



March 15, 2018

Mr. Andrew L. Maurey, Director  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

***Re: 2018 Forecasted Earnings Surveillance Report***

Dear Mr. Maurey:

On February 16, 2018, you granted Florida Power & Light Company's ("FPL's") request for an extension of time to March 15, 2018 to file its 2018 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FPL's 2018 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2018 planning assumptions and the impacts of the Tax Cuts and Jobs Act of 2017.

The balance of the Reserve Amount as of December 31, 2017 was \$0 because FPL used all of the available Reserve Amount to partially offset Hurricane Irma storm restoration costs that were expensed in 2017. However, FPL expects to add back to the Reserve Amount during 2018 as shown on Schedule 5. In accordance with the Stipulation and Settlement Agreement that the Commission approved Order No. PSC-16-0560-AS-EI, the Company will vary the portion of Reserve Amount amortized in 2018 to maintain its actual return on equity within a range of 9.6% to 11.6%.

Sincerely,

A handwritten signature in blue ink that reads "Robert Barrett".

Robert E. Barrett  
Vice President, Finance

Enclosures

Cc: Office of Commission Clerk  
J. R. Kelly, Office of Public Counsel

FLORIDA PUBLIC SERVICE COMMISSION  
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
 (\$000'S)

Company: Florida Power & Light Company and Subsidiaries  
 YEAR: 2018

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1)	(2)	(3)
	PER BOOKS	FPSC ADJUSTMENTS	FPSC ADJUSTED
NET OPERATING INCOME	\$2,644,182 (A)	(\$238,623) (B)	\$2,405,559
AVERAGE RATE BASE	\$36,236,608	(\$73,337)	\$36,163,272
AVERAGE RATE OF RETURN	7.30%		6.65%

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

AVERAGE CAPITAL STRUCTURE  
 (FPSC ADJUSTED BASIS)

LOW	5.73%
MIDPOINT	6.17%
HIGH	6.66%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	6.05 (SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	5.83 (SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	5.11% (SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	94.64% (SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	36.45% (FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	3.96% (FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.60% (FPSC ADJUSTED BASIS)

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

Company: Florida Power & Light Company and Subsidiaries  
YEAR: 2018

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NUCLEAR FUEL (NET)	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
1. SYSTEM PER BOOKS	\$49,021,523	\$15,512,188	\$33,509,335	\$339,908	\$3,529,854	\$607,606	\$37,986,704	(\$271,138)	\$37,715,566
2. JURISDICTIONAL PER BOOKS	46,946,240	12,307,985	34,638,256	320,383	3,365,746	582,790	38,907,175	(2,670,567)	36,236,608
<u>FPSC ADJUSTMENTS:</u>									
3. ACCUM. PROV. DECOMMISSIONING COSTS		(4,358,448)	4,358,448				4,358,448		4,358,448
4. CAPITALIZED EXECUTIVE COMPENSATION	(22,701)		(22,701)				(22,701)		(22,701)
5. ENVIRONMENTAL	(1,524,353)	(264,561)	(1,259,791)				(1,259,791)		(1,259,791)
6. FUEL AND CAPACITY	(147,454)	(40,559)	(106,895)				(106,895)		(106,895)
7. LOAD CONTROL	(54,562)	(26,452)	(28,110)				(28,110)		(28,110)
8. ASSET RETIREMENT OBLIGATION	(439,108)	4,056,644	(4,495,752)				(4,495,752)		(4,495,752)
9. CAPITAL LEASES	(57,537)	(9,201)	(48,336)				(48,336)		(48,336)
10. CONSTRUCTION WORK IN PROGRESS					(2,044,668)		(2,044,668)		(2,044,668)
11. CWIP - CLAUSE PROJECTS					(67,203)		(67,203)		(67,203)
12. ACCOUNTS RECEIVABLE - ASSOC COS							(25,797)		(25,797)
13. NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECCR, ECCR							(17,027)		(17,027)
14. NUCLEAR COST RECOVERY							250,215		250,215
15. OTH REG ASSETS - CLAUSES							(5,015)		(5,015)
16. MISC. DEFERRED DEBIT - CLAUSES							(5,195)		(5,195)
17. CEDAR BAY TRANSACTION							(559,945)		(559,945)
18. ICL TRANSACTION							(359,888)		(359,888)
19. STORM DEFICIENCY RECOVERY							(120,903)		(120,903)
20. ACCUM. PROV. - PROPERTY & STORM INSURANCE							112,693		112,693
21. ASSET RETIREMENT OBLIGATION							4,493,794		4,493,794
22. SJRPP ACCELERATED RECOVERY							8,238		8,238
23. SJRPP TRANSACTION							(75,190)		(75,190)
24. OTHER MISCELLANEOUS WORKING CAPITAL							(54,309)		(54,309)
25. TOTAL FPSC ADJUSTMENTS	(2,245,714)	(642,578)	(1,603,136)	0	(2,111,871)	0	(3,715,007)	3,641,670	(73,337)
26. FPSC ADJUSTED	\$44,700,526	\$11,665,406	\$33,035,120	\$320,383	\$1,253,875	\$582,790	\$35,192,168	\$971,104	\$36,163,272

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

Company: Florida Power & Light Company and Subsidiaries  
YEAR: 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER O&M	DEPRECIATION AND AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES AND INVESTMENT TAX CREDIT	GAIN LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
1 SYSTEM PER BOOKS	\$11,264,200	\$3,140,927	\$1,474,238	\$2,147,805	\$1,312,869	\$555,224	(\$5,955)	\$8,625,108	\$2,639,092
2 JURISDICTIONAL PER BOOKS	10,859,737	3,008,178	1,425,892	2,079,173	1,291,314	531,353	(5,955)	8,329,955	2,529,782
<u>FPSC ADJUSTMENTS:</u>									
3 CAPACITY COST RECOVERY	(253,470)	(158,538)	(32,889)	10,345	(357)	(18,256)		(199,695)	(53,775)
4 CONSERVATION COST RECOVERY	(62,371)		(48,982)	(10,531)	(1,209)	(418)		(61,140)	(1,231)
5 ENVIRONMENTAL COST RECOVERY	(200,183)		(52,471)	(43,327)	(283)	(26,385)	0	(122,466)	(77,717)
6 FUEL COST REC RETAIL	(2,839,321)	(2,827,396)	(16)	(249)	(2,029)	(2,441)		(2,832,131)	(7,190)
7 STORM DEFICIENCY RECOVERY	(163,089)		(43,508)	(114,088)		(1,392)		(158,988)	(4,101)
8 FRANCHISE REVENUE & EXPENSE	(475,488)				(475,488)	(0)		(475,488)	
9 GROSS RECEIPTS TAX	(250,659)				(250,659)	770		(250,659)	
10 MISCELLANEOUS O&M EXPENSES			(3,038)					(2,268)	2,268
11 AVIATION - EXPENSES			(163)			41		(122)	122
12 EXECUTIVE COMPENSATION			(32,326)			8,193		(24,133)	24,133
13 INTEREST TAX DEFICIENCIES						(89)		262	(262)
14 INTEREST SYNCHRONIZATION			351			6,469		6,469	(6,469)
15 TOTAL FPSC ADJUSTMENTS	(4,244,580)	(2,985,934)	(213,043)	(157,849)	(730,025)	(33,507)	0	(4,120,358)	(124,223)
16 FPSC ADJUSTED	\$6,615,157	\$22,244	\$1,212,850	\$1,921,324	\$561,289	\$497,845	(\$5,955)	\$4,209,597	\$2,405,559

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

Company: Florida Power & Light Company and Subsidiaries  
YEAR: 2018

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS PRORATA	ADJUSTMENTS SPECIFIC	ADJUSTED RETAIL	RATIO	LOWPOINT COST RATE	LOWPOINT WEIGHTED COST	MIDPOINT COST RATE	MIDPOINT WEIGHTED COST	HIGHPOINT COST RATE	HIGHPOINT WEIGHTED COST
LONG TERM DEBT	\$10,527,830	\$10,113,643	\$120,987	(\$130,776)	\$10,103,854	27.94%	4.14%	1.16%	4.14%	1.16%	4.14%	1.16%
SHORT TERM DEBT	1,128,620	1,083,856	13,136	\$0	1,096,992	3.03%	3.83%	0.12%	3.83%	0.12%	3.83%	0.12%
PREFERRED STOCK	0	0	0	\$0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	392,283	391,293	4,742	\$0	396,035	1.10%	2.04%	0.02%	2.04%	0.02%	2.04%	0.02%
COMMON EQUITY	16,994,130	16,320,096	197,805	\$0	16,517,901	45.68%	9.60%	4.38%	10.55%	4.82%	11.60%	5.30%
DEFERRED INCOME TAXES (1)	8,268,292	7,940,561	93,266	(\$245,042)	7,788,784	21.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS WEIGHTED COST	404,410	387,160	3,110	(\$130,564)	259,706	0.72%	7.53%	0.05%	8.12%	0.06%	8.77%	0.06%
TOTAL	\$37,715,566	\$36,236,608	\$433,046	(\$506,382)	\$36,163,272	100.00%		5.73%		6.17%		6.66%

NOTES:  
(1) INCLUDES APPROXIMATELY \$3.2 BILLION OF EXCESS DEFERRED TAXES

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

Company: Florida Power & Light Company and Subsidiaries  
YEAR: 2018

<b>A. TIMES INTEREST EARNED WITH AFUDC</b>		
EARNINGS BEFORE INTEREST	\$2,717,593	
AFUDC - DEBT	26,075	
INCOME TAXES	545,699	
TOTAL	\$3,289,367	
INTEREST CHARGES (BEFORE DEBT AFUDC)	543,727	
TIE WITH AFUDC	6.05	
<b>B. TIMES INTEREST EARNED WITHOUT AFUDC</b>		
EARNINGS BEFORE INTEREST	\$2,717,593	
AFUDC - EQUITY	(92,930)	
INCOME TAXES	545,699	
TOTAL	\$3,170,362	
INTEREST CHARGES (BEFORE DEBT AFUDC)	\$543,727	
TIE WITHOUT AFUDC	5.83	
<b>C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON</b>		
AFUDC - DEBT	\$26,075	
X (1-INCOME TAX RATE)	0.7466	
SUBTOTAL	\$19,466	
AFUDC - EQUITY	92,930	
TOTAL	\$112,396	
NET INCOME AVAILABLE TO COMMON	\$2,199,942	
PERCENT AFUDC TO AVAILABLE NET INCOME	5.11%	
<b>D. PERCENT INTERNALLY GENERATED FUNDS</b>		
NET INCOME	\$2,199,942	
PREFERRED DIVIDENDS	0	
COMMON DIVIDENDS	0	
AFUDC (DEBT & OTHER)	(119,005)	
DEPRECIATION & AMORTIZATION	2,147,805	
DEFERRED INC TAXES & INVESTMENT CREDITS	173,950	
OTHER SOURCES/USES OF FUNDS	81,530	
TOTAL	\$4,484,222	
CONSTRUCTION EXPENDITURES		
(EXCLUDING AFUDC DEBT & EQUITY)	\$4,737,963	
PERCENT INTERNALLY GENERATED FUNDS	94.64%	
<b>E. &amp; F. LONG TERM AND SHORT TERM DEBT AS A PERCENT OF INVESTOR CAPITAL</b>		
RECONCILED AVERAGE RETAIL AMOUNTS:		
LONG TERM DEBT	\$10,103,854	
SHORT TERM DEBT	1,096,992	
PREFERRED STOCK	0	
COMMON EQUITY	16,517,901	
TOTAL	\$27,718,746	
% LONG TERM DEBT TO TOTAL	36.45%	
% SHORT TERM DEBT TO TOTAL	3.96%	
<b>G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY</b>		
	FPSC ADJUSTED	
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	6.65%	
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:		
LONG TERM DEBT	1.11%	
SHORT TERM DEBT	0.16%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.02%	
TAX CREDITS - WEIGHTED COST (MIDPOINT)	0.06%	
SUBTOTAL	1.35%	
TOTAL	5.30%	
DIVIDED BY COMMON EQUITY RATIO	45.68%	
JURISDICTIONAL RETURN ON COMMON EQUITY	11.60%	

FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
FORECAST ASSUMPTIONS

Company: Florida Power & Light Company and Subsidiaries  
YEAR: 2018

FORECASTED ASSUMPTIONS:

CUSTOMERS	FORECASTED YEAR	PRIOR YEAR
RESIDENTIAL	4,422,439	4,357,179
COMMERCIAL	556,840	549,458
INDUSTRIAL	12,470	10,989
OTHER	4,201	4,168
TOTAL	4,995,950	4,921,794

MWH SALES	FORECASTED YEAR (1)	PRIOR YEAR (2)
RESIDENTIAL	56,991,021	55,188,257
COMMERCIAL	46,266,049	47,150,843
INDUSTRIAL	3,052,189	2,961,188
OTHER	572,208	570,675
TOTAL	106,881,468	108,870,963

(1) Includes forecasted weather normal sales  
(2) 2017 actual sales

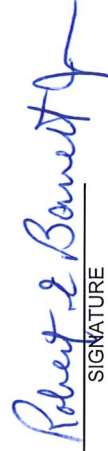
OTHER MAJOR FORECASTED ASSUMPTIONS:

- A. INFLATION FACTORS (ANNUAL RATE OF CHANGE):
- 1. CONSUMER PRICE INDEX (CPI) 2.4%
  - 2. GROSS DOMESTIC PRODUCT (GDP) DEFLATOR 2.0%
  - 3. PRODUCER PRICE INDEX (PPI) - ALL GOODS 1.9%
  - 4. PRODUCER PRICE INDEX (PPI) - INTERMEDIATE MATERIALS 1.9%
  - 5. PRODUCER PRICE INDEX (PPI) - FINISHED PRODUCT GOODS 2.0%
- B. CAPITAL OVERHEAD RATES
- 1. PENSION & WELFARE 5.1%
  - 2. PAYROLL TAXES & INSURANCE 7.5%
- C. OTHER CORPORATE ASSUMPTIONS
- INTEREST RATES -
    - 1) 30 DAY COMMERCIAL PAPER 2.0%
    - 2) LONG TERM DEBT 4.9%
  - DEPRECIATION RESERVE SURPLUS (UTILIZED)/REPLENISHED (\$000's) \$301,037

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

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

Robert E. Barrett, Jr.  
NAME



SIGNATURE

Vice President - Finance  
TITLE

3/15/2018  
DATE

FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
INDIVIDUAL PROJECTS COMMENCING DURING 2018 WHICH EXCEED \$10 MILLION  
(AMOUNTS IN \$000'S)

Company: Florida Power & Light Company and Subsidiaries  
YEAR: 2018

Schedule of individual projects that commence during 2018 and exceed a gross cost of \$10 million:

Project	Estimated Total Cost	Estimated Construction Commencement Date	Estimated In-Service Date
COMBINED CYCLE TURBINE UPGRADES	365,000	Feb - 2018	Dec - 2018
DANIA BEACH ENERGY CENTER	888,000	Sep - 2018	May - 2022
HOWARD INJECTION 138KV	19,350	Jan - 2018	Dec - 2021