection against all significant losses; a prolonged period of low gas and oil prices could impact NextEra Energy Resources' gas infrastructure business and cause NextEra Energy Resources to delay or cancel certain gas infrastructure projects and for certain existing projects to be impaired; risk to NextEra Energy Resources of increased operating costs resulting from unfavorable supply costs necessary to provide NextEra Energy Resources' full energy and capacity requirement services; inability or failure by NextEra Energy Resources to manage properly or hedge effectively the commodity risk within its portfolio; effect of reductions in the liquidity of energy markets on NextEra Energy's ability to manage operational risks; effectiveness of NextEra Energy's and FPL's risk management tools associated with their hedging and trading procedures to protect against significant losses, including the effect of unforeseen price variances from historical behavior; impact of unavailability or disruption of power transmission or commodity transportation facilities on sale and delivery of power or natural gas by FPL and NextEra Energy Resources; exposure of NextEra Energy and FPL to credit and performance risk from customers, hedging counterparties and vendors; failure of NextEra Energy or FPL counterparties to perform under derivative contracts or of requirement for NextEra Energy or FPL to post margin cash collateral under derivative contracts; failure or breach of NextEra Energy's or FPL's information technology systems; risks to NextEra Energy and FPL's retail businesses from compromise of sensitive customer data; losses from volatility in the market values of derivative instruments and limited liquidity in OTC markets; impact of negative publicity; inability of NextEra Energy and FPL to maintain, negotiate or renegotiate acceptable franchise agreements with municipalities and counties in Florida; occurrence of work strikes or stoppages and increasing personnel costs; NextEra Energy's ability to successfully identify, complete and integrate acquisitions, including the effect of increased competition for acquisitions; NextEra Energy Partners, LP's (NEP's) acquisitions may not be completed and, even if completed, NextEra Energy may not realize the anticipated benefits of any acquisitions; environmental, health and financial risks associated with NextEra Energy Resources' and FPL's ownership and operation of nuclear generation facilities; liability of NextEra Energy and FPL for significant retrospective assessments and/or retrospective insurance premiums in the event of an incident at certain nuclear generation facilities; increased operating and capital expenditures and/or result in reduced revenues at nuclear generation facilities of NextEra Energy or FPL resulting from orders or new regulations of the Nuclear Regulatory Commission; inability to operate any of NextEra Energy Resources' or FPL's owned nuclear generation units through the end of their respective operating licenses; effect of disruptions, uncertainty or volatility in the credit and capital markets on NextEra Energy's and FPL's ability to fund their liquidity and capital needs and meet their growth objectives; inability of NextEra Energy, FPL and NextEra Energy Capital Holdings, Inc. to maintain their current credit ratings; impairment of NextEra Energy's and FPL's liquidity from inability of credit providers to fund their credit commitments or to maintain their current credit ratings; poor market performance and other economic factors that could affect NextEra Energy's defined benefit pension plan's funded status; poor market performance and other risks to the asset values of NextEra Energy's and FPL's nuclear decommissioning funds; changes in market value and other risks to certain of NextEra Energy's investments; effect of inability of NextEra Energy subsidiaries to pay upstream dividends or repay funds to NextEra Energy or of NextEra Energy's performance under guarantees of subsidiary obligations on NextEra Energy's ability to meet its financial obligations and to pay dividends on its common stock; the fact that the amount and timing of dividends payable on NextEra Energy's common stock, as well as the dividend policy approved by NextEra Energy's board of directors from time to time, and changes to that policy, are within the sole discretion of NextEra Energy's board of directors and, if declared and paid, dividends may be in amounts that are less than might be expected by shareholders; NEP's inability to access sources of capital on commercially reasonable terms could have an effect on its ability to consummate future acquisitions and on the value of NextEra Energy's limited partner interest in NextEra Energy Operating Partners, LP; and effects of disruptions, uncertainty or volatility in the credit and capital markets on the market price of NextEra Energy's common stock. NextEra Energy and FPL discuss these and other risks and uncertainties in their annual report on Form 10-K for the year ended December 31, 2016 and other SEC filings, and this news release should be read in conjunction with such SEC filings made through the date of this news release. The forward-looking statements made in this news release are made only as of the date of this news release and NextEra Energy and FPL undertake no obligation to update any forward-looking statements.

NextEra Energy, Inc.

Condensed Consolidated Statements of Income

(millions, except per share amounts)
(unaudited)

Three Months Ended December 31, 2017	Preliminary			
	FPL	NEER	Corporate and Other ⁽¹⁾	NextEra Energy
Operating Revenues	\$ 2,877	\$ 1,134	\$ (1)	\$ 4,010
Operating Expenses (Income)				
Fuel, purchased power and interchange	846	164	(31)	979
Other operations and maintenance	423	487	17	927
Storm restoration costs	1,255	—	—	1,255
Impairment charges	—	426	—	426
Merger-related	—	—	52	52
Depreciation and amortization	(580)	354	7	(219)
Losses (gains) on disposal of a business/assets - net	(1)	(5)	1	(5)
Taxes other than income taxes and other - net	316	40	3	359
Total operating expenses - net	<u>2,259</u>	<u>1,466</u>	<u>49</u>	<u>3,774</u>
Operating Income (Loss)	<u>618</u>	<u>(332)</u>	<u>(50)</u>	<u>236</u>
Other Income (Deductions)				
Interest expense	(122)	(188)	(77)	(387)
Benefits associated with differential membership interests - net	—	149	—	149
Equity in earnings (losses) of equity method investees	—	(11)	(1)	(12)
Allowance for equity funds used during construction	24	—	—	24
Interest income	1	19	2	22
Gains (losses) on disposal of investments and other property - net	—	51	(1)	50
Other than temporary impairment losses on securities held in nuclear decommissioning funds	—	(2)	—	(2)
Other - net	(4)	10	—	6
Total other income (deductions) - net	<u>(101)</u>	<u>28</u>	<u>(77)</u>	<u>(150)</u>
Income (Loss) before Income Taxes	517	(304)	(127)	86
Income Tax Expense (Benefit)	173	(2,111)	(44)	(1,982)
Net Income (Loss)	344	1,807	(83)	2,068
Less Net Income (Loss) Attributable to Noncontrolling Interests	—	(87)	—	(87)
Net Income (Loss) Attributable to NextEra Energy, Inc.	<u>\$ 344</u>	<u>\$ 1,894</u>	<u>\$ (83)</u>	<u>\$ 2,155</u>
Reconciliations of Net Income (Loss) Attributable to NextEra Energy, Inc. to Adjusted Earnings (Loss):				
Net Income (Loss) Attributable to NextEra Energy, Inc.	\$ 344	\$ 1,894	\$ (83)	\$ 2,155
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges ⁽²⁾	—	170	6	176
Loss (income) from other than temporary impairments - net ⁽³⁾	—	(18)	—	(18)
Tax reform ⁽⁴⁾	50	(1,925)	(2)	(1,877)
Duane Arnold impairment charge ⁽⁵⁾	—	420	—	420
Operating loss (income) of Spain solar projects ⁽⁶⁾	—	2	—	2
Merger-related expenses ⁽⁷⁾	—	—	52	52
Less related income tax expense (benefit)	—	(313)	(7)	(320)
Adjusted Earnings (Loss)	<u>\$ 394</u>	<u>\$ 230</u>	<u>\$ (34)</u>	<u>\$ 590</u>
Earnings (Loss) Per Share (assuming dilution) Attributable to NextEra Energy, Inc.	\$ 0.73	\$ 4.00	\$ (0.18)	\$ 4.55
Adjustments - pretax				
Net losses (gains) associated with non-qualifying hedges ⁽²⁾	—	0.36	0.01	0.37

Loss (income) from other than temporary impairments - net ⁽³⁾	—	(0.04)	—	(0.04)
Tax reform ⁽⁴⁾	0.11	(4.06)	—	(3.95)
Duane Arnold impairment charge ⁽⁵⁾	—	0.89	—	0.89
Operating loss (income) of Spain solar projects ⁽⁶⁾	—	—	—	—
Merger-related expenses ⁽⁷⁾	—	—	0.11	0.11
Less related income tax expense (benefit)	—	(0.66)	(0.02)	(0.68)
Adjusted Earnings (Loss) Per Share	\$ 0.84	\$ 0.49	\$ (0.08)	\$ 1.25
Weighted-average shares outstanding (assuming dilution)				474

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

⁽²⁾ After tax impact on adjusted earnings by segment is \$0, \$10, \$4, \$14, or \$0.00, \$0.02, \$0.01, \$0.03 per share, respectively.

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

⁽⁴⁾ Net of approximately \$40 million or \$0.08 of income tax benefit at FPL.

⁽⁵⁾ After tax impact on adjusted earnings by segment is \$0, \$246, \$12, \$258 or \$0.00, \$0.52, \$0.02, \$0.54 per share, respectively.

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

⁽⁷⁾ After tax impact on adjusted earnings is \$35 or \$0.07 per share.

NextEra Energy, Inc.

Condensed Consolidated Statements of Income

(millions, except per share amounts)
(unaudited)

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

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

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

⁽²⁾ After tax impact on adjusted earnings by segment is \$0, (\$61), (\$235), (\$296), or \$0.00, (\$0.13), (\$0.50), (\$0.63) per share, respectively.

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

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

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

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

NextEra Energy, Inc.

Condensed Consolidated Statements of Income

(millions, except per share amounts)
(unaudited)

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

Net losses (gains) associated with non-qualifying hedges ⁽²⁾	—	0.17	0.29	0.46
Loss (income) from other than temporary impairments - net ⁽³⁾	—	(0.05)	—	(0.05)
Tax reform ⁽⁴⁾	0.11	(4.07)	—	(3.96)
Duane Arnold impairment charge ⁽⁵⁾	—	0.89	—	0.89
Gains on disposal of a business/assets ⁽⁶⁾	—	—	(2.32)	(2.32)
Operating loss (income) of Spain solar projects ⁽⁷⁾	—	(0.01)	—	(0.01)
Merger-related expenses ⁽⁸⁾	—	—	0.20	0.20
Less related income tax expense (benefit)	—	(0.59)	0.70	0.11
Adjusted Earnings (Loss) Per Share	\$ 4.09	\$ 2.61	\$ —	\$ 6.70
Weighted-average shares outstanding (assuming dilution)				473

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

⁽²⁾ After tax impact on adjusted earnings by segment is \$0, (\$47), \$82, \$35, or \$0.00, (\$0.10), \$0.17, \$0.07 per share, respectively.

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

⁽⁴⁾ Net of approximately \$40 million or \$0.08 of income tax benefit at FPL.

⁽⁵⁾ After tax impact on adjusted earnings by segment is \$0, \$246, \$12, \$258 or \$0.00, \$0.52, \$0.02, \$0.54 per share, respectively.

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

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

⁽⁸⁾ After tax impact on adjusted earnings is \$63 or \$0.13 per share.

NextEra Energy, Inc. Condensed Consolidated Statements of Income

(millions, except per share amounts)
(unaudited)

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

Loss (income) from other than temporary impairments - net ⁽³⁾	—	—	—	—
Resolution of contingencies related to a previous asset sale ⁽⁴⁾	—	(0.02)	—	(0.02)
Gains on disposal of a business/assets ⁽⁵⁾	—	(0.95)	—	(0.95)
Operating loss (income) of Spain solar projects ⁽⁶⁾	—	0.03	—	0.03
Merger-related expenses ⁽⁷⁾	—	—	0.29	0.29
Less related income tax expense (benefit)	—	0.14	0.22	0.36
Adjusted Earnings (Loss) Per Share	\$ 3.71	\$ 2.33	\$ 0.15	\$ 6.19
Weighted-average shares outstanding (assuming dilution)				466

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

⁽²⁾ After tax impact on adjusted earnings by segment is \$0, \$233, (\$141), \$92, or \$0.00, \$0.50, (\$0.30), \$0.20 per share, respectively.

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

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

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

⁽⁶⁾ After tax impact on adjusted earnings is \$11 or \$0.02 per share.

⁽⁷⁾ After tax impact on adjusted earnings is \$92 or \$0.20 per share.

NextEra Energy, Inc.

Condensed Consolidated Balance Sheets

(millions)
(unaudited)

Preliminary

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

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

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

NextEra Energy, Inc. Condensed Consolidated Balance Sheets

Preliminary

(millions)

(unaudited)

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

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

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

NextEra Energy, Inc.

Condensed Consolidated Statements of Cash Flows

(millions)
(unaudited)

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

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

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

NextEra Energy, Inc.

Condensed Consolidated Statements of Cash Flows ⁽¹⁾

(millions)
(unaudited)

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

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

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

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

NextEra Energy, Inc. Earnings Per Share Contributions

(assuming dilution)
(unaudited)

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

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

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

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 8

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



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

February 26, 2018

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

Dear Mr. Fletcher:

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

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

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Fuentes". The signature is written in a cursive style with a large, stylized initial "E".

Elizabeth Fuentes
Sr. Director of Regulatory Accounting

Enclosures

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

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

SCHEDULE 1: PAGE 1 OF 1

	<u>ACTUAL PER BOOKS</u>	<u>FPSC ADJUSTMENTS</u>	<u>FPSC ADJUSTED</u>	<u>PRO FORMA ADJUSTMENTS</u>	<u>PRO FORMA ADJUSTED</u>
<u>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME	\$ 2,292,749,267 (A)	(229,824,932) (B)	2,062,924,335	(156,435,318)	\$ 1,906,489,017
RATE BASE	\$ 32,993,093,544	(354,601,119)	32,628,492,431	0	\$ 32,628,492,431
AVERAGE RATE OF RETURN	6.95%		6.32%		5.84%
<u>II. YEAR END RATE OF RETURN (JURISDICTIONAL)</u>					
NET OPERATING INCOME	\$ 2,292,749,267 (A)	(220,994,945) (B)	2,071,754,322	(156,435,318)	\$ 1,915,319,003
RATE BASE	\$ 35,472,103,159	(853,209,347)	34,618,893,812	0	\$ 34,618,893,812
YEAR END RATE OF RETURN	6.46%		5.99%		5.53%
(A) INCLUDES AFUDC EARNINGS (B) INCLUDES REVERSAL OF AFUDC EARNINGS					

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

LOW	5.66%
MIDPOINT	6.09%
HIGH	6.66%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	6.98	(SYSTEM PER BOOKS BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	6.76	(SYSTEM PER BOOKS BASIS)
C. AFUDC AS PERCENT OF NET INCOME	4.90%	(SYSTEM PER BOOKS BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	45.38%	(SYSTEM PER BOOKS BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.26%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	4.51%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.08%	(FPSC ADJUSTED)
H. RETURN ON COMMON EQUITY	10.01%	(PROFORMA ADJUSTED)

NOTE: THIS REPORT HAS BEEN PREPARED USING A THIRTEEN MONTH AVERAGE AND END OF PERIOD RATE BASE AND ADJUSTMENTS CONSISTENT WITH DOCKET NO. 180021-EL, ORDER NO. PSC-16-0560-AS-EL. THIS REPORT DOES NOT NECESSARILY REPRESENT THE OPINION OF THE COMPANY AS TO THE ACTUAL EARNED RATE OF RETURN FOR THE PERIOD COVERED.

I AM AWARE THAT SECTION 837.06, FLORIDA STATUTES, PROVIDES:

WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082, S. 775.083, OR S. 775.084.

KIMBERLY OUSDAHL
(VICE PRESIDENT AND CHIEF ACCOUNTING OFFICER)

Kimberly Ousdahl
for K. Ousdahl
(SIGNATURE)

2/15/18
(DATE)

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

SCHEDULE 2: PAGE 1 OF 3

	<u>PLANT IN SERVICE</u>	<u>ACCUMULATED DEPRECIATION & AMORTIZATION</u>	<u>NET PLANT IN SERVICE</u>	<u>PROPERTY HELD FOR FUTURE USE</u>	<u>CONSTRUCTION WORK IN PROGRESS</u>	<u>NUCLEAR FUEL</u>	<u>NET UTILITY PLANT</u>	<u>WORKING CAPITAL</u>	<u>TOTAL RATE BASE</u>
SYSTEM PER BOOKS	\$ 45,978,826,433	14,883,282,629	30,966,633,604	278,506,548	3,237,530,419	687,287,342	35,189,858,113	(915,165,694)	\$ 34,254,632,219
JURISDICTIONAL PER BOOKS	\$ 44,108,821,289	13,023,767,658	31,083,053,631	284,189,705	3,108,721,347	638,880,735	35,094,945,420	(2,111,851,876)	\$ 32,963,093,544
FPSC ADJUSTMENTS (SEE SCHEDULE 2, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 38 OF 3)	\$ (2,219,219,778)	(582,140,545)	(1,637,079,233)	0	(1,815,852,338)	0	(3,453,031,572)	3,098,430,459	\$ (354,801,113)
FPSC ADJUSTED:	\$ 41,887,601,511	12,441,627,113	29,445,974,398	284,189,705	1,292,768,008	638,880,735	31,641,913,848	886,578,583	\$ 32,628,482,431
PRO FORMA ADJUSTMENTS									
TOTAL PRO FORMA ADJUSTMENTS:	\$ 0	0	0	0	0	0	0	0	\$ 0
PRO FORMA ADJUSTED	\$ 41,887,601,511	12,441,627,113	29,445,974,398	284,189,705	1,292,768,008	638,880,735	31,641,913,848	886,578,583	\$ 32,628,482,431

NOTE:

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

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

SCHEDULE 2: PAGE 2 OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	\$ 11,576,090,890	3,493,805,509	2,806,827,200	672,384,470	1,293,650,050	193,447,400	935,185,816	(3,502,803)	(8,006,085)	9,385,791,577	\$ 2,290,299,303
JURISDICTIONAL PER BOOKS	\$ 11,244,284,510	3,328,486,639	2,763,255,892	620,279,656	1,275,635,595	185,143,418	895,014,380	(3,379,298)	(8,000,033)	9,048,436,238	\$ 2,195,826,273
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	\$ (508,346,509)	0	0	0	(13,023,232)	(190,299,454)	0	0	0	(203,322,696)	\$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,215)	190,299,491	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,665,872)	0	0	0	(260,612,708)	(97,658)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(373,875)	0	0	144,222	0	0	0	(229,653)	229,653
INDUSTRY ASSOCIATION DUES	0	0	(2,307,627)	0	0	890,244	0	0	0	(1,417,583)	1,417,583
ECONOMIC DEVELOPMENT 6%	0	0	(135,895)	0	0	52,344	0	0	0	(83,550)	83,550
AVIATION - EXPENSES	0	0	(191,848)	0	0	58,613	0	0	0	(93,333)	93,333
EXECUTIVE COMPENSATION	0	0	(36,137,478)	0	0	13,940,032	0	0	0	(22,197,446)	22,197,446
FUEL COST REC RETAIL	(3,125,419,069)	(3,109,482,160)	(229,738)	8,050,670	(2,225,499)	(26,695,272)	18,296,848	0	0	(3,112,189,148)	(13,229,840)
CONSERVATION COST RECOVERY	(58,630,159)	0	(43,503,850)	(9,666,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,482,068)
CAPACITY COST RECOVERY	(317,800,212)	(197,049,811)	(38,487,283)	(4,285,848)	(391,156)	(20,172,540)	(10,527,799)	0	0	(268,914,448)	(48,885,784)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(33,660,143)	(43,722,679)	(289,530)	(68,231,587)	18,683,352	0	117,460	(124,903,128)	(75,395,082)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,824)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(397,625,612)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	168,015	0	0	(72,527)	0	0	0	115,488	(115,488)
INTEREST SYNCHRONIZATION	0	0	0	0	0	20,756,749	(8,250,443)	0	0	12,506,304	(12,506,304)
TOTAL FPSC ADJUSTMENTS	\$ (4,860,330,973)	(3,308,531,971)	(228,137,217)	(360,786,085)	(770,885,617)	(81,494,513)	18,390,907	0	117,460	(4,727,427,038)	\$ (132,903,938)
FPSC ADJUSTED	\$ 6,383,893,537	21,954,668	2,527,118,665	259,493,571	504,649,978	103,648,904	913,405,287	(3,379,298)	(5,882,573)	4,321,009,202	\$ 2,062,924,335
PRO FORMA ADJUSTMENTS	\$ (254,860,453)	0	0	0	(183,500)	(88,241,635)	0	0	0	(98,425,134)	\$ (158,435,318)
(SEE SCHEDULE 2, PAGE 2A OF 3)											
PRO FORMA SYSTEM PER BOOKS ADJUSTED	\$ 6,129,073,085	21,954,668	2,527,118,665	259,493,571	504,466,479	5,407,270	913,405,287	(3,379,298)	(5,882,573)	4,222,584,068	\$ 1,906,489,017
(A) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY AND THE JURISDICTIONAL NOI BY	\$ 100,584,817 \$ 88,920,994										
(B) ECONOMIC DEVELOPMENT COSTS RELATED TO THE PERIOD ARE:											
ON A TOTAL COMPANY BASIS	\$ 2,796,873										
ON A JURISDICTIONAL BASIS	\$ 2,713,891										
CURRENT MONTH AMOUNT											
SYSTEM PER BOOKS	\$ 880,685,851	253,612,124	1,416,990,424	(1,002,316,190)	92,864,312	213,001,632	(184,794,038)	(273,648)	(612,683)	788,471,822	\$ 92,123,826
JURISDICTIONAL PER BOOKS	\$ 851,553,950	241,277,949	1,407,254,193	(1,001,360,853)	91,612,779	198,745,482	(172,478,257)	(293,998)	(606,853)	784,180,639	\$ 87,373,319

NOTES:

(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-18-0560-AS-EL

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

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

SCHEDULE 2: PAGE 2A OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	\$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	\$ (158,435,318)
TOTAL PROFORMA ADJUSTMENTS	\$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	\$ (158,435,318)

FOOTNOTES:

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

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

SCHEDULE 2: PAGE 3 OF 3

RATE BASE ADJUSTMENTS	SYSTEM	JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	\$ 1,627,831,836	\$ 1,548,316,848
FUEL AND CAPACITY	132,958,082	126,425,378
CAPITALIZED EXECUTIVE COMPENSATION	18,888,458	18,133,980
LOAD CONTROL	48,284,376	48,284,376
ASSET RETIREMENT OBLIGATION	433,358,658	420,501,091
CAPITAL LEASES	59,338,864	57,578,305
TOTAL	<u>\$ 2,320,438,274</u>	<u>\$ 2,219,219,778</u>
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	\$ (282,188,475)	\$ (268,413,842)
ACCUM PROV DECOMMISSIONING COSTS	(4,251,585,434)	(4,078,104,882)
ASSET RETIREMENT OBLIGATION	3,338,601	3,239,548
ASSET RETIREMENT OBLIGATION DECOMMISSIONING	3,942,764,012	3,825,783,884
FUEL AND CAPACITY	(38,365,121)	(37,470,370)
OTHER RATE CASE ADJUSTMENTS (1)	0	0
LOAD CONTROL	(21,223,220)	(21,223,220)
CAPITAL LEASES	(8,184,808)	(7,951,671)
TOTAL	<u>\$ (856,464,445)</u>	<u>\$ (582,140,545)</u>
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	\$ 1,877,862,259	\$ 1,780,033,540
CWIP - CLAUSE PROJECTS	37,772,618	35,918,799
TOTAL	<u>\$ 1,915,634,778</u>	<u>\$ 1,815,952,338</u>
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	\$ 0	\$ 0
NUCLEAR FUEL CAPITAL LEASES	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>
WORKING CAPITAL: (SEE SCHEDULE 2, PAGE 3B OF 3)	\$ (3,175,017,375)	\$ (3,098,430,459)
TOTAL ADJUSTMENTS	<u>\$ 404,591,231</u>	<u>\$ 354,601,113</u>

NOTES:

(1) REFLECTS A PORTION OF THE DEPRECIATION/DISMANTLEMENT RESERVE SURPLUS ADJUSTMENT PROVIDED UNDER ORDER NO. PSC-18-0560-AS-EI.

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

SCHEDULE 2: PAGE 3A OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	\$ 11,878,090,690	3,493,805,609	2,808,927,200	672,384,470	1,293,650,050	193,447,400	638,186,818	(3,502,803)	(6,008,065)	9,385,781,577	\$ 2,290,289,303
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	\$ (506,346,509)	0	0	0	(13,023,232)	(180,289,454)	0	0	0	(209,322,688)	\$ (309,023,623)
FRANCHISE EXPENSE	0	0	0	0	(493,323,218)	190,269,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,865,672)	0	0	0	(280,812,706)	(97,656)	0	0	0	(260,710,368)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(385,307)	0	0	148,832	0	0	0	(236,675)	236,675
INDUSTRY ASSOCIATION DUES	0	0	(2,378,393)	0	0	917,485	0	0	0	(1,460,928)	1,460,928
ECONOMIC DEVELOPMENT 5%	0	0	(138,844)	0	0	53,845	0	0	0	(85,039)	85,039
AVIATION - EXPENSES	0	0	(158,592)	0	0	60,405	0	0	0	(98,188)	98,188
EXECUTIVE COMPENSATION	0	0	(37,242,445)	0	0	14,368,273	0	0	0	(22,874,172)	22,874,172
ADVERTISING EXPENSES	0	0	0	0	0	0	0	0	0	0	0
FUEL COST RECOVERY	(3,278,382,614)	(3,283,361,689)	(234,987)	8,053,218	(2,226,656)	(25,893,747)	17,942,397	0	0	(3,265,721,463)	(12,661,351)
CONSERVATION COST RECOVERY	(58,830,156)	0	(43,503,050)	(9,595,945)	(1,130,275)	(935,972)	(1,048)	0	0	(85,138,091)	(1,492,068)
CAPACITY COST RECOVERY	(318,163,213)	(207,385,680)	(38,388,854)	(4,519,730)	(389,357)	(15,502,453)	(10,527,799)	0	0	(278,713,874)	(41,449,339)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(35,398,790)	(45,888,095)	(290,953)	(64,898,040)	18,893,382	0	123,492	(127,345,073)	(72,853,134)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,670,924)	0	(73,543,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,612)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	193,784	0	0	(74,744)	0	0	0	119,019	(119,019)
INTEREST SYNCHRONIZATION	0	0	0	0	0	21,378,808	(9,502,717)	0	0	12,876,091	(12,874,089)
TOTAL FPSC ADJUSTMENTS	\$ (5,013,657,700)	(3,470,747,369)	(230,988,687)	(389,252,835)	(771,002,437)	(73,510,250)	17,794,184	0	123,492	(4,891,563,902)	\$ (122,093,788)
FPSC ADJUSTED	\$ 6,862,433,180	23,058,140	2,575,658,513	309,131,635	522,647,613	119,937,150	652,980,000	(3,502,803)	(5,882,573)	4,494,227,675	\$ 2,168,205,506
PRO FORMA ADJUSTMENTS											
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 3C OF 3)	\$ (254,860,463)	0	0	0	(163,500)	(98,241,835)	0	0	0	(58,425,134)	\$ (158,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	\$ 8,407,572,728	23,058,140	2,575,658,513	309,131,635	822,484,113	21,695,515	652,980,000	(3,502,803)	(5,882,573)	4,395,802,541	\$ 2,011,770,187

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

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

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

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

SCHEDULE 2: PAGE 3B OF 3

<u>WORKING CAPITAL ADJUSTMENTS</u>	<u>SYSTEM</u>	<u>JURISDICTIONAL</u>
ADJUSTMENTS TO ASSETS PER BOOKS:		
ACCOUNTS RECEIVABLE - ASSOC COS	21,827,018	20,940,551
INTEREST & DIVIDENDS RECEIVABLE	22,971	22,242
NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC	21,781,273	21,982,186
POLE ATTACHMENTS RENTS RECEIVABLE	15,148,192	15,148,192
PREPAYMENTS - ECCR	50,855,155	50,855,155
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	9,867,409	9,507,987
TEMPORARY CASH INVESTMENTS	428,216	414,624
STORM DEFICIENCY RECOVERY	232,375,654	232,272,890
NUCLEAR COST RECOVERY	27,234	27,234
JOBGING ACCOUNTS	11,840,703	11,484,888
OTH REG ASSETS - CLAUSES	1,042,350	882,442
MISC. DEFERRED DEBIT - CLAUSES	16,571,801	15,778,342
CEDAR BAY TRANSACTION	674,360,681	640,987,318
ICL TRANSACTION	381,685,897	372,284,050
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	\$ 1,447,432,557	\$ 1,382,476,080
ADJUSTMENTS TO LIABILITIES PER BOOKS:		
ACCOUNTS PAYABLE - ASSOC COS	0	0
ACCUM DEFERRED RETIREMENT BENEFITS	(212,827)	(206,512)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	405,142,023	405,142,023
ACCUM. PROV. - RATE REFUNDS	(6,337)	(7,149)
GAIN ON SALE OF EMISSION ALLOWANCE	(3,017)	(2,870)
JOBGING ACCOUNTS	(18,818,470)	(18,221,150)
POLE ATTACHMENT RENTS PAYABLE	(7,475,517)	(7,475,517)
SJRPP ACCELERATED RECOVERY	(14,448,533)	(13,730,936)
STORM DEFICIENCY RECOVERY	(353,268,071)	(353,268,071)
ASSET RETIREMENT OBLIGATION	(4,378,475,886)	(4,248,538,714)
MARGIN CALL CASH COLLATERAL	(513,482)	(497,164)
NUCLEAR COST RECOVERY	(247,893,679)	(247,893,679)
CEDAR BAY TRANSACTION	(5,478,157)	(5,208,801)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	\$ (4,622,448,932)	\$ (4,480,968,539)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	\$ (3,175,017,375)	\$ (3,098,430,459)

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

SCHEDULE 2: PAGE 3C OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	\$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	\$ (158,435,318)
TOTAL PROFORMA ADJUSTMENTS	\$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	\$ (158,435,318)

FOOTNOTES:

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

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

SCHEDULE 3: PAGE 1 OF 3

	<u>PLANT IN SERVICE</u>	<u>ACCUMULATED DEPRECIATION & AMORTIZATION</u>	<u>NET PLANT IN SERVICE</u>	<u>PROPERTY HELD FOR FUTURE USE</u>	<u>CONSTRUCTION WORK IN PROGRESS</u>	<u>NUCLEAR FUEL</u>	<u>NET UTILITY PLANT</u>	<u>WORKING CAPITAL</u>	<u>TOTAL RATE BASE</u>
SYSTEM PER BOOKS	\$ 47,193,622,524	15,364,153,315	31,829,469,210	334,880,725	3,839,549,696	610,318,742	36,614,317,572	(916,165,894)	\$ 35,699,151,678
JURISDICTIONAL PER BOOKS	\$ 45,288,321,176	12,265,625,617	33,002,695,558	317,463,448	3,678,367,262	584,428,767	37,583,655,035	(2,111,651,678)	\$ 35,472,103,159
FPSC ADJUSTMENTS (SEE SCHEDULE 3, PAGE 3 OF 3 AND SCHEDULE 2, PAGE 3B OF 3)	\$ (2,281,177,617)	(640,768,051)	(1,620,409,765)	0	(2,331,230,040)	0	(3,651,639,806)	3,096,430,459	\$ (853,209,347)
FPSC ADJUSTED:	\$ 43,027,143,359	11,644,857,586	31,382,285,793	317,463,448	1,348,137,221	584,428,767	33,632,315,229	988,576,583	\$ 34,618,893,612
PRO FORMA ADJUSTMENTS									
TOTAL PRO FORMA ADJUSTMENTS:	\$ 0	0	0	0	0	0	0	0	\$ 0
PRO FORMA ADJUSTED	\$ 43,027,143,359	11,644,857,586	31,382,285,793	317,463,448	1,348,137,221	584,428,767	33,632,315,229	988,576,583	\$ 34,618,893,612

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

SCHEDULE 3: PAGE 2 OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	\$ 11,676,090,880	3,493,805,509	2,808,627,200	672,384,470	1,293,650,050	193,447,400	635,165,818	(3,502,803)	(6,006,065)	9,395,791,577	\$ 2,290,299,303
JURISDICTIONAL PER BOOKS	\$ 11,244,284,510	3,328,488,638	2,753,255,882	620,279,656	1,275,635,596	185,143,418	885,014,380	(3,379,296)	(6,000,033)	9,048,436,238	\$ 2,195,828,273
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	\$ (506,346,509)	0	0	0	(13,023,232)	(190,298,454)	0	0	0	(203,322,696)	\$ (303,023,623)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,298,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(260,695,872)	0	0	0	(260,612,706)	(97,656)	0	0	0	(260,710,366)	(155,506)
FINANCIAL PLANNING SERVICES	0	0	(373,875)	0	0	144,222	0	0	0	(229,653)	229,653
INDUSTRY ASSOCIATION DUES	0	0	(2,307,827)	0	0	890,244	0	0	0	(1,417,583)	1,417,583
ECONOMIC DEVELOPMENT 5%	0	0	(135,695)	0	0	52,344	0	0	0	(83,350)	83,350
AVIATION - EXPENSES	0	0	(151,846)	0	0	58,613	0	0	0	(93,233)	93,233
EXECUTIVE COMPENSATION	0	0	(36,137,476)	0	0	13,940,032	0	0	0	(22,197,446)	22,197,446
FUEL COST REC RETAIL	(3,125,419,088)	(3,109,482,160)	(223,735)	8,050,670	(2,225,499)	(26,595,272)	18,286,848	0	0	(3,112,189,148)	(13,229,940)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,650)	(9,566,945)	(1,130,275)	(935,672)	(1,049)	0	0	(55,138,091)	(1,492,063)
CAPACITY COST RECOVERY	(317,800,212)	(197,049,811)	(36,487,293)	(4,295,849)	(381,156)	(20,172,540)	(10,827,789)	0	0	(263,614,446)	(48,885,784)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(33,660,143)	(43,722,679)	(269,530)	(68,231,697)	18,863,352	0	117,460	(124,903,126)	(75,955,062)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,262)	0	(3,231,139)	0	0	0	(397,825,612)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	188,015	0	0	(72,527)	0	0	0	(15,488)	(15,488)
INTEREST SYNCHRONIZATION	0	0	0	0	0	11,826,792	(8,250,445)	0	0	3,676,347	(3,676,347)
TOTAL FPSC ADJUSTMENTS	\$ (4,860,330,973)	(3,306,631,671)	(228,137,217)	(360,786,085)	(770,885,617)	(90,324,505)	18,390,907	0	117,460	(4,736,257,022)	\$ (124,073,951)
FPSC ADJUSTED	\$ 8,383,933,537	21,954,668	2,627,118,665	259,493,571	504,649,979	94,818,918	913,405,287	(3,379,296)	(5,882,573)	4,312,179,216	\$ 2,071,754,322
PRO FORMA ADJUSTMENTS (SEE SCHEDULE 2, PAGE 2A OF 3)	\$ (254,860,453)	0	0	0	(183,500)	(68,241,635)	0	0	0	(98,425,134)	\$ (158,435,318)
PRO FORMA SYSTEM PER BOOKS ADJUSTED	\$ 6,129,073,065	21,954,668	2,627,118,665	259,493,571	504,466,479	(3,422,717)	913,405,287	(3,379,296)	(5,882,573)	4,213,754,081	\$ 1,915,319,003

(A) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY \$ 100,684,817 AND THE JURISDICTIONAL NOI BY \$ 86,920,894

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

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

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

SCHEDULE 3: PAGE 2A OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	\$ (254,860,453)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	\$ (156,435,318)
TOTAL PROFORMA ADJUSTMENTS	\$ (254,860,463)	0	0	0	(183,500)	(98,241,635)	0	0	0	(98,425,134)	\$ (156,435,318)

FOOTNOTES:

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

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

SCHEDULE 3: PAGE 3 OF 3

RATE BASE ADJUSTMENTS	SYSTEM	JURISDICTIONAL
PLANT IN SERVICE:		
ENVIRONMENTAL	\$ 1,627,726,325	\$ 1,548,216,291
FUEL AND CAPACITY	148,058,415	140,779,549
CAPITALIZED EXECUTIVE COMPENSATION	24,221,928	23,503,271
LOAD CONTROL	51,082,128	51,082,128
ASSET RETIREMENT OBLIGATION	453,401,251	439,949,031
CAPITAL LEASES	58,410,224	57,647,548
TOTAL	<u>\$ 2,383,800,267</u>	<u>\$ 2,281,177,817</u>
ACCUMULATED PROVISION FOR DEPRECIATION:		
ENVIRONMENTAL	\$ (306,618,479)	\$ (291,640,985)
ACCUM PROV DECOMMISSIONING COSTS	(4,501,082,634)	(4,315,304,289)
ASSET RETIREMENT OBLIGATION	(13,582,920)	(13,180,514)
ASSET RETIREMENT OBLIGATION DECOMMISSIONING	4,175,546,408	4,051,659,737
FUEL AND CAPACITY	(41,354,738)	(39,361,352)
OTHER RATE CASE ADJUSTMENTS (1)	0	0
LOAD CONTROL	(24,322,261)	(24,322,261)
CAPITAL LEASES	(8,902,500)	(8,638,367)
TOTAL	<u>\$ (720,297,123)</u>	<u>\$ (640,768,051)</u>
CONSTRUCTION WORK IN PROGRESS:		
CONSTRUCTION WORK IN PROGRESS	\$ 2,401,206,972	\$ 2,272,322,213
CWIP - CLAUSE PROJECTS	61,939,787	58,907,828
TOTAL	<u>\$ 2,463,146,759</u>	<u>\$ 2,331,230,040</u>
NUCLEAR FUEL:		
NUCLEAR FUEL IN PROCESS	\$ 0	\$ 0
NUCLEAR FUEL CAPITAL LEASES	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>
WORKING CAPITAL: (SEE SCHEDULE 2, PAGE 3B OF 3)	\$ (3,175,017,375)	\$ (3,098,430,459)
TOTAL ADJUSTMENTS	<u>\$ 931,732,528</u>	<u>\$ 853,209,347</u>

NOTES:

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

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

SCHEDULE 3: PAGE 3A OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
SYSTEM PER BOOKS	\$ 11,676,090,660	3,493,605,509	2,806,627,200	672,384,470	1,293,650,050	193,447,400	935,185,616	(3,502,803)	(6,006,063)	9,385,791,677	\$ 2,290,299,303
FPSC ADJUSTMENTS											
FRANCHISE REVENUE	\$ (506,346,509)	0	0	0	(13,023,232)	(180,299,454)	0	0	0	(203,322,686)	\$ (303,023,823)
FRANCHISE EXPENSE	0	0	0	0	(493,323,216)	190,299,431	0	0	0	(303,023,785)	303,023,785
GROSS RECEIPTS TAX	(280,685,672)	0	0	0	(260,612,708)	(97,666)	0	0	0	(280,710,368)	(155,500)
FINANCIAL PLANNING SERVICES	0	0	(385,307)	0	0	148,632	0	0	0	(236,675)	236,676
INDUSTRY ASSOCIATION DUES	0	0	(2,378,393)	0	0	917,465	0	0	0	(1,460,928)	1,460,928
ECONOMIC DEVELOPMENT 5%	0	0	(139,844)	0	0	53,945	0	0	0	(85,899)	85,899
AVIATION - EXPENSES	0	0	(156,552)	0	0	60,405	0	0	0	(96,147)	96,148
EXECUTIVE COMPENSATION	0	0	(37,242,445)	0	0	14,356,273	0	0	0	(22,886,172)	22,878,172
FUEL COST REC RETAIL	(3,278,382,814)	(3,283,361,689)	(234,987)	8,053,218	(2,226,656)	(25,683,747)	17,942,397	0	0	(3,285,721,463)	(12,681,351)
CONSERVATION COST RECOVERY	(56,630,159)	0	(43,503,650)	(9,566,945)	(1,130,275)	(935,972)	(1,049)	0	0	(55,138,091)	(1,492,069)
CAPACITY COST RECOVERY	(318,183,213)	(207,385,690)	(38,388,854)	(4,519,730)	(399,357)	(15,502,453)	(10,627,799)	0	0	(278,713,674)	(41,449,399)
ENVIRONMENTAL COST RECOVERY	(200,298,208)	0	(36,388,750)	(45,968,096)	(296,993)	(84,696,040)	18,683,352	0	123,462	(127,345,073)	(72,953,134)
OTHER RATE CASE ADJUSTMENTS (1)	0	0	0	0	0	0	0	0	0	0	0
STORM DEFICIENCY RECOVERY	(392,970,924)	0	(73,343,391)	(311,251,282)	0	(3,231,139)	0	0	0	(387,825,612)	(5,145,112)
INTEREST TAX DEFICIENCIES	0	0	193,764	0	0	(74,744)	0	0	0	119,019	(119,019)
INTEREST SYNCHRONIZATION	0	0	0	0	0	17,958,697	(8,502,717)	0	0	9,456,180	(9,456,180)
TOTAL FPSC ADJUSTMENTS	\$ (5,013,657,700)	(3,470,747,369)	(230,968,687)	(363,252,635)	(771,002,437)	(76,928,159)	17,794,184	0	123,462	(4,694,961,811)	\$ (18,676,889)
FPSC ADJUSTED	\$ 6,662,433,180	23,058,140	2,575,658,513	309,131,835	522,647,613	116,519,241	952,980,000	(3,502,803)	(5,882,573)	4,490,609,766	\$ 2,171,623,414
PRO FORMA ADJUSTMENTS	\$ (254,860,463)	0	0	0	(183,500)	(93,241,635)	0	0	0	(96,425,134)	\$ (158,435,218)
(SEE SCHEDULE 3, PAGE 3B OF 3)											
PRO FORMA SYSTEM PER BOOKS ADJUSTED	\$ 6,407,572,728	23,058,140	2,575,658,513	309,131,835	522,464,113	19,277,606	952,980,000	(3,502,803)	(5,882,573)	4,392,384,632	\$ 2,015,188,096

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

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

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

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

SCHEDULE 3: PAGE 3B OF 3

	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME (A)
WEATHER NORMALIZATION ADJUSTMENT (1)	\$ (254,860,453)	0	0	0	(183,600)	(88,241,635)	0	0	0	(88,425,134)	\$ (158,435,318)
TOTAL PROFORMA ADJUSTMENTS	\$ (254,860,453)	0	0	0	(183,500)	(88,241,635)	0	0	0	(88,425,134)	\$ (158,435,318)

FOOTNOTES:

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

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

SCHEDULE 4: PAGE 1 OF 2

AVERAGE	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS		ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT			MIDPOINT		HIGH POINT	
			PRO RATA 3	SPECIFIC 4			COST RATE (%) 7	WEIGHTED COST (%) 8	COST RATE (%) 9	WEIGHTED COST (%) 10	COST RATE (%) 11	WEIGHTED COST (%) 12	
LONG TERM DEBT	\$ 9,455,289,337	\$ 9,104,754,795	\$ 88,579,559	\$ (201,685,161)	\$ 8,991,649,192	27.56%	4.41%	1.21%	4.41%	1.21%	4.41%	1.21%	
SHORT TERM DEBT	1,151,901,705	1,108,493,894	11,028,769	(0)	1,119,522,663	3.43%	2.04%	0.07%	2.04%	0.07%	2.04%	0.07%	
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
COMMON EQUITY	15,110,778,627	14,541,350,186	144,676,681	(0)	14,688,026,846	45.01%	9.60%	4.32%	10.55%	4.75%	11.80%	5.22%	
CUSTOMER DEPOSITS	405,774,045	405,288,405	4,032,347	0	409,320,752	1.25%	2.09%	0.03%	2.09%	0.03%	2.09%	0.03%	
DEFERRED INCOME TAX	7,879,311,685	7,582,634,078	72,079,893	(337,934,298)	7,316,779,674	22.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
INVESTMENT TAX CREDITS (1)	251,858,621	240,572,185	1,036,292	(138,415,174)	105,193,304	0.32%	7.60%	0.02%	8.22%	0.03%	8.84%	0.03%	
TOTAL	\$ 34,254,692,219	\$ 32,983,093,544	\$ 321,433,522	\$ (678,034,634)	\$ 32,628,492,431	100.00%		5.66%		6.09%		6.56%	

YEAR END	SYSTEM PER BOOKS 1	RETAIL PER BOOKS 2	ADJUSTMENTS		ADJUSTED RETAIL 5	RATIO (%) 6	LOW POINT			MIDPOINT		HIGH POINT	
			PRO RATA 3	SPECIFIC 4			COST RATE (%) 7	WEIGHTED COST (%) 8	COST RATE (%) 9	WEIGHTED COST (%) 10	COST RATE (%) 11	WEIGHTED COST (%) 12	
LONG TERM DEBT	\$ 10,250,915,493	\$ 10,189,623,596	\$ (51,878,731)	\$ (201,067,709)	\$ 9,838,677,156	28.70%	4.09%	1.17%	4.09%	1.17%	4.09%	1.17%	
SHORT TERM DEBT	1,713,044,510	1,702,914,759	(8,844,628)	(0)	1,694,070,132	4.89%	2.13%	0.10%	2.13%	0.10%	2.13%	0.10%	
PREFERRED STOCK	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
COMMON EQUITY	14,957,957,442	14,869,508,509	(77,229,485)	(0)	14,792,277,014	42.73%	9.60%	4.10%	10.55%	4.51%	11.60%	4.98%	
CUSTOMER DEPOSITS	393,567,248	392,957,638	(2,040,850)	(0)	390,916,688	1.13%	2.18%	0.02%	2.18%	0.02%	2.18%	0.02%	
DEFERRED INCOME TAX	8,139,821,810	8,080,763,372	(40,214,785)	(337,934,298)	7,702,604,288	22.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
INVESTMENT TAX CREDITS (1)	243,825,377	238,347,285	(534,355)	(133,464,395)	102,348,535	0.30%	7.35%	0.02%	7.95%	0.02%	8.55%	0.03%	
TOTAL	\$ 35,689,161,678	\$ 35,472,103,159	\$ (180,742,943)	\$ (672,488,404)	\$ 34,618,893,812	100.00%		5.43%		5.83%		6.28%	

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

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

SCHEDULE 4: PAGE 2 OF 2

AVERAGE	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT		MIDPOINT		HIGH POINT	
					COST RATE (%) 5	WEIGHTED COST (%) 6	COST RATE (%) 7	WEIGHTED COST (%) 8	COST RATE (%) 9	WEIGHTED COST (%) 10
LONG TERM DEBT	\$ 8,991,649,192	\$ -	\$ 8,991,649,192	27.56%	4.41%	1.21%	4.41%	1.21%	4.41%	1.21%
SHORT TERM DEBT	1,119,522,683	-	1,119,522,683	3.43%	2.04%	0.07%	2.04%	0.07%	2.04%	0.07%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,686,026,846	-	14,686,026,846	45.01%	9.60%	4.32%	10.55%	4.75%	11.60%	5.22%
CUSTOMER DEPOSITS	409,320,752	-	409,320,752	1.25%	2.08%	0.03%	2.08%	0.03%	2.08%	0.03%
DEFERRED INCOME TAX	7,316,779,674	-	7,316,779,674	22.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	105,193,304	-	105,193,304	0.32%	7.60%	0.02%	8.22%	0.03%	8.84%	0.03%
TOTAL	\$ 32,628,492,431	\$ -	\$ 32,628,492,431	100.00%		5.66%		8.09%		6.56%

YEAR END	FPSC ADJUSTED 1	PRO-FORMA ADJUSTMENTS 2	TOTAL PRO-FORMA ADJUSTED 3	TOTAL RATIO (%) 4	LOW POINT		MIDPOINT		HIGH POINT	
					COST RATE (%) 5	WEIGHTED COST (%) 6	COST RATE (%) 7	WEIGHTED COST (%) 8	COST RATE (%) 9	WEIGHTED COST (%) 10
LONG TERM DEBT	\$ 9,936,677,156	\$ -	\$ 9,936,677,156	28.70%	4.09%	1.17%	4.09%	1.17%	4.09%	1.17%
SHORT TERM DEBT	1,694,070,132	-	1,694,070,132	4.89%	2.13%	0.10%	2.13%	0.10%	2.13%	0.10%
PREFERRED STOCK	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	14,792,277,014	-	14,792,277,014	42.73%	9.60%	4.10%	10.55%	4.51%	11.60%	4.98%
CUSTOMER DEPOSITS	390,916,688	-	390,916,688	1.13%	2.18%	0.02%	2.18%	0.02%	2.18%	0.02%
DEFERRED INCOME TAX	7,702,604,288	-	7,702,604,288	22.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT TAX CREDITS (1)	102,348,535	-	102,348,535	0.30%	7.35%	0.02%	7.95%	0.02%	8.55%	0.03%
TOTAL	\$ 34,618,893,812	\$ -	\$ 34,618,893,812	100.00%		5.43%		5.63%		6.28%

NOTE:

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

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
DECEMBER, 2017

SCHEDULE 5: PAGE 1 OF 2

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST CHARGES	\$ 2,358,971,757
ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION	22,042,040
INCOME TAXES	<u>1,102,278,591</u>
TOTAL	\$ 3,483,282,388
INTEREST CHARGES EXCLUDING DEBT AFUDC	\$ 500,744,888
TIMES INTEREST EARNED WITH AFUDC	<u>6.96</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST CHARGES	\$ 2,358,971,757
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	(78,542,777)
INCOME TAXES	<u>1,102,278,591</u>
TOTAL	\$ 3,382,707,571
INTEREST CHARGES EXCLUDING DEBT AFUDC	\$ 500,744,888
TIMES INTEREST EARNED WITHOUT AFUDC	<u>6.76</u>

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS

ALLOWANCE FOR BORROWED FUNDS DURING CONSTRUCTION	\$ 22,042,040
X (1 - INCOME TAX RATE)	0.6143
SUBTOTAL	<u>\$ 13,639,323</u>
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	<u>78,542,777</u>
TOTAL	\$ 92,082,100
NET INCOME AVAILABLE FOR COMMON	\$ 1,880,268,899
AFUDC AS PERCENT OF NET INCOME	<u>4.90%</u>

FOOTNOTES

CLAUSE OVER/UNDER RECOVERY	\$ 222,076,944
GAINS ON DISPOSITION OF PROPERTY	(8,005,065)
LONG TERM DEBT RETIREMENTS & REDEMPTIONS	0
INCREASE/DECREASE IN DECOMMISSIONING FUNDS	<u>0</u>
	\$ 216,070,878

-- INCLUDES EXPENDITURES FOR NUCLEAR FUELS OF: 0

D. PERCENT INTERNALLY GENERATED FUNDS

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

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

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

AVERAGE RETAIL AMOUNTS	
JURIS ADJUSTED LONG TERM DEBT	\$ 8,891,649,192
JURIS ADJUSTED SHORT TERM DEBT	1,119,522,863
JURIS ADJUSTED PREFERRED STOCK	0
JURIS ADJUSTED COMMON STOCK	<u>14,686,026,848</u>
TOTAL	\$ 24,797,198,702
LTD TO TOTAL INVESTOR FUNDS	<u>36.26%</u>
STD TO TOTAL INVESTOR FUNDS	<u>4.51%</u>

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

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

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

SCHEDULE 5: PAGE 2 OF 2

H. PROFORMA ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

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

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

SCHEDULE A: PAGE 1 OF 1

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

* 13-MONTH AVERAGE

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

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

SCHEDULE B: PAGE 1 OF 3

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	COMMISSION ADJUSTMENTS *	ADJUSTED RETAIL
LONG TERM DEBT	\$ 9,455,269,337	9,104,754,795	(113,105,603)	8,991,649,192
SHORT TERM DEBT	1,151,901,705	1,108,493,894	11,028,769	1,119,522,663
PREFERRED STOCK	-	-	-	-
COMMON EQUITY	15,110,778,827	14,541,350,188	144,676,661	14,686,026,846
CUSTOMER DEPOSITS	405,774,045	405,288,405	4,032,347	409,320,752
DEFERRED INCOME TAX	7,879,311,685	7,582,634,079	(265,854,406)	7,316,779,674
INVESTMENT TAX CREDITS	251,656,621	240,572,185	(135,378,881)	105,193,304
TOTAL	\$ 34,254,692,219	32,983,093,544	(354,601,113)	32,628,492,431

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

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

SCHEDULE B: PAGE 2 OF 3

RATE BASE ADJUSTMENTS	JURISDICTIONAL
PLANT IN SERVICE:	
ENVIRONMENTAL	\$ 1,548,316,648
FUEL AND CAPACITY	126,425,378
CAPITALIZED EXECUTIVE COMPENSATION	18,133,980
LOAD CONTROL	48,264,376
ASSET RETIREMENT OBLIGATION	420,501,081
CAPITAL LEASES	57,578,305
TOTAL	\$ 2,219,219,778
ACCUMULATED PROVISION FOR DEPRECIATION:	
ENVIRONMENTAL	\$ (268,413,842)
ACCUM PROV DECOMMISSIONING COSTS	(4,076,104,882)
ASSET RETIREMENT OBLIGATION	3,239,546
ASSET RETIREMENT OBLIGATION DECOMMISSIONING	3,825,783,894
FUEL AND CAPACITY	(37,470,370)
OTHER RATE CASE ADJUSTMENTS (1)	0
LOAD CONTROL	(21,223,220)
CAPITAL LEASES	(7,851,671)
TOTAL	\$ (582,140,545)
CONSTRUCTION WORK IN PROGRESS:	
CONSTRUCTION WORK IN PROGRESS	\$ 1,780,033,540
CWIP - CLAUSE PROJECTS (1)	\$ 35,918,799
TOTAL	\$ 1,815,952,338
NUCLEAR FUEL:	
NUCLEAR FUEL IN PROCESS	\$ 0
NUCLEAR FUEL CAPITAL LEASES	0
TOTAL	\$ 0
WORKING CAPITAL:	
(SEE SCHEDULE B, PAGE 3 OF 3)	\$ (3,088,430,459)
TOTAL ADJUSTMENTS	\$ 354,601,113

NOTES:

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

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

SCHEDULE B: PAGE 3 OF 3

WORKING CAPITAL ADJUSTMENTS	JURISDICTIONAL
ADJUSTMENTS TO ASSETS PER BOOKS:	
ACCOUNTS RECEIVABLE - ASSOC COS	\$ 20,940,551
INTEREST & DIVIDENDS RECEIVABLE	22,242
NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC	21,982,188
POLE ATTACHMENTS RENTS RECEIVABLE	15,148,192
PREPAYMENTS - ECCR	50,655,155
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER	9,507,987
TEMPORARY CASH INVESTMENTS	414,624
STORM DEFICIENCY RECOVERY	232,272,890
NUCLEAR COST RECOVERY	27,234
JOBGING ACCOUNTS	11,484,886
OTH REG ASSETS - CLAUSES	892,442
MISC. DEFERRED DEBIT - CLAUSES	15,778,342
CEDAR BAY TRANSACTION	640,887,318
ICL TRANSACTION	372,284,050
TOTAL ADJUSTMENTS TO ASSETS PER BOOKS	\$ 1,392,478,080
ADJUSTMENTS TO LIABILITIES PER BOOKS:	
ACCOUNTS PAYABLE - ASSOC COS	\$ 0
ACCUM DEFERRED RETIREMENT BENEFITS	(208,512)
ACCUM. PROV. - PROPERTY & STORM INSURANCE	405,142,023
ACCUM. PROV. - RATE REFUNDS	(7,149)
GAIN ON SALE OF EMISSION ALLOWANCE	(2,870)
JOBGING ACCOUNTS	(18,221,150)
POLE ATTACHMENT RENTS PAYABLE	(7,475,517)
§JRPP ACCELERATED RECOVERY	(13,730,936)
ASSET RETIREMENT OBLIGATION	(4,249,538,714)
MARGIN CALL CASH COLLATERAL	(487,184)
STORM DEFICIENCY RECOVERY	(353,288,071)
NUCLEAR COST RECOVERY	(247,893,879)
CEDAR BAY TRANSACTION	(5,208,801)
TOTAL ADJUSTMENTS TO LIABILITIES PER BOOKS	\$ (4,490,906,539)
NET ADJUSTMENTS TO WORKING CAPITAL PER BOOKS	\$ (3,098,430,459)

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

SCHEDULE C: PAGE 1 OF 1

AFUDC COMPOUNDING

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

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

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

SCHEDULE D: PAGE 1 OF 1

CONFIDENTIAL

CSA-1

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

Footnotes:

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

RESERVE AMOUNT BALANCE AS OF DECEMBER 31, 2017

ATTACHMENT 1

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

Notes:

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

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

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 9

Affidavit of Lane Kollen

Executed December 4, 2018

AFFIDAVIT OF LANE KOLLEN

**STATE OF GEORGIA
COUNTY OF FULTON**

Before me, the undersigned Notary Public in and for the County of Cherokee, State of Georgia, personally came and appeared Lane Kollen, who was sworn by me and attested to the following facts:

1. I am a Vice President and Principal of J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia. Kennedy and Associates is an economic consulting firm that specializes in the regulated utility industry.
2. I hold a Bachelor of Business Administration degree in accounting, a Master of Business Administration degree, and a Master of Arts degree in theology. I am a Certified Public Accountant, Certified Management Accountant, and Chartered Global Management Accountant. I am a member of numerous professional organizations.
3. I have testified before state and federal regulatory commissions and courts on hundreds of occasions on accounting, tax, ratemaking, planning, and other issues related to regulated electric and natural gas utilities.
4. I have testified before the Florida Public Service Commission ("Commission") in numerous Florida Power & Light Company ("FPL") proceedings, including the most recent FPL base rate proceeding, Docket No. 20160021-EI.

5. In Docket No. 20160021-EI, the Commission approved a Stipulation and Settlement (“2016 Settlement”) between FPL and other parties. One provision of the 2016 Settlement was the establishment of a depreciation reserve surplus (“Reserve”) that could be used (amortized) by FPL to manage its earnings during a base rate freeze period from 2017 through 2020. The minimum return on equity was set at 9.6% and the maximum return on equity was 11.6%. The establishment of the Reserve and the amortization parameters were set forth in paragraph 12 of the 2016 Settlement.
6. The 2016 Settlement did not set forth or create an alternative regulation framework whereby the Company was entitled to a minimum 9.6% return on equity or a maximum 11.6% return on equity. The earnings range was set primarily to address the parameters for the amortization of the Reserve, and also to establish trigger points at which either FPL or any other signatory party to the 2016 Settlement could initiate proceedings to change FPL’s base rates. If FPL’s return on equity were to fall below 9.6%, FPL could seek a rate increase, and if FPL’s return on equity were to exceed 11.6%, a signatory party could seek a rate decrease. No party was limited to seeking rate changes that would produce a return on equity of either the minimum or maximum of the range.
7. FPL reduced the Reserve to \$0, and thereby fully amortized and extinguished the Reserve, at December 31, 2017 when it chose to expense the costs incurred to repair the damage from Hurricane Irma instead of deferring the costs and recovering them through the Storm Damage Recovery Mechanism in the manner described in paragraph 7 of the 2016 Settlement approved in Docket No. 20160021-EI.
8. In its Earnings Surveillance Report for December 2017, FPL reported an earned return on equity of 11.08% for calendar year 2017. This was FPL’s return on equity after it

expensed the costs incurred to repair the damage from Hurricane Irma and after it had used (amortized) the entirety of the \$1.252 billion in the Reserve at the beginning of the year.¹

9. As noted above, the Reserve was reduced to \$0 and extinguished at December 31, 2017.² The Reserve now is no longer available for any purpose. Nevertheless, in its Forecasted Earnings Surveillance Report for 2018, its monthly Earnings Surveillance Report filing for each month during 2018, and in its quarterly SEC 10-Q filings, FPL has assumed that the Reserve was not extinguished and remains in existence for ratemaking and financial reporting purposes. FPL has assumed that the Reserve can be restored or used to maintain its earnings within a 9.6% to 11.6% return on equity range regardless of the fact that the Reserve was fully amortized and extinguished in 2017.
10. The federal Tax Cuts and Jobs Act (“TCJA”) was enacted into law on December 22, 2017. The TCJA reduced the federal corporate income tax rate from 35% to 21% effective on January 1, 2018. The reduction in the income tax rate will significantly reduce FPL’s income tax expense and increase its earnings. The TCJA also resulted in excess accumulated deferred income taxes (“excess ADIT”), which FPL reclassified as regulatory liabilities at December 31, 2017. Starting in January 2018, FPL has amortized the regulatory liabilities as negative amortization expense, which further reduces its expenses and increases its earnings, all else equal. Recognizing that the TCJA could produce benefits to customers in the form of lower rates, flowing both from reduced income tax expense and from the amortization and flow-back of excess ADIT, the Commission took jurisdiction over such savings for FPL’s customers by its Order No. PSC-2018-0104-PCO-PU, in Docket No. PSC-20180013-PU. In that Order, the

¹ FPL December 2017 ESR Attachment 1 “Reserve Amount Balance as of December 31, 2017.”

² *Id.*

Commission established February 6, 2018, as the effective date for adjustments associated with the TCJA for FPL.

11. FPL estimates the revenue equivalent of income tax savings as \$684.8 million in 2018.³ These savings will continue each year, although the savings likely will increase in each of the next several years due to the average rate assumption method (“ARAM”) calculations used to amortize protected excess ADIT.
12. The Office of Public Counsel (“OPC”) estimates the revenue equivalent of income tax savings as \$736.8 million in 2018.⁴ As is the case with FPL’s estimate, these savings will continue each year, although they will increase in each of the next several years due to the ARAM calculations used to amortize protected excess ADIT, all else equal.
13. FPL has not used the income tax savings to reduce its revenues nor has it deferred the income tax savings as a regulatory liability, despite the Commission’s Order in Docket No. 20180013-PU, by which the Commission asserted its jurisdiction to require adjustments to FPL’s rates for the benefit of customers. Instead, FPL unilaterally has retained these savings, except that it has used earnings in excess of an 11.6% return on equity to restore the Reserve during 2018.
14. In FPL’s Forecasted Earnings Surveillance Report for 2018, each 1.0% return on equity is equivalent to \$223 million in annual base revenue requirements. The difference between a 9.6% and 11.6% return on equity is approximately \$447 million in annual base revenue requirements.
15. In its Forecasted Earnings Surveillance Report for 2018, FPL reflects an 11.6% return on equity based on its proposal to retain \$736.8 million in income tax savings from the TCJA

³ Scott R. Bores Direct Testimony at 4, 11, Docket No. 20180046-EI.

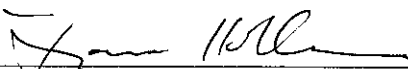
⁴ Ralph Smith Direct Testimony at 19, Docket No. 20180046-EI.

for the entire year, offset by restoring \$301 million to the Reserve, or a net of \$435.8 million in retained income tax savings from the TCJA. In the absence of the adjustment to restore the Reserve, FPL would earn almost a 13.0% return on equity. If, instead, FPL had refunded or established a regulatory liability for the entirety of the income tax savings, then it would earn approximately a 9.6% return on equity and would not restore any amount to the Reserve.

16. In its Forecasted Earnings Surveillance Report for 2018, FPL projects that its common equity ratio will be 59.6%. If the common equity ratio were 55.0%, which value is supported by the affidavit of Richard Baudino, FPL's over-earnings at a 9.6% return on equity would be the revenue equivalent of \$860 million, an increase of \$112 million, all else equal. The \$860 million consists of the sum of the earnings in excess of an 11.6% return on equity, i.e., \$301 million, plus the earnings in excess of a 9.6% return on equity up to the 11.6% return on equity, or \$447 million, plus the \$112 million to reflect a reasonable common equity ratio of 55.0%.

AFFIDAVIT OF LANE KOLLEN

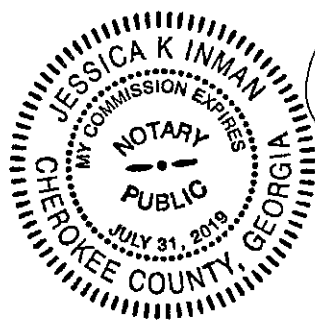
The foregoing testimony is true to the best of my knowledge and belief.

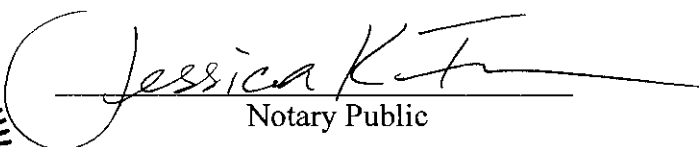


Lane Kollen

State of Georgia)
) SS
County of Fulton)

Sworn to and subscribed before me on this
4th day of December, 2018





Notary Public

JOINT PETITION FOR RATE REDUCTIONS

ATTACHMENT 10
Affidavit of Richard Baudino
Executed December 4, 2018

AFFIDAVIT OF RICHARD BAUDINO

**STATE OF NORTH CAROLINA
COUNTY OF FORSYTH**

Before me, the undersigned Notary Public in and for the County of Forsyth, State of North Carolina, personally came and appeared Richard Baudino, who was sworn by me and attested to the following:


1. I am a Consultant with J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia. Kennedy and Associates is an economic consulting firm that specializes in the regulated utility industry.
2. I have a Bachelor's Degree in Economics and English and a Master's Degree in Economics from New Mexico State University.
3. I have thirty-six years of experience in utility ratemaking and the application of principles of economics to the regulation of electric, gas, and water utilities. I have broad based experience in revenue requirement analysis, cost of capital, rate of return, cost and revenue allocation, and rate design. I am Kennedy and Associates' expert on cost of equity and overall cost of capital and have testified in hundreds of cases over my career.
4. I have testified before the Florida Public Service Commission ("Commission") in several Florida Power & Light Company ("FPL") proceedings, including Docket No. 160021-EI, the most recent FPL base rate proceeding.
5. In Docket No. 20160021-EI, the Commission approved a Stipulation and Settlement ("2016 Settlement") between FPL and other parties. One provision of the 2016 Settlement was the establishment of a depreciation reserve surplus ("Reserve") that

could be used (amortized) by FPL to manage its earnings during a base rate freeze period from 2017 through 2020. The minimum return on equity was set at 9.6% and the maximum return on equity was 11.6%.

6. I have been asked to provide my opinion as to whether a 9.6% rate of return on equity ("ROE") and a 55.0% equity ratio are reasonable to determine if FPL's earnings are excessive.
7. I recently recommended a 9.10% ROE in Docket Nos. 2017-207, 307, and 370-E before the South Carolina Public Service Commission based on a comparative group that is similar in risk to FPL.
8. In the South Carolina proceedings, I also reviewed ROEs recently authorized by state commissions throughout the nation. I calculated that the average of these allowed ROEs is 9.60% for state commission decisions issued between January 18, 2018 and October 4, 2018. During this period, the highest allowed ROE was 10.0% and the lowest was 8.80%.
9. I conclude that a 9.6% ROE would be an appropriate threshold to determine if FPL's earnings are excessive, although I would perform a more detailed analysis and make an independent recommendation on the basis of that analysis if a rate case is initiated by the Commission.
9. Mr. Kollen noted in his Affidavit that in its Forecast Surveillance Earnings Report for 2018, FPL projects that its common equity ratio will be 59.6%.
10. In Docket No. 160021-EI, I filed testimony and demonstrated that FPL's equity ratio of 59.6% was excessive. I concluded that a reasonable equity ratio would be no greater than 55.0% together with my recommendation for a 9.0% ROE in that case. In my opinion, a 55.0% common equity ratio would remain an upper limit together with a 9.6% ROE to determine if FPL's earnings are excessive.

AFFIDAVIT OF RICHARD BAUDINO


The foregoing testimony is true to the best of my knowledge and belief.


Richard Baudino

State of North Carolina)
) SS
County of *Forsyth*)

Sworn to and subscribed before me on this
4th day of December, 2018




Notary Public