BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080677-EI
FLORIDA POWER & LIGHT COMPANY

IN RE: PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY

TESTIMONY & EXHIBITS OF:

ROBERT E. BARRETT, JR.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF ROBERT E. BARRETT, JR.

DOCKET NO. 080677-EI

Q. Please state your name and business address.

A. My name is Robert E. Barrett, Jr. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Vice President of Finance.

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

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

Q. Please describe your educational background and professional experience.

A. I have a Bachelor of Business Administration degree from the University of Miami, 1982, with a major in Finance. I received a Master of Business Administration from Florida International University in 1985. I have been employed by FPL, or its affiliate NextEra Energy Resources, since 1982 and have held a variety of positions of increasing responsibility including: Financial Analyst; Manager of Financial Forecasting; Director of Quality, Planning and Analysis; Director of Corporate Planning; Director of Investor Relations; Vice President of Business Development for NextEra Energy Resources and my current position as Vice President of Finance for FPL.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- REB-1 – Listing of MFRs and Schedules Sponsored in Whole or in Part by Robert E. Barrett, Jr.
- REB-2 – Planning Process Guidelines
- REB-3 – MFR F-5 Forecasting Flowcharts and Models
- REB-4 – MFR F-8 Major Forecast Assumptions
- REB-5 –Budget and Actual Net Income 2004 through 2008
- REB-6 – Size and Diversity of Florida Economy
- REB-7 – Non-Agricultural Florida Employment
- REB-8 – Florida Population Growth
- REB-9 – Florida Housing Starts
- REB-10 – Real Disposable Income per Household
- REB-11 – Florida Personal Bankruptcies
- REB-12 – Foreclosure Rates
- REB-13 – Consumer Price Index
- REB-14 – FPL New Service Accounts
- REB-15 – FPL Total Customer Growth
- REB-16 – Capital Expenditure Reductions
- REB-17 – Drivers of the Increase in Revenue Requirements for 2010

- REB-18 – FPL Capital Expenditures 1985 through 2008
- REB-19 – Base Revenue Decline 2006 to 2010
- REB-20 – Drivers of the Increase in Revenue Requirements for 2011

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

A. Yes. Exhibit REB-1 shows my sponsorship and co-sponsorship of MFRs as well as 2009 Supplemental MFR schedules that FPL has agreed with the Florida Public Service Commission ("FPSC" or the "Commission") Staff and the Office of Public Counsel to file.

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

A. My testimony will:

(1) Discuss the process FPL uses in the preparation and approval of the financial forecast upon which the MFRs are based;

(2) Provide an overview of the general business conditions affecting the forecast assumptions;

(3) Explain the major cost drivers since 2006 -- the Test Year in FPL's last base rate proceeding, which was the basis of the 2005 Rate Stipulation and Settlement Agreement (2005 Rate Settlement); and

(4) Discuss the necessity for the 2011 Subsequent Year Adjustment and for the Generation Base Rate Adjustment (GBRA) mechanism.

Q. **Please summarize your testimony.**

A. The MFRs filed in this proceeding have been prepared according to a rigorous, established budget/forecast process, relying on inputs from internal and external subject experts, processed through financial models widely used in the industry, and with sufficient review and approval to ensure their reliability for use in setting rates in this proceeding.

FPL's 2010 proposed base revenue increase is $1,044 million which reflects both increases in revenue requirements and a reduction in base revenues since 2006, the Test Year last used for establishing base rates. The primary drivers of the deficiency are changes in depreciation, inflation, regulatory commitments, system growth, long term infrastructure investments, an annual accrual to the Storm Damage and Property Insurance Reserve (Storm Reserve), and the deterioration in the overall business and economic environment. Despite these significant cost pressures, FPL's productivity improvements partially mitigate the impact of increasing costs to customers. FPL's 2011 revenue deficiency, exclusive of the costs associated with West County Unit 3, is an additional $247 million and is largely due to system growth, increased investments in long term projects, increased regulatory commitments and inflation.

An increase in FPL's base rates as requested in this proceeding would support investments intended to keep customer bills among the lowest in the state and well below the national average while also maintaining system reliability, increasing generation of clean energy and helping to ensure greater fuel efficiency and fuel diversity.

In addition to requesting the 2010 base rate increase and the 2011 Subsequent Year Adjustment, FPL seeks to continue the application of the GBRA mechanism as an effective and efficient way to reflect the costs of new power plant additions in a way that is equitable and efficient from the perspective of customers, the Commission and the Company.

FORECASTING AND MFR PREPARATION PROCESS

Q. What role did you play in the development of FPL's forecast?

A. As FPL's Vice President of Finance, I have overall responsibility for developing the customer and sales forecast, the operations and maintenance (O&M) budget, the capital expenditure budget, and the per books forecast. As part of this responsibility, I provided guidance to the business units to ensure that corporate assumptions were followed. I am also a member of the budget review committee (Review Committee). Key members of the Committee are the FPL President, the FPL Executive Vice President, Finance and Chief Financial Officer, and the FPL Vice President, Accounting and Chief Accounting Officer. The Review Committee is responsible for reviewing the forecasts to ensure reasonableness and completeness for budget planning purposes.

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

A. FPL has provided forecasted information for 2009, 2010 and 2011 for use in this proceeding. Based upon the expiration of the minimum term on December 31, 2009, of the 2005 Rate Settlement, the Company is proposing that new rates be effective January 1, 2010 and be set at a level sufficient to cover the Company's revenue requirements in 2010. Accordingly, FPL proposes that 2010 be the Test Year in this proceeding. The 2009 budget year is included as the Prior Year consistent with the Commission's filing requirements. FPL has also included a forecast of 2011 (Subsequent Year) in support of FPL's requested Subsequent Year Adjustment.

Q. Why is a Subsequent Year Adjustment appropriate and necessary in this proceeding?

A. Given the significant time and financial resource commitments involved in fully litigated base rate proceedings, the Commission, the Company, and other stakeholders would benefit by minimizing the frequency of these costly proceedings. One mechanism by which the Commission can address this issue is through the use of a Subsequent Year Adjustment for 2011, the year following the Test Year. Such a Subsequent Year Adjustment, together with continuation of the existing GBRA, will ensure that rates in effect in 2011 are adequate to cover the Company's forecasted revenue requirements without the need for another separate base rate proceeding. The forecasted information for 2011, as well as the 2010 Test Year submitted in this proceeding, have been developed to the same standard as the information in the Company's 2009 budget and, as such, are appropriate for ratemaking in this proceeding.

Q. What does the 2011 forecast include and how reliable is the forecast?

A. The 2011 forecast includes all of the per books forecasted information for 2011, including the 2011 revenue requirements associated with West County Energy Center (West County) Unit 3, previously approved in a Need Determination order by this Commission (Order No. PSC-08-0591-FOF-EI in Docket No. 080203-EI). FPL is proposing that base rates be adjusted in 2011 to reflect the incremental base revenue required to cover the increased cost of service and return on investment in 2011, excluding that of West County Unit 3. These West County Unit 3 costs have been removed from the 2011 forecast via a Company Adjustment, and are being addressed for recovery through the proposed continuation of the Generation Base Rate Adjustment (GBRA) mechanism. As previously mentioned, FPL has applied the same rigor to its forecast of 2011 as it did for 2009 and 2010, in order to be confident that the costs proposed are appropriate for setting rates in this proceeding.

Q. How is the company proposing to recover the revenue requirements associated with West County Unit 3?

A. FPL recommends that the Commission allow for the recovery of all revenue requirements associated with West County Unit 3 through the GBRA mechanism. As described later in my testimony, FPL is proposing a continuation of the GBRA mechanism as part of this base rate proceeding. The GBRA mechanism, introduced in the 2005 Rate Settlement (Docket No. 050045), was applied to recover the costs associated with Turkey Point Unit 5 in 2007 and will be applied to the West County Units 1 and 2 in 2009. It is an effective way to ensure appropriate recovery of Commission approved generation additions. As a result of the proposed recovery of West County Unit 3 through the GBRA, all of the 2011 operating and capital revenue requirements associated with West County Unit 3, which FPL expects to place into service in mid-2011, have been removed per a company adjustment with the assumption that they will be recovered through the GBRA process.

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

A. FPL follows a rigorous and long standing process in the development and approval of its O&M and capital expenditures budgets, financial forecasts and MFRs. The process began with the development and approval of the Company's planning and budget assumptions. These assumptions include assumptions for inflation, customer growth, new service accounts, pay programs, postage, vehicle reimbursement rates and other miscellaneous items. These assumptions were prepared by various subject matter experts, reviewed and approved by me, and ultimately reviewed and approved by the Review Committee. Once approved, these assumptions, together with detailed budget instructions, were issued to the operating and staff units of the Company as the Planning Process Guidelines on May 21, 2008. (See Exhibit REB-2).

The 2009 planning process resulted in the 2009 O&M and capital budgets, the O&M forecasts for 2010 and 2011 and the forecasted capital expenditures for 2010 through 2013. Using the assumptions and Planning Process Guidelines, each of the major business units prepared a 2009 business plan that described their business unit objectives and challenges, as well as a preliminary funds request to support those business objectives. These business plans were presented by the respective business unit executives and reviewed by the Review Committee in June 2008. This review session offered each business executive the opportunity to present their business plan and receive feedback from their peers and the Review Committee. The open forum format employed in this session allowed for cross-functional collaboration and challenge as each executive discussed their opportunities and issues in the context of the impact on the total Company.

Detailed individual sessions were subsequently held with each business unit executive to review and challenge their requested levels of funding in consideration of their specific operational and business objectives. These review and challenge sessions also considered the changing economic environment and the corresponding implications for the funding needs of the business. After these individual sessions were held with each business unit executive there were two subsequent review meetings where funding requests were again challenged and the estimated impacts of the worsening economic conditions were considered. Final approvals were made in late 2008. Accordingly, the final budgets/forecasts approved by FPL's Review Committee reflected the Company's best assessment of the business environment.

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

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

Other inputs into the financial forecast were prepared and provided by other subject matter experts. These include taxes other than income taxes, various income tax items, non-clause fuel and capacity charges, miscellaneous below-the-line income and expense items, various working capital items and financing plans. These inputs were collectively reviewed and approved by me with the resulting comprehensive forecast reviewed and approved by the Review Committee.

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

A. All of the above mentioned items were provided as inputs to the Consolidated Financial Model (CFM). The CFM is a utility financial forecast model that is widely used in the industry and has been in use at FPL since 1999. Based on the assumptions and inputs mentioned above, the CFM model calculated the remaining expense items including depreciation, interest and Allowance for

Funds Used During Construction (AFUDC). The CFM produces balance sheet and income statement detail at the level necessary for the development of jurisdictional separation factors and the cost of service study. This forecast is then transferred to the Regulatory Information System (RIS). FPL developed the RIS integrated database to assist in preparing the MFRs. The completed financial forecast was then reviewed and approved by the Review Committee and is the source of forecast information for the MFRs filed in this proceeding.

FPL prepares its O&M budget and forecasts at a budget activity level, consistent with the way it manages its business, and does not normally include Federal Energy Regulatory Commission Uniform System of Accounts (FERC accounts) detail. Since this additional level of detail is needed to meet the requirements of certain MFRs, FPL converts the budget and forecasts at a budget activity level to FERC accounts. The conversion process relies primarily on historical relationships of actual costs and budget activities to FERC accounts but allows for appropriate adjustments resulting in a reasonable expression of the forecast by FERC account. Once the business units complete their budgets and forecasts, the information is fed to both the CFM and the FERC Functionalization System for conversion to FERC accounts.

As previously mentioned, once the forecast in the CFM is complete, it is transferred into the RIS, which integrates various FPL systems normally used in the forecasting and regulatory process. The system provides data validation and control routines to ensure consistency of data between the RIS and feeder systems. Additionally, the system produces exception reports, financial data output validations and MFR control reports to verify the accuracy and consistency of MFRs.

The balance sheet and income statement detail from the CFM is used by RIS to develop forecasted regulatory adjustments in the same manner as it does for historical regulatory adjustments in the Surveillance Report. These adjustments, along with the balance sheet and income statement detail, are then transferred to the Cost of Service System (COSS), which develops jurisdictional separation factors. The jurisdictional separation study results are then transferred back to the RIS, which calculates FPSC jurisdictional adjusted net operating income (NOI) rate base and capital structure. The results are then stored in the RIS database.

The jurisdictional adjusted results for NOI, rate base and capital structure are then transferred to the COSS to develop the Cost of Service Study. The Cost of Service Study calculates the revenue requirements at the individual rate class level. The RIS databases are also used to prepare rate base, NOI and capital structure on a per book and jurisdictional adjusted basis. The same tool that is used to create many of the MFRs also provides for MFR data integrity and control. All MFRs were reviewed and approved by the originating business unit and the MFR sponsors. Exhibit REB-3 contains a flowchart of the forecasting process and models.

Q. Has FPL followed the same process for developing all forecast years, including the 2010 Test Year and 2011 Subsequent Year, as it did for the 2009 budget year?

A. Yes. As described above, FPL prepares forecasts of O&M expense for the budget year plus two additional years at a budget activity level. The 2009 O&M budget is prepared at a monthly level of detail whereas the 2010 and 2011 O&M forecasts are prepared at an annual level of detail.

Capital expenditure forecasts are prepared for the budget year, 2009, plus four additional years, 2010 through 2013, at a budget activity (i.e., project) level of detail. The first three years are prepared at a monthly level of detail and the final two years are prepared at an annual level of detail. Additionally, the capital expenditures forecast for all five years is the subject of external financial disclosure in the Company's 10-K and 10-Q filings with the Securities and Exchange Commission (SEC) and is subject to an internal Sarbanes-Oxley review and approval process.

Though all years are prepared with the same level of business detail and diligence, the budget year typically is subject to more intense review as it forms the basis for operating and financial plans for the coming year. For the

2009 planning process, however, the 2010 Test Year and 2011 Subsequent Year received the same level of close scrutiny in their review and approval as did the 2009 budget year in anticipation of their use in this proceeding. As a result, FPL's 2010 Test Year and 2011 Subsequent Year forecasts are just as reasonable and appropriate for ratemaking purposes as the 2009 budget would be.

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

A. The major assumptions used by FPL in developing its forecast are listed in MFR F-8, which is my Exhibit REB-4.

Q. Have FPL forecasts been accurate in the past?

A. Yes. As shown on Exhibit REB-5, on average, FPL's actual net income results varied 2.3 percent from budget over the past five years, indicating that FPL's process for budgeting is highly effective in predicting future operating results and can be relied upon in a rate setting procedure.

In 2006, the Test Year used in FPL's last base rate filing with this Commission, excluding the impact of storm costs that the Commission subsequently determined were not recoverable through the storm reserve, net income was equal to the official budget. In 2007, net income was within 0.2 percent of the official budget. Despite the overall accuracy of the net income forecast, there are always offsetting variances, including weather, that cause some variability in the underlying components of the forecast. In most years, these items have a neutral effect on the annual FPL budget to actual comparison since they offset each other over the course of a complete year.

Q. How accurate was the budget for 2008?

A. Actual results varied from budget in 2008 more than usual, due to the impact of the housing downturn and ensuing recession on customer growth, sales and revenues. FPL's budget for 2008 was prepared in the fall of 2007 at about the time economic weakness began to manifest itself in the underlying indicators. In response to the changing economic outlook, FPL monitored its sales and customer assumptions and made adjustments as needed during 2008 as economic conditions continued to deteriorate. FPL has no control over these external economic realities and the resulting impacts on its sales and revenues. However, FPL does have some control on the expense side and took prudent actions to reduce costs in response to revised growth estimates. Most notably, the Company reduced capital expenditures on growth-related projects and sought opportunities to streamline operating expenses. All of these reductions were focused on areas that do not impact safety, customer reliability, or other cost-effective operations; however, not all of these reductions are sustainable for the long term. Despite these actions, the 2008 net income budget proved to be optimistic and actual net income for 2008 was about 10 percent below budget. The customer and sales forecasts are discussed in more detail in FPL witness Morley's direct testimony.

OVERVIEW OF GENERAL BUSINESS CONDITIONS

Q. Please describe the general business conditions affecting the underlying assumptions in this forecast.

A Florida is the fourth largest state in the U.S. in Gross Domestic Product (GDP) and is fairly diverse, with the largest sector of the economy comprising only 20 percent of the total (see Exhibit REB-6). Until 2007, Florida also led the nation in job creation (see Exhibit REB-7), and has experienced faster population growth than the nation (see Exhibit REB-8). Florida's economic diversity and robust population growth have historically helped the state be more resilient during times of economic weakness affecting the nation.

As demonstrated in Exhibit REB-9, Florida experienced a housing construction boom from 2003 through 2005, which fueled a rapid increase in home prices and corresponding economic activity. On a rolling 12-month basis, FPL added an average of 101,000 customers annually during this period. By early 2007 the housing "bubble" burst, and FPL's customer growth fell precipitously soon after. By mid 2008, FPL's customer count actually fell over a 12-month period, and by December 2008 FPL had a net loss of about 11,000 customers over December 2007.

Likewise, economic activity in Florida began to slow. Non-agricultural employment has been declining since August 2007 (Exhibit REB-7) and real household personal income contracted during 2008 (Exhibit REB-10). Personal bankruptcies (Exhibit REB-11) and mortgage foreclosures (Exhibit REB-12) were up sharply in 2008. The Consumer Price Index (CPI) was up in 2008 with the South Florida CPI continuing to exceed the national average (Exhibit REB-13). All of these factors have combined to plunge Florida into an economic deterioration not seen since the early 1970s.

Q. What specific assumptions in this forecast have been affected by this economic downturn?

A. Every major assumption used in the forecast reflects the severe economic downturn. Revenues have been adversely affected by lower customer growth directly attributable to the bust in the housing market, and lower usage per customer. Costs of goods and services reflect both global commodity markets and local and national labor markets. Although commodity prices have begun to moderate, this follows a period of sharp increases. Economic weakness, notably unemployment, foreclosures and bankruptcies, also give rise to increased levels of bad debt and increasing costs of collections. FPL witness Morley provides a more complete discussion of the customer, sales and economic variables. Additionally, the global financial crisis has impacted FPL's access to, and cost of, capital, as evidenced in FPL witness Pimentel's testimony.

Q. When did these economic factors begin to deteriorate?

A. Most of the deterioration in the economy affected FPL beginning in late 2007 and early 2008. Prior to that time, FPL experienced robust customer growth requiring substantial capital investment to continue to provide safe, reliable electric service. During 2006 and 2007, FPL added 223,000 new service accounts and saw a net increase in customers of 195,000 (see Exhibits REB-14 and REB-15). Serving these new accounts required substantial capital investment and corresponding increases in operating costs. Likewise, commodity prices saw sharp increases from 2006 to early 2008, further adding pressure to FPL's cost structure.

It was the rapid swing from boom to bust, occurring in late 2007 and continuing through 2008, combined with the evolving views among economic experts regarding the depth and length of the downturn, that have had the largest impact on this forecast. For example, the University of Florida, FPL's source of forecasted population for the state of Florida, has issued four forecasts between November 2007 and October 2008, each one lower than the previous forecast. The consensus view of the economy by the end of 2008 was substantially more pessimistic than the outlook at the start of the year. The financial and credit markets crisis that became apparent in October 2008 are further examples of the uncertainty prevalent during FPL's 2008 planning process.

Q. How has FPL responded to the changes in the economic environment?

A. FPL's response to the economic downturn has been on two simultaneous fronts. First, FPL updated its forecast assumptions numerous times during 2008, using the most current reliable estimates from internal and external subject experts. The biggest impact has been a reduction in the number of customers and the level of sales and corresponding revenues FPL will realize since 2007. FPL anticipates that this economic downturn will continue to have an impact through 2011 and beyond. This reduction in sales is real and measurable and is primarily attributable to lower customer growth and lower usage per customer. These items are discussed more fully in FPL witness Morley's testimony.

Second, as the Company has refined its view of customer growth and usage, FPL has actively sought opportunities to revise its operating and capital expenditures to reflect the lower growth expectations. A significant portion of FPL's typical capital budget is dedicated to meeting the needs of future customers. As growth expectations were revised downward, FPL has been able to make significant capital expenditure reductions without impacting expenditures related to safety, customer reliability and other cost-effective operations for current customers. FPL has been able to reduce planned capital expenditures in 2008 by nearly $530 million and has reduced its initial spending plans for 2009 by more than $450 million (see Exhibit REB-16). This reduction in capital spending has the direct result of avoiding an increase in customer revenue requirements in 2010 by approximately $130 million. FPL's forecasts for 2010 and 2011, as discussed previously, are consistent with the 2009 budget and appropriately reflect the forecast assumptions in those years.

Q. What assumptions has the Company made for the forecast years with respect to the economic environment?

A. Generally speaking, the forecast of customer growth is based on the October 2008 population forecast from the University of Florida, as discussed in FPL witness Morley's testimony. The economic variables used in developing the sales forecast assume a lingering recession lasting through 2010 with modest growth beyond that. The economic and sales assumptions are the subject of FPL witness Morley's direct testimony. The Company believes that, due to its strong balance sheet, FPL will continue to have access to the capital markets for financing its construction needs. However, the cost of capital is likely to be higher due to Florida's ongoing economic situation and the weakened financial market at a national level. Please refer to FPL witness Pimentel's direct testimony for additional detail.

Q. Given the economic uncertainty and volatility, how reliable is the Company's forecast of the revenue requirements for the Test Year and Subsequent Year?

A. Though the economic environment is highly uncertain, the Company has prepared its forecast using a rigorous process utilizing the reliable advice of internal and external subject experts. Accordingly, the forecast is reasonable and is reliable for use in this proceeding. The forecasted revenue requirements reflect the Company's best assessment of the expected economic environment during the period. If economic conditions were to improve faster than anticipated, resulting in more growth during the forecast period, revenue requirements likely would need to increase to support that increased growth.

DRIVERS OF INCREASES IN REVENUE REQUIREMENTS

Q. What is the total amount of FPL's requested base revenue increase in 2010 and how is it calculated?

A. FPL's requested base revenue increase for 2010 is $1,044 million and is determined as the difference between FPL's projected net operating income of $726 million and FPL's required net operating income of $1,365 million multiplied by the revenue expansion factor of 1.63342. For further detail regarding the calculation of these revenue requirements, please refer to FPL witness Ousdahl's testimony.

Q. What comprises this requested base revenue increase of $1,044 million?

A. The $1,044 million base revenue increase is discussed below as resulting from the growth in revenue requirements from 2006, the Test Year last used in determining the appropriate level of FPL's base rates, and 2010, the proposed Test Year in this filing. Additionally, the requested base revenue increase also takes into account the change in the level of FPL's base revenues during that same time period.

Q. Is 2006 a reasonable basis for evaluating the Company's projected deficiency?

A. Yes, 2006 provides a reasonable basis for evaluating the Company's 2010 projected revenue deficiency. First, 2006 was the test year last used for evaluating the appropriateness of the Company's base rates. Secondly, it is also the base year used in developing the Commission's O&M benchmark, MFR C-41.

Q. Have you performed any analysis of the reasons for the increase in revenue deficiency from 2006 to 2010?

A. Yes. In addition to the required MFRs filed as part of this proceeding we also prepared a "driver analysis" of the $1,044 million revenue deficiency.

Q. What is a driver analysis and how was it performed?

A. A driver analysis looks at the total increase in revenue deficiency and breaks it down into the primary reasons, or drivers, of the increase. The analysis began with a determination of the drivers that would be the basis of the analysis. The primary drivers were Depreciation Changes, Inflation, Regulatory Commitments, System Growth, Long Term Infrastructure Improvements, Storm Damage and Property Insurance Reserve Accrual (Storm Reserve Accrual), Economic Conditions, Productivity Improvements, Other Revenue Growth and All Other. These are described in more detail below. Most of these drivers are external and thus outside of the direct control of the Company.

The revenue requirements associated with each driver were then quantified by analyzing the O&M and capital expenditures associated with each driver over the 2006 to 2010 period. While total capital expenditures in 2007 through

2010 that contributed to requested revenues were approximately $5.6 billion, the focus of the driver analysis was the retail base revenue requirement impact of those expenditures. The purpose of the analysis is to capture the broad categories of cost drivers associated with the revenue deficiency, not to supersede or replace the specific discussion of cost drivers provided by the witnesses in this case or that are delineated in the MFRs filed in this case.

Q. What are the approximate amounts of the increase in revenue deficiency from 2006 to 2010 that are associated with each of the primary drivers?

A. The primary drivers of the $1,044 million increase in revenue deficiency are illustrated on Exhibit REB-17 and are summarized as follows:

Depreciation Changes	$266 million
Inflation	$236 million
Regulatory Commitments	$177 million
System Growth	$178 million
Long Term Infrastructure Investments	$170 million
Storm Reserve Accrual	$150 million
Economic Conditions	$128 million
Productivity Improvements	($178) million
Other Revenue Growth	($ 43) million
All Other	($ 40) million
TOTAL	$1,044 million

Q. What comprises the "Depreciation Changes" driver?

A. The Depreciation Changes driver is comprised of three discrete items. First,

$125 million represents the discontinuation of the annual depreciation credit that the Company has taken in 2006 through 2009 as authorized in the 2005 Settlement Agreement. This depreciation credit, authorized by the Commission, was a key component of the Company's ability to avoid a rate increase in 2006. Secondly, $52 million represents the revenue requirement in 2010 associated with the cumulative effect on the net Plant in Service balance of the $125 million depreciation credits taken in 2006 through 2009. Lastly, $89 million reflects the revenue requirement of changes to depreciation expense, including the impact on rate base, that results from new rates and other changes delineated in the comprehensive depreciation study filed as part of this proceeding and reflected as a Company Adjustment in the testimony of FPL witness Ousdahl. The increase in 2010 revenue requirements attributable to Depreciation Changes is $266 million.

Q. How is the "Inflation" driver defined?

A. Inflation represents the increased costs for goods and services in 2010 compared to the same goods or services in 2006. Generally, the period 2006 through 2010 can be characterized as inflationary. Changes to the CPI since 2006, including the forecast through 2010, indicate that inflation will have added about 11 percent to the cost of goods and services in 2010 relative to 2006. The forecast of CPI for 2009 through 2011 is derived from third party subject experts and is discussed in more detail by FPL witness Morley. Use of CPI is a fair approximation of the impact of inflation on the Company's costs; however, some of the Company's costs escalate at rates different than

CPI. Medical and dental costs, for instance, have escalated much faster than CPI. With the exception of those employee benefit costs that have escalated faster than CPI, the change in CPI was used to quantify the approximate impact of inflation as a driver. In the aggregate, inflation represents an increase in revenue requirements since 2006 of $236 million.

Q. **What comprises the "Regulatory Commitments" driver?**

A. The Regulatory Commitments driver reflects the growth in revenue requirements from 2006 to 2010 related to commitments made to state and federal governmental and regulatory bodies. Some examples of these commitments are the storm hardening expenditures and other storm-related commitments made to the FPSC; expenditures required by the Nuclear Regulatory Commission (NRC) to remediate alloy 600 issues including the replacement of the reactor vessel head at St. Lucie Unit 2; increased compliance costs for North American Electric Reliability Corporation (NERC) and Federal Energy Regulatory Commission (FERC) reliability issues; and, increases to fees paid to regulatory bodies. Collectively, these regulatory commitments have increased revenue requirements in 2010 compared with 2006 by $177 million.

Q. **What comprises the "System Growth" driver?**

A. System Growth represents the revenue requirements associated with new service accounts and customer growth. Costs associated with Turkey Point 5 and West County 1 and 2 have been excluded from the calculation of the System Growth driver as these costs were recoverable under the GBRA mechanism. For the period 2006 through 2008, FPL added 280,916 new service accounts which resulted in 187,834 net new customer accounts. Revenue requirements to support System Growth include the costs of expanding the transmission and distribution infrastructure and the corresponding increase to the costs associated with operating and maintaining those facilities and serving those new customers. Though the projected system growth in 2009 and 2010 is minimal, reflecting the lower growth assumption, the total System Growth since 2006 has increased the 2010 revenue requirements by $178 million.

Q. How has system growth affected the Company's investment of capital expenditures since 1985, the last year FPL received a general base rate increase?

A. As shown on Exhibit REB-18, from 1985 through 2008 FPL has invested almost $26 billion in capital expenditures. This includes approximately $5.8 billion for the construction of new generating capacity and $11.7 billion in transmission and distribution expenditures.

Q. What comprises the "Long Term Infrastructure Investments" driver?

A. Long Term Infrastructure Investments includes those expenditures that are unique and designed to make FPL's infrastructure stronger, smarter, cleaner and more efficient which will provide incremental customer benefits over the long term. Often benefits enabled by these investments are realized through recovery mechanisms other than base rates. For example, FPL replaced the steam generators at St. Lucie Unit 2 in 2007. This investment was critical in the decision to extend the life of the unit an additional 20 years. This investment required significant amounts of capital but will ensure the ongoing reliability and availability of safe, clean and affordable nuclear power for which customers will see benefits through lower fuel bills. Please see FPL witness Stall's testimony for further discussion. Another example is FPL's investment in the Advanced Metering Infrastructure (AMI) project. This substantial investment of capital will provide or enable ongoing incremental benefits to customers for many years to come. FPL witness Santos discusses the AMI project in more detail. Additionally, Information Management system improvements, such as an SAP upgrade project, a nuclear fleet-wide Nuclear Asset Management System (NAMS), and a Customer Information System (CIS III) upgrade project, will allow FPL to better manage work, assets, people, and finances, thus reducing costs while enhancing many aspects of service to customers. FPL witness Bennett discusses these projects in more detail. The increase in 2010 revenue requirements attributable to Long Term Infrastructure Investments is estimated to be $170 million.

Q. What comprises the "Storm Reserve Accrual" driver?

A. As part of the 2005 Rate Settlement, FPL ceased its practice of accruing to the Storm Reserve. As part of this proceeding FPL is proposing to reinstitute an accrual to the Storm Reserve representing the expected annual expense for restoration activities related to tropical storms and other qualifying uninsured events. The difference between this expected annual expense and actual loss experience, if any, will be charged to the Company's funded Storm Reserve account as discussed more fully by FPL witness Pimentel. The increase in 2010 revenue requirements attributable to the Storm Reserve Accrual is $150 million.

Q. How is the term "Economic Conditions" defined in your testimony and what comprises this driver?

A. The term Economic Conditions is used to identify increases in revenue requirements from 2006 to 2010 that are measurable and directly related to the current and projected downturn in the Florida economy and capital markets.

Q. What has been the impact of the downturn in Economic Conditions on the requested base revenue increase in 2010?

A. The economic downturn has had the effect of both lowering revenues, through lower customer growth and the elasticity effect on customer usage of less economic activity, as well as raising the cost of service including bad debt, collections activities and other costs.

Q. Please describe the impact of the economic downturn on revenues.

A. As discussed by FPL witness Morley, the economic downturn has negatively impacted the level of FPL's retail sales by reducing both customer growth and energy use per customer. For the period 1999 to 2006 retail sales growth averaged 2.9 percent annually. This was comprised of 2.3 percent growth in the average number of customers and 0.6 percent growth in use per customer. However, for the period 2006 to 2010, FPL's retail sales are expected to actually decline 0.6 percent on average annually. On a weather normalized basis the average annual decline in sales from 2006 to 2010 is actually 0.8%.

Q. How have projected revenues in 2010 been affected by this decline in customer growth and energy usage?

A. Retail base revenues in 2010 are projected to be $98 million lower than they were in 2006 excluding the revenues associated with GBRA for Turkey Point Unit 5 and West County Units 1 and 2.

Q. Is this the total impact on revenues due to the reduction in customer growth and the decline in usage per customer?

A. No. Using the historic average annual customer growth rate of 2.3 percent noted above and the level of weather normalized energy usage experienced in 2006, base revenues in 2010 would have been $353 million higher than current projections. However, lower customer growth and the decline in usage per customer together have reduced revenues by more than $450 million when compared to historic patterns (see Exhibit REB-19). The portion of lower revenues attributable to lower customer growth has been partially mitigated by the timely actions taken by management in 2008 that resulted in reductions in O&M and capital expenditures discussed elsewhere in this testimony. However, the portion that is attributable to lower use per customer, in part due to the downturn in the economy, has eroded base revenues while not lowering the cost to serve those customers. Overall, the projected base revenues for 2010, excluding revenues associated with the GBRA, are $98 million lower than retail base revenues in 2006 and represent a very conservative estimate of the impact of the economic downturn on base revenues.

Q. Are there aspects of FPL's cost of providing service that have increased as a result of the economic downturn?

A. Yes. Increases in bad debt expenses and collections related activities are a direct result of the worsening economic conditions. FPL has taken prudent action to mitigate the impact of these items through increased post write-off recovery actions and other measures; however, costs have increased despite these efforts. For a more detailed discussion of these measures, please see FPL witness Santos' direct testimony. Additionally, the global credit crisis and severe downturn in financial markets has had an adverse impact on the expected revenue requirements for 2010. Notably, despite out-performing the market as a whole, FPL's pension assets during 2008 significantly underperformed the plan assumption of a 7.75 percent return. This will result in increased pension expense in 2010 versus 2006.

Q. What is the total impact of the Economic Conditions driver?

A. The estimated total impact of the current economic downturn is an increase in 2010 revenue requirements of $128 million.

Q. How is "Productivity Improvement" defined and what comprises this driver?

A. Productivity Improvement represents the savings attributable to performing an activity at a lower unit cost in 2010, adjusted for inflation, than it cost to perform the same activity in 2006. For instance, the average O&M cost per customer associated with distribution restoration activities was $18.21 in 2006. FPL would have expected distribution restoration activities, adjusted for inflation, to cost $20.21 per customer in 2010 dollars. However, restoration cost per customer forecasted for 2010 is $14.05, or 30 percent lower than what would have been expected. This difference in restoration costs per customer, multiplied by the 2010 projected number of customers, yields a productivity savings of approximately $28 million. Restoration cost is just one area where the Company has been able to increase productivity. Productivity Improvement also includes increasing levels of capital efficiency whereby FPL, in some cases, has been able to invest in maintaining its infrastructure at levels lower than the cash flow provided by depreciation resulting in reductions to rate base and corresponding lower customer revenue requirements. The sum of all productivity improvement actions since 2006 is estimated to have lowered 2010 revenue requirements by $178 million.

Q. **What comprises the "Other Revenue Growth" driver?**

A. The Other Revenue Growth driver is comprised of growth in revenue accounts other than the sales of electricity. This includes revenues from service fees, pole attachment revenues, transmission service revenues, rents and other miscellaneous revenues. Growth in these revenue sources since 2006 have decreased the 2010 revenue deficiency by $43 million.

Q. **What comprises the "All Other" driver?**

A. "All Other" consists primarily of the revenue requirement impact of other changes in rate base such as net working capital and other changes in net operating income not specifically identified above. Decreases in net working capital and all other changes have combined to reduce the 2010 revenue deficiency by $40 million.

Q. What are the primary drivers of the increase in revenue requirements for 2011 as compared to 2010?

A. As shown on Exhibit REB-20, the primary drivers of the $247 million increase in revenue requirements are:

System Growth	$68 million
Long Term Infrastructure Investments	$68 million
Regulatory Commitments	$42 million
Inflation	$51 million
Economic Conditions	$16 million
All Other	$ 2 million
TOTAL	$247 million

Q. Has FPL compared its projected 2010 and 2011 O&M expenses to the Commission's O&M benchmark?

A. Yes. We have used 2006 as the benchmark base year, as this was the test year in FPL's last rate proceeding. In each instance where a function's projected O&M expenses exceed the benchmark, FPL's witness for that function has provided a justification for the amount over the benchmark. In general, the increases above the benchmark have resulted from external factors over which FPL has no control such as regulatory commitments or economic conditions that cause costs to increase at rates above measures of general inflation. Changes in FPL's business have resulted in shifts among functions that also affect the benchmark calculations. In all instances, FPL's witnesses show that FPL's projected O&M expenses are reasonable, whether measured against the Commission benchmark or otherwise.

Q. **What FPL witnesses discuss the functions that exceed the O&M benchmark?**

A. The following functions benchmark higher in 2010 and 2011, using 2006 as the base year, and will be addressed in the respective witnesses' testimony: Nuclear - FPL witness Stall; Other Production - FPL witness Hardy; Other Power Supply and Transmission - FPL witness Keener; Customer Accounts, Customer Service, and Sales Expenses - FPL witness Santos. All of the other functions are at or below the 2006-based benchmark.

Q. **How does FPL's level of O&M expenses in 2010 and 2011 compare to the FPSC's benchmark using 1985 as the base year?**

A. FPL's O&M expenses in 2010 are $1,067 million lower than the FPSC benchmark, using 1985 as the base year. FPL's O&M expenses in 2011 are $1,062 million lower than the 1985 benchmark.

GENERATION BASE RATE ADJUSTMENT (GBRA)

Q. **Are there any mechanisms available to the Company to adjust base rates outside of a base rate proceeding?**

A. As part of the 2005 Settlement Agreement, the Commission established the GBRA mechanism to recover the costs for power plants that achieve commercial operation during the term of the agreement and whose costs are not recovered fully through a clause or clauses. The GBRA allows for an adjustment to FPL's customer bills to reflect the first 12 months of revenue requirements for any power plant approved through a Need Determination process pursuant to the Florida Power Plant Siting Act. The GBRA mechanism was first used by the Company to adjust rates for the inclusion of Turkey Point Unit 5 in May 2007. The West County Units 1 and 2, scheduled to go into commercial operation in 2009, will also result in adjustments to base rates under the GBRA mechanism. However, the 2005 Rate Settlement and its terms, including GBRA, will expire with the establishment of new base rates in January 2010. Therefore the Company is petitioning the Commission, as part of this proceeding, to approve the continuation of the GBRA mechanism.

Q. Why is the Company seeking a continuation of the GBRA mechanism?

A. Simply put, because the GBRA has proven to be an effective and efficient rate-making alternative. The Commission's approval of the GBRA mechanism was an innovative and efficient way to deal with large plant additions. It applies only to those plants that have been approved by the Commission through a rigorous, public Need Determination hearing process. The rate adjustment enacted through a GBRA mechanism is also subject to review and true-up based upon differences in actual versus projected costs of the new plant. In that regard, it affords significant protection for customers by assuring that only the actual final costs are built into rates. It offers the

Company protection against under-recovery of significant, pre-approved expenditures due to regulatory lag. It also offers all parties the potential for less frequent fully litigated base rate proceedings that might be mitigated through this separate recovery of large revenue requirements. It should also be noted that, through the annual fuel cost recovery clause proceeding, customers already are able to enjoy the benefits realized from new generation projects, i.e., significant fuel cost savings, and the continuation of the GBRA mechanism simply puts the recovery of the base costs of such projects on an equal footing from a timing perspective.

Q. How is the Company suggesting to apply the GBRA going forward?

A. The Company proposes that, as part of this proceeding, the Commission approve the continuation of the GBRA mechanism. If the GBRA mechanism is continued, power plants that go into service subsequent to December 31, 2009 would qualify for GBRA treatment. It is anticipated that the next application of the GBRA after December 31, 2009 would be for West County Unit 3, scheduled to enter commercial operation in mid-2011.

Q. Has the Company adjusted its forecast to remove the revenue requirements associated with West County Unit 3 in 2011?

A. Yes. The per books forecast for 2011 includes all of the base revenue requirements for the Company, including the revenue requirements for West County Unit 3. As addressed by FPL witness Ousdahl, the revenue requirements for West County Unit 3 have then been removed through a

Company Adjustment. The resulting Company Adjusted forecast of revenue requirements excludes West County Unit 3.

Q. Does this conclude your direct testimony?

A. Yes.

MFRs AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY ROBERT E. BARRETT, JR.

SOLE SPONSORSHIP:

MFR	TITLE
B-03 Prior	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-03 Subsequent	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-03 Test	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-05 Subsequent	DETAIL OF CHANGES IN RATE BASE
B-05 Test & Prior	DETAIL OF CHANGES IN RATE BASE
B-07 Subsequent	PLANT BALANCES BY ACCOUNT AND SUB ACCOUNT
B-07 Test	PLANT BALANCES BY ACCOUNT AND SUB ACCOUNT
B-08 Subsequent	MONTHLY PLANT BALANCES TEST YEAR-13 MONTHS
B-08 Test	MONTHLY PLANT BALANCES TEST YEAR-13 MONTHS
B-09 Subsequent	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB ACCOUNT
B-09 Test	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB ACCOUNT
B-10 WCEC 3 Adj '11	MONTHLY RESERVE BALANCES TEST YEAR-13 MONTHS
B-10 Subsequent	MONTHLY RESERVE BALANCES TEST YEAR-13 MONTHS
B-10 Test	MONTHLY RESERVE BALANCES TEST YEAR-13 MONTHS
B-11 Subsequent	CAPITAL ADDITIONS AND RETIREMENTS
B-11 Test Prior Historic	CAPITAL ADDITIONS AND RETIREMENTS
B-14 Subsequent	EARNINGS TEST
B-14 Test	EARNINGS TEST
B-21 Subsequent	ACCUMULATED PROVISION ACCOUNTS - 228.1, 228.2 AND 228.4
B-21 Test	ACCUMULATED PROVISION ACCOUNTS - 228.1, 228.2 AND 228.4
C-19 Subsequent	AMORTIZATION/ RECOVERY SCHEDULE - 12 MONTHS
C-19 Test	AMORTIZATION/ RECOVERY SCHEDULE - 12 MONTHS
C-20 WCEC 3 Adj '11	TAXES OTHER THAN INCOME TAXES
C-20 Prior	TAXES OTHER THAN INCOME TAXES
C-20 Subsequent	TAXES OTHER THAN INCOME TAXES
C-20 Test	TAXES OTHER THAN INCOME TAXES

MFRs AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY ROBERT E. BARRETT, JR.

JOINT OR CO-SPONSORSHIP:

MFR	TITLE
B-06 WCEC 3 Adj '11	JURSIDICTIONAL SEPARATION FACTORS - RATE BASE
B-06 Subsequent	JURSIDICTIONAL SEPARATION FACTORS - RATE BASE
B-06 Test	JURSIDICTIONAL SEPARATION FACTORS - RATE BASE
B-08 WCEC 3 Adj '11	MONTHLY PLANT BALANCES TEST YEAR-13 MONTHS
B-12 Prior	NET PRODUCTION PLANT ADDITIONS
B-12 Subsequent	NET PRODUCTION PLANT ADDITIONS
B-12 Test	NET PRODUCTION PLANT ADDITIONS
B-13 Subsequent	CONSTRUCTION WORK IN PROGRESS
B-13 Test	CONSTRUCTION WORK IN PROGRESS
B-16 Prior	NUCLEAR FUEL BALANCES
B-16 Subsequent	NUCLEAR FUEL BALANCES
B-16 Test	NUCLEAR FUEL BALANCES
B-17 Subsequent	WORKING CAPITAL - 13 MONTH AVG
B-17 Test & Prior	WORKING CAPITAL - 13 MONTH AVG
B-22 Subsequent	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-22 Test Prior Historic	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-23 Subsequent	INVESTMENT TAX CREDITS-ANNUAL ANALYSIS
B-23 Test Prior Historic	INVESTMENT TAX CREDITS-ANNUAL ANALYSIS
C-04 WCEC 3 Adj '11	JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
C-04 Subsequent	JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
C-04 Test	JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
C-06 Subsequent	BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
C-06 Test Prior Historic	BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
C-08 Subsequent	DETAIL OF CHANGES IN EXPENSES
C-08 Test & Prior	DETAIL OF CHANGES IN EXPENSES
C-10 Subsequent	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-10 Test	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS

MFRs AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY ROBERT E. BARRETT, JR.

JOINT OR CO-SPONSORSHIP (Continued):

MFR	TITLE
C-12 Subsequent	ADMINISTRATIVE EXPENSES
C-12 Test & Historic	ADMINISTRATIVE EXPENSES
C-15 Subsequent	INDUSTRY ASSOCIATION DUES
C-15 Test	INDUSTRY ASSOCIATION DUES
C-21 Subsequent	REVENUE TAXES
C-21 Test Prior Historic	REVENUE TAXES
C-23 WCEC 3 Adj '11	INTEREST IN TAX EXPENSE CALCULATION
C-23 Subsequent	INTEREST IN TAX EXPENSE CALCULATION
C-23 Test & Historic	INTEREST IN TAX EXPENSE CALCULATION
C-29 Subsequent	GAINS AND LOSSES ON DISPOSITION OF PLANT AND PROPERTY
C-29 Test Prior Historic	GAINS AND LOSSES ON DISPOSITION OF PLANT AND PROPERTY
C-33 Subsequent	PERFORMANCE INDICES
C-33 Test Prior Historic	PERFORMANCE INDICES
C-36 Test Prior Historic	NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
C-36 Subsequent	NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
C-37 Subsequent	O&M BENCHMARK COMPARISON BY FUNCTION
C-37 Test	O&M BENCHMARK COMPARISON BY FUNCTION
C-42 Subsequent	HEDGING COSTS
C-42 Test Prior Historic	HEDGING COSTS
D-01a Prior	COST OF CAPITAL - 13 MONTH AVG
D-01a Subsequent	COST OF CAPITAL - 13 MONTH AVG
D-01a Test	COST OF CAPITAL - 13 MONTH AVG
F-05 Subsequent	FORECASTING MODELS
F-05 Test	FORECASTING MODELS
F-08 Subsequent	ASSUMPTIONS
F-08 Test	ASSUMPTIONS

MFRs AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY ROBERT E. BARRETT, JR.

2009 SUPPLEMENTAL SCHEDULES SPONSORED OR CO-SPONSORED:

SOLE SPONSORSHIP:

MFR	TITLE
B-05 2009 Supplemental MFRs	DETAIL OF CHANGES IN RATE BASE
B-07 2009 Supplemental MFRs	PLANT BALANCES BY ACCOUNT AND SUB ACCOUNT
B-08 2009 Supplemental MFRs	MONTHLY PLANT BALANCES TEST YEAR-13 MONTHS
B-09 2009 Supplemental MFRs	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB ACCOUNT
B-10 2009 Supplemental MFRs	MONTHLY RESERVE BALANCES TEST YEAR-13 MONTHS
B-14 2009 Supplemental MFRs	EARNINGS TEST
B-21 2009 Supplemental MFRs	ACCUMULATED PROVISION ACCOUNTS - 228.1, 228.2 AND 228.4
B-11 2009 Supplemental MFRs	CAPITAL ADDITIONS AND RETIREMENTS

JOINT OR CO-SPONSORSHIP:

MFR	TITLE
B-06 2009 Supplemental MFRs	JURSIDICTIONAL SEPARATION FACTORS - RATE BASE
B-13 2009 Supplemental MFRs	CONSTRUCTION WORK IN PROGRESS
C-04 2009 Supplemental MFRs	JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
C-10 2009 Supplemental MFRs	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-12 2009 Supplemental MFRs	ADMINISTRATIVE EXPENSES
C-13 2009 Supplemental MFRs	MISCELLANEOUS GENERAL EXPENSES
C-15 2009 Supplemental MFRs	INDUSTRY ASSOCIATION DUES
C-23 2009 Supplemental MFRs	INTEREST IN TAX EXPENSE CALCULATION

MFRs AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY ROBERT E. BARRETT, JR.

2009 SUPPLEMENTAL SCHEDULES SPONSORED OR CO-SPONSORED:

JOINT OR CO-SPONSORSHIP (Continued):

MFR	TITLE
C-37 2009 Supplemental MFRs	O&M BENCHMARK COMPARISON BY FUNCTION
F-05 2009 Supplemental MFRs	FORECASTING MODELS
F-08 2009 Supplemental MFRs	ASSUMPTIONS

Florida Power & Light Company

2009 Planning Process

Guideline

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Section 1

General Instructions for Developing Business Plans, Budgets and Presentation

2009 Planning Process Calendar

Item #	Date	Day	Deliverable	Comments
1	28-Apr	Mon	Planning assumptions issued.	▪ Provided to all business units by Corporate Budgets.
2	21-May	Wed	2009 Planning Process Guideline issued.	▪ Provided to all business units by Corporate Budgets.
3	16-Jun	Mon	Presentation materials for the Jun 20th Strategic Planning Meeting and updated R-Schedules due to Corporate Budgets.	▪ Applies to all business units. ▪ See requirements in Section 1, Page 7.
4	20-Jun	Fri	**Strategic Planning Meeting** Business units present to Budget Review Committee.	▪ Applies to certain business units. ▪ See requirements in Section 1, Page 7.
5	7-Jul	Mon	Presentation materials for the July Budget Review Meeting with A. Olivera (date to be determined) and updated R-Schedules due to Corporate Budgets.	▪ Applies to all business units. ▪ See requirements in Section 1, Page 8.
6	11-Jul	Fri	**Budget Review Meeting** Business units present to Budget Review Committee.	▪ Applies to all business units. ▪ See requirements in Section 1, Page 8.
7	28-Jul	Mon	Presentation materials for the Aug1st Budget Review Meeting with J. Robo and updated R-Schedules due to Corporate Budgets.	▪ Applies to all business units. ▪ See requirements in Section 1, Pages 8-9.
8	1-Aug	Fri	**Budget Review Meeting** Business units present to Budget Review Committee.	▪ Applies to all business units. ▪ See requirements in Section 1, Pages 8-9.
9	20-Aug	Wed	Presentation materials for the Aug27th Final Budget Review Meeting and updated R-Schedules due to Corporate Budgets.	▪ Applies to all business units. ▪ See requirements in Section 1, Page 9.
10	27-Aug	Wed	**Final Budget Review Meeting** Business units present to Budget Review Committee.	▪ Applies to certain business units. ▪ See requirements in Section 1, Page 9.
11	3-Sep	Wed	**Data Submissions due to Corporate Budgets:** ▪ Finalized R-Schedules ▪ Supplemental Schedules ▪ Performance Measures ▪ Five Year Capital Forecast ▪ Detail budgets for Aug – Dec 2008 ▪ Detail budgets Jan – Dec for 2009, 2010 and 2011 ▪ Detail budgets include: O&M base, O&M clauses, Non-clause fuel, Below the Line, Revenue Enhancement, Capital base, Capital clauses, Work force	▪ Applies to all business units. ▪ See requirements in Section 2.

Budget Review Committee

The Budget Review Committee for the 2009 planning cycle will include the following individuals:

- FPL Group Chairman & Chief Executive Officer – Lew Hay (1)
- FPL Group President & Chief Operating Officer – Jim Robo (2)
- FPL President – Armando Olivera (3)
- FPL Group Senior Vice President Finance and Chief Financial Officer – Armando Pimentel (3)
- FPL Vice President Accounting and Chief Accounting Officer – Mike Davis (3)
- FPL Vice President Finance – Bob Barrett (3)
- FPL Group Senior Vice President Strategy, Policy and Business Process Improvement – Chris Bennett (3)

(1) August 27th meeting only
(2) August 1st and August 27th meetings only
(3) June 20th, July TBD, August 1st, and August 27th meetings

Business Plan Development

This section provides the requirements for the development of business plans.

All business units are required to prepare a business plan and submit the plan to Corporate Budgets (see Calendar Items 3 through 10, Page 1).

The business plan must contain the following sections:

1. Alignment with Corporate and Business Unit Priorities

The purpose of this section is to show how the business unit's plans support both corporate and business unit priorities. The corporate priorities are the Strategic Imperatives provided at the end of Section 1 (Section 1 - Page 11).

List each of the priorities supported by your unit, using a format similar to the example below. Next, identify the related critical success factor(s). Then list those elements of your business plan that support the listed priority and success factor(s). Business plan elements may include an ongoing activity, a specific project, an incremental effort, the achievement of a specific target or objective, etc. Next to each business plan element, list the driver(s) that influence the identified business plan element.

Transmission Business Unit			
Corp / Unit Priority	**Critical Success Factors**	**Business Plan Element**	**Drivers**
Provide excellent customer service	Improve reliability and outage management	- Maintain reliability - Meet FERC/NERC standards - Meet FERC Transmission req'ts for wholesale customers - Deploy more digital relays	- Availability of O&M and capital resources - Compliance with FERC, NERC, FPSC, and FRCC - Emerging issues from aging infrastructure

2. External Business Scan

The purpose of this section is to provide an assessment of external influences on your business plan. Include an analysis that identifies relevant business, regulatory, political, and social issues that may impact your plan, either favorably or unfavorably. Include a discussion of how the business unit plans to leverage favorable and counteract unfavorable external influences.

3. Assessment of Business Unit Capabilities

The purpose of this section is to evaluate your business unit's strengths and weaknesses, and to provide an assessment of your unit's ability to carry out the business plan. Include an analysis that identifies any gaps in resources, processes, skills, etc., and explains how the gaps will be addressed.

Review the external business scan (item 2), and consider any opportunities or threats that will impact your ability to execute your business plan.

4. Historic Performance and Benchmarking Analysis

The purpose of this section is to explain performance measure trends over time and relative to the performance of comparable business entities.

Provide an analysis of your unit's historical performance for relevant performance measures. Include at least five years of performance if the data is available. Performance measures should be both financial (cost) and operational (quality).

Provide benchmarking comparisons for each performance measure where the data is available. Indicate the entry point for the top quartile of the benchmarked group. If your unit's performance is below the top quartile entry point, provide an analysis of how the gap can be closed, including an estimate of resources and time required.

5. Cost and Performance

<u>Base Scenario:</u>

The purpose of this section is to identify the base resource requirements needed to support your key activities and processes and the associated indicators used to measure performance.

List key activities and processes that represent the core business functions of your business unit. The items listed should be consistent with how the business unit is managed. The identification of key activities and processes is subjective. Apply judgment to limit the list to between <u>five</u> and <u>seven</u> items if possible.

For each activity and process identified, provide the corresponding resource requirements and performance measures, using a format similar to the following example.

Activity / Process	Performance Measure	Resource Type	2006 Actual	2007 Actual	2008 Budget	May 2008 YTD	2008 Estimate	2009 Request	2010 Forecast	2011 Forecast
Total		Base O&M	$35	$38	$40	$16	$38	$42	$43	$45
		ECCR O&M	$2	$2	$2	$1	$2	$3	$3	$3
		Below-the-Line	$1	$1	$1	$0	$1	$1	$2	$2
		Base Capital	$8	$10	$12	$5	$11	$12	$13	$14
		ECRC Capital	$0	$2	$3	$1	$3	$5	$5	$6
		FPL Emps	260.0	280.0	280.0	263.0	270.0	280.0	292.0	295.0
#1	A	Base O&M	$20	$21	$22	$9	$21	$23	$23	$24
		Base Capital	$0	$2	$3	$1	$2	$3	$3	$4
		ECRC Capital	$0	$2	$3	$1	$3	$5	$5	$6
		FPL Emps	100.0	110.0	110.0	102.0	105.0	110.0	112.0	115.0
#2	A	Base O&M	$10	$11	$12	$5	$11	$12	$13	$13
		ECCR O&M	$2	$2	$2	$1	$2	$3	$3	$3
	B	Base Capital	$8	$8	$9	$4	$9	$9	$10	$10
		FPL Emps	80.0	85.0	85.0	77.0	80.0	85.0	90.0	90.0
#3	C	Base O&M	$5	$6	$6	$3	$6	$7	$7	$8
		Below-the-Line	$1	$1	$1	$0	$1	$1	$2	$2
		Base Capital	$0	$0	$0	$0	$0	$0	$0	$0
		FPL Emps	80.0	85.0	85.0	84.0	85.0	85.0	90.0	90.0

For each activity / process identified, include operating expenditures, capital expenditures, and FPL head count for the following periods:

- Two years of history - 2006 and 2007
- Current year budget - 2008
- Year to date actual - 2008
- Current year estimate - 2008
- Budget year request - 2009
- Two forecasted years - 2010 and 2011

Include one or more performance measures per activity / process as appropriate.

Note, O&M and capital expenditures must be stratified into each of the following categories that apply to the unit's resource requirements:

Operating Expenditures
- Base O&M
- ECCR O&M
- ECRC O&M
- Fuel Clause
- Capacity Clause
- Non-clause Fuel
- Below the Line
- Revenue Enhancement Expenses

Capital Expenditures
- Base (Net)
- ECCR
- ECRC
- Deferred Expenditures (Net)

Alternate Scenarios:

The purpose of this section is to identify alternative strategies for the accomplishment of the key activities and processes.

Propose alternative levels of spending (up-list / down-list) and show how each alternative impacts the performance measures. Provide a balanced analysis of both the favorable and the unfavorable outcomes associated with each alternative.

Business Plan Presentations

For this year's planning cycle, four meetings will be conducted for the business units to present their business plans to executive management.

1. **Strategic Planning Meeting**

In preparation for the Strategic Planning Meeting, all business units must submit business plan presentations to Corporate Budgets by Monday, June 16th (see Calendar Item 3).

The following business units are required to make a formal business plan presentation to the Budget Review Committee on Friday, June 20th (see Calendar Item 4). Specific times for each business unit will be communicated later.

- Nuclear
- Power Generation
- Distribution
- Transmission
- Customer Service
- Information Management
- Engineering & Construction / Corporate Services
- Project Development
- Human Resources

The business plans, of business units not presenting, will be summarized by Corporate Budgets for review by the committee.

The purpose of this meeting is to ensure appropriate business unit support for corporate and business unit priorities, identify external influences, discuss business unit capabilities, review performance trends, and provide senior management with alternatives for the deployment of limited resources.

Presentations should focus primarily on items 1 through 5 of the Business Plan Development section of this guideline. In particular, propose alternative levels of spending and show how each alternative impacts the performance measures. Provide a balanced analysis of both the favorable and the unfavorable outcomes associated with each alternative. Also, identify and discuss internal and external business factors that can influence the outcome of key performance measures and their impact on O&M, capital and workforce resources.

The Budget Review Committee may develop a list of questions / issues to be addressed at the Budget Review Meeting in July. The list of questions / issues will be communicated directly to each business unit.

2. Budget Review Meeting – July (date to be determined)

In preparation for this Budget Review Meeting, all business units must submit updated business plan presentations to Corporate Budgets by the date to be determined in July (see Calendar Item 5).

All business units are required to make a formal business plan presentation to the Budget Review Committee, led by Armando Olivera on the date to be determined in July (see Calendar Item 6). Specific times for each business unit will be communicated later.

For this meeting, presentations should focus primarily on items 4 and 5 of the Business Plan Development section of this guideline, and should reflect any changes resulting from the June 20th review meeting. Additional guidance on the development of presentations may be provided closer to the meeting date.

The Budget Review Committee may develop a list of questions / issues to be addressed at the Final Budget Review Meeting on August 1st. The list of questions / issues will be communicated directly to each business unit

3. Budget Review Meeting – August 1st

In preparation for this Budget Review Meeting, all business units must submit updated business plan presentations to Corporate Budgets by Monday, July 28th (see Calendar Item 7).

All business units are required to make a formal business plan presentation to the Budget Review Committee, led by Jim Robo, on Friday, August 1st (see Calendar Item 8). Specific times for each business unit will be communicated later.

For this meeting, presentations should focus primarily on items 4 and 5 of the Business Plan Development section of this guideline, and should reflect any changes resulting from the July review meeting. Additional guidance on the development of presentations may be provided closer to the meeting date.

Following the August 1st Budget Review Meeting, the FPL President will approve a base case scenario for each business unit. This will be the base case for the business plan presentation to the Budget Review Committee on August 27th (see Calendar Items 9 and 10) and the data submissions due to Corporate Budgets on September 3rd (see Calendar Item 11). An approved base case will be communicated directly to each business unit.

The Budget Review Committee may develop a list of questions / issues to be addressed at the Final Budget Review Meeting on August 27th. The list of questions / issues will be communicated directly to each business unit.

4. Final Budget Review Meeting

In preparation for the Final Budget Review Meeting, all business units must submit updated business plans to Corporate Budgets by Wednesday, August 20th (see Calendar Item 9).

The following business units are required to make a formal business plan presentation to the Budget Review Committee on Wednesday, August 27th (see Calendar Item 10). Specific times for each business unit will be communicated later.

- Nuclear
- Power Generation
- Distribution
- Transmission
- Customer Service
- Information Management
- Engineering & Construction / Corporate Services
- Project Development
- Human Resources

The business plans, for business units not presenting, will be summarized by Corporate Budgets for review by the committee.

The purpose of this meeting is to allow management to make final trade-offs between business units and to finalize business unit resource and performance targets. Presentations should focus primarily on items 4 and 5 of the Business Plan Development section of this guideline, and should reflect any changes resulting from the August 1st meeting. Additional guidance on the development of presentations may be provided closer to the meeting date.

Overview of Data Submissions

This section provides an overview of the requirements for final data submissions. All business units are required to provide the following data schedules to Corporate Budgets by Wednesday, September 3rd (see Calendar Item 11).

- **Resource Summary** (R-Schedule*) that includes:
  - estimated expenditures and work force for the current year
  - requested expenditure and work force for the budget year
  - projected expenditures and work force for two projected years

- **Supplemental Schedules** that include:
  - charges to other business units
  - charges to and from affiliated companies

- **Detail Budgets** that include:
  - remaining monthly cash flows for the current year (Aug – Dec)
  - monthly cash flows for budget year (Jan – Dec)
  - monthly cash flows for two projected years (Jan – Dec)
  - Detail Budgets: O&M base, O&M clauses, Non-clause fuel, Below the Line, Revenue Enhancement, Capital base, Capital clauses, and Work force
  -

- **Five Year Capital Forecast** that includes:
  - first three years: monthly project cash flows
  - final two years: annual project amounts

- **Performance Measure Worksheet** that includes:
  - estimated performance for the current year
  - proposed indicators and performance targets for the budget year
  - projected indicators and performance for two projected years

All schedules must tie to the resource levels approved at the Final Budget Review Meeting on August 27th. Because the volume of data due on September 3rd is substantial, units are strongly encouraged to begin updating the schedules based on the resource levels approved at the August 1st meeting, then incorporating any changes resulting from the meeting on August 27th.

For additional guidance, see Section 2 – Supplemental Instructions for Completing Schedules and Deliverables.

* Note: finalized R-Schedules are due September 3rd. However, interim R-Schedules must be completed on the same dates that review meeting presentation materials are due to Corporate Budgets (see Calendar Items 3, 5, 7 and 9).

FP&L Strategic Imperatives and Critical Success Factors

FPL
Provide excellent customer service – Better understand exactly what our customers need/want – Further improve reliability and outage management, including outage duration, frequency and momentaries – Need to pay particular attention to "outliers", e.g. high number of outages, high number of momentaries, areas with large number of customer complaints – Prompt and efficient resolution of customer complaints
Improve our image with customers, regulators and politicians – Better leverage our accomplishments and image
Explore ways of mitigating fuel price volatility for our customers – Continue to pursue fuel diversity and reliability – Explore alternative hedging strategies
Develop and execute upon a flexible, comprehensive regulatory strategy which: – Responds to the changing paradigm in the state regarding CO2 mitigation, renewables, energy efficiency and conservation, hurricane resilience and new nuclear – Ensure investors are appropriately rewarded for investments addressing these changes – Minimizes customer bill impacts
Become much more effective in the regulatory/political arena
Effectively prepare for and achieve a successful outcome from the 2009 rate case
Pursue low carbon emitting generating technologies in the new generation plan – Execute on new gas plant plan – Explore feasibility of re-powering existing sites – Move quickly on renewables; work with suppliers to address Florida-specific needs (e.g., hurricane resilience) and drive down costs – Make significant progress on nuclear up-rates and new nuclear – Include expected future CO2 prices in all decision making

FP&L Strategic Imperatives and Critical Success Factors (continued)

Explore cost effective ways of expanding FPL's industry leading energy efficiency and conservation program – Design a regulatory structure for energy efficiency and conservation which creates the right incentives for all stakeholders – Create new and redesigned energy efficiency programs to increase customer penetration and reduce usage **Accelerate progress on Turkey Point nuclear improvements** **Step-up focus on new growth opportunities** – Expand FPLES; explore making energy efficiency a business opportunity – Grow wholesale generation business – Pursue gas infrastructure opportunities
Continued emphasis on improving O&M productivity and driving operational excellence
Explore ways to lower cost through greater deployment of capital and technology
Pursue widespread deployment of Smart Grid technology, including automated meters (AMI) A key enabler for both improving customer service and increasing energy efficiency

Florida Power & Light Company

2009 Planning Process

Guideline

****

Section 2

Supplemental Instructions
for Completing
Required Schedules and Deliverables

Overview of Supplemental Instructions and Appendix

Section 2 of the 2009 Planning Process Guidelines provides instructions for preparing the schedules and the deliverables identified on Section 1 – Page 10 of the guideline.

There are several new or modified planning and budgeting requirements this year. To assist you in identifying these changes, special symbols have been provided in the right hand margin throughout the Supplemental Instructions.

In addition to the on-line deliverables, there are three supplemental data schedules (blank forms) that must be prepared. These schedules are included in Section 3: Appendix of Supplemental Schedules and Deliverables (file: FPL_2009PlngProc_Sec3_Apndx.xls).

Each schedule in the appendix includes sample entries for illustrative purposes only. All of the schedules are formatted to print to legal size paper.

At the end of the appendix is a table linking pay period closing dates and pay days to the appropriate budget month. This information will be needed in order to properly cash flow the detail payroll budgets.

Performance Measures

General:

- The annual budgeting and planning process requires each business unit to develop and track business unit level performance measures throughout the year.
- All Business Unit Performance Measures are submitted in a format consistent with the exhibit in the Appendix. NEW
- New for this year, Corporate Budgets will issue a pre-formatted Performance Measure Worksheet to each business unit. The worksheet will feature print macros developed in response to senior management's request for different views of the worksheet at different stages of the review and approval process. Units will be able to add and delete performance measures per the instructions in the worksheet.
- All completed Business Unit Performance Measures Worksheets are to be filed in a specific directory (see <u>Accessing and Submitting Performance Measure Worksheets</u> below).

Completing the Performance Measure Worksheet:

- Your submittal should be in the prescribed format, using the pre-formatted Performance Measure Worksheet provided by Corporate Budgets (see exhibit in the Appendix).
  - Divide your measures into three groups:
    - ◊ operating measures
    - ◊ milestone measures, and
    - ◊ cross-functional measures.
- In your initial submittal:
  - Provide actual performance for 2003 through 2007
  - Provide a year-end estimate versus your current 2008 targets.
  - Identify your proposed measures and targets for 2009 through 2011.
- In your final submittal (early 2009):
  - Provide a year-end actual versus your current 2008 targets.
  - Identify your approved measures and targets for 2009 through 2011.

Accessing and Submitting Performance Measure Worksheets:

REMINDER

General

- Completed 2008 - 2009 Business Unit performance measure worksheets are to be filed in a specific directory accessible on the path **\\GOXSF01\GOFIN$\BUDGETS\perf0809\unit**, where **unit** is the abbreviation for your business unit (e.g. im for Information Management).
- The most recent copy of each unit's performance measure worksheet can be located on the path **\\GOXSF01\GOFIN$\BUDGETS\perf0708\unit**. However, this copy is for information only. For your submittal, use the pre-formatted Performance Measure Worksheet provided by Corporate Budgets.

Connecting to your directory

- To access your unit's directory, open **Windows Explorer**, click on **Tools,** then click on **Map Network Drive**. Map an available drive to **\\GOXSF01\GOFIN$\BUDGETS.** (Note: the Path is not case sensitive.).
- All of the folders in **\\GOXSF01\GOFIN$\BUDGETS** will be listed; however, you will only have access to your business unit's directory.
- Access to your unit's directory is based on an approved SLID ID.
- It is suggested that the number of individuals authorized to access this directory be kept to a minimum, as a means of controlling current versions of documents.
- To request access to your unit's directory, send the name of the individual, the SLID ID and the business unit name to the Corporate Budgets Manager (email - Dan Reilly/FNR/FPL).

R-Schedule & Supplemental Data Schedules

General Requirements:

- The annual budgeting and planning process requires each business unit to provide:
  - An updated R-Schedule which includes:
    - ◊ an estimate of expenditures and equivalent work force for year-end 2008,
    - ◊ funding and work force requirements for 2009, and
    - ◊ forecasted funding and work force requirements for 2010 and 2011.
  - Supplemental Data Schedules which include:
    - ◊ Charges to other business units
    - ◊ Charges to and from affiliates
- The R-Schedules are distributed and updated using the FPL SEM planning and forecasting tool.
- Supplemental Data Schedules will conform to the examples provided in the Appendix and will be placed in a specific directory.

Completing the R-Schedules:

NEW

General

- New for this year, interim R-Schedules are due on the same calendar dates that presentation materials are due to Corporate Budgets in advance of each of the scheduled review meetings (see Section 1 – Page 1, 2009 Planning Process Calendar, Items 3, 5 and 8).
- In early 2009, all 2008 year-end estimates will be updated with actual results for all financial and work force categories.

R-Schedule Data Entry Instructions

- Enter all required financial information in thousands of dollars.
- Provide a year-end 2008 estimate for the following:
  - All budgeted expense types and work force types
  - Any unbudgeted expense types and work force types, if appropriate.
  - Memo - Gross Payroll Dollars
- Provide funding requirements for all expense types and work force requirements for all employment types for 2009 through 2011 (see separate discussion of expense types and work force types in the following section).

- A blank R-Schedule facsimile is provided in the Appendix for your convenience. However, it may not be submitted. The on-line FPL SEM planning and forecasting tool must be used.

Expense Types

- For the following expense types, enter the net total cost to be charged to your budget by your unit AND any other unit(s). These costs should represent charges to FPL Utility only.
    - 1-Base O&M
    - 2-ECCR (Energy Conservation Cost Recovery Clause)
    - 4-O&M Fuel (Clause)
    - 5-O&M Capacity (Clause)
    - 6-Below the Line
    - 8-ECRC (Environmental Cost Recovery Clause)
    - 9-O&M NR Fuel (not recoverable through the Fuel Clause)
    - A-Capital Base
    - B-Capital ECCR (Energy Conservation Cost Recovery Clause)
    - F- Capital Non-Regulated
    - H-Capital ECRC (Environmental Cost Recovery Clause)
    - N-Other Expenses
    - V-Revenue Enhancement Capital
    - R-Revenue Enhancement Revenue
    - S-Revenue Enhancement Expense
- The following expense types/categories have special definitions
    - 7-Redirected Expenses
        - Include all resources under your unit's control that will be charged to other units, within FPL utility, via work order translations.
        - This category is sometimes referred to as the Clearing expense type.
        - Do not include what would be considered internal-clearing occurring within your own business unit.
    - G-Inter-company Expenses
        - Include all resources under your unit's control that will be charged to any of FPL Group's subsidiaries, other than FPL utility, via work order translations.
        - Do not include costs associated with Affiliate Fees

- Memo: Gross Payroll Dollars
  - ◊ Include the gross FPL utility payroll for your business unit, regardless of where it will be charged (corresponds to payroll EACs 801 through 808 and 820 through 822).
  - ◊ Do not include payroll charged to you from other units or non-utility entities.

Equivalent Work Force Types

- For the following work force types, enter the number of FPL utility employees that will be 106'd to your business unit, on December 31, of each year. (Headcount as of last day of the year.)
  - FEX - FPL Exempt Employees
  - FEP - FPL Exempt Part-Time Employees (.5 each)
  - FNX - FPL Non- Exempt Employees
  - FPT - FPL Non-Exempt Part-Time Employees (.5 Each)
  - FBV - FPL Bargaining Unit Employees
- For the following work force types, enter the expected full time equivalent utilization, for each calendar year. (Average headcount over the course of the year.)
  - FTTE - FPL Full-Time Temporary Employees
  - FOT - FPL Overtime Equivalent Employees
  - TMP - Temporary Employees
  - CON - Contractor Employees
  - FTE formula = total hours to be worked in the year ÷ 2,080 man-hours in a year

Completing the Supplemental Data Schedules:

General

- There are three Supplemental Data Schedules.
  - Schedule 1: Charges to Other Business Units (Expense Type 7)
  - Schedule 2: Charges to Affiliates (Expense Type G and Unit Service Agreements)
  - Schedule 3: Charges from Affiliates

REMINDER

- Formats for each Supplemental Data Schedule are included in the Appendix
  - Enter the name of the unit and the name of the preparer in the spaces provide
  - Enter all data in thousands of dollars.
  - Shaded cells will calculate automatically.
  - Check for mathematical integrity when inserting, deleting or moving rows, etc.
  - Use the schedules as provided in the appendix or create your own stylized versions.

- Unit versions of supplemental schedules #1 through # 3 must include all information elements as shown in the examples in the appendix.
- It is not necessary to number each activity or item as illustrated in the sample data.
- Ensure all "dummy" data has been removed from any schedule being submitted.
- Submit completed schedules as individual worksheets or together in a work book.
- If submitting completed schedules as a work book, delete any schedules not used.
- Identify the unit and schedule(s) when naming a file or work book.

- Completed Supplemental Data Schedules are to be placed in a specific directory
  - The directory is accessible on the path **GOXSF01\GOFIN$\BUDGETS\perf0809\unit**, where **unit** is the abbreviation for your business unit (e.g. im for Information Management).
  - For instructions on how to access the directory, refer to Section 2 – Page 3 Connecting to your directory.

Schedule 1: Charges to Other Business Units

- Identify 2009 expenditures incurred by your business unit, but reflected in another business unit's budget (your unit's expense type 7)
- Totals should tie to the R-Schedule

Schedule 2: Charges to Affiliates

- Expense Type G – Inter-Company Expenses
  - Identify the amount to be direct-charged to each subsidiary through the FPL financial system, and provide a description of the nature of the charges.
  - Note: FPL-E typically accepts only payroll charges through FPL's financial system. However, certain recurring transactions, such as insurance premiums, customarily charged to FPL-E via Expense Type G should be budgeted on Schedule 3a.
  - Totals should tie to the R-Schedule
- Service Agreement Fees
  - This category applies only to Energy, Markets & Trading; Information Management, the Power Generation Division; and the Nuclear Division.
  - Include the value of services provided to affiliates, recovered dollar for dollar via the fee arrangement. Do not include the credit offsets from the affiliate, or the overheads recovered in Accounting Location 10.
  - No corresponding R-Schedule data
- Prepare a separate schedule for each year: 2009, 2010 and 2011.

Schedule 3: Charges from Affiliates

- Identify the fully loaded charges to be incurred from each affiliate, by expense type
- Prepare a separate schedule for each year: 2009, 2010 and 2011.
- No corresponding R-Schedule data

Five Year Capital Forecast

General Requirements:

- The annual budgeting and planning process requires each business unit to provide:
    - An updated Five Year Capital Forecast which includes:
        - ◊ an estimate of capital expenditures for year-end 2008,
        - ◊ funding requirements for 2009 through 2013
- The Five Year Capital Forecast is distributed and updated using the FPL SEM planning and forecasting tool.

REMINDER

- Special requirements
    - Demolition and Removal Costs for a major project
        - ◊ must be budgeted in a separate sub-activity
        - ◊ the words Demolition or Removal must appear in the sub-activity name and description
    - Land Held for Future Use
        - ◊ must be budgeted in a separate budget activity or sub-activity, and
        - ◊ the words Future Use must appear in the activity name and description
    - Units must submit a list of major project retirements
        - ◊ Individual items of property with historical costs of $10 million or more
        - ◊ Identify the month and year (2008 through 2013) of retirement

Completing the Five Year Capital Forecast

General

- The format of this year's Five Year Capital Forecast is the same as last year
- The threshold for identifying a Major project remains at $10 million.

Overview

- The primary function of the Five Year Capital Forecast is to provide a projection of capital expenditures for the Finance Department's financial forecasting model.
- All capital expenditures are to be forecasted using a budget activity (also known as a budget item).
  - Capital budget activity (BA) numbers are in the five digit format 0 0 # # # .
  - Under certain circumstances it may be necessary, or desirable, to break a BA into sub-activities.
    - ◊ The capital sub-activity (SA) format is six characters, combining alphas and numerics at the discretion of the business unit.
    - ◊ If no SA is specified, six zeros are assigned as the default SA.
- BAs and SAs are "defined" by certain characteristics.
  - All amounts budgeted under a particular BA or SA must represent expenditures that are consistent with the definition of that BA or SA.
  - The characteristics of a BA or SA include the following:
    - ◊ FERC function code
    - ◊ in-service date
    - ◊ expense type
    - ◊ AFUDC eligibility
    - ◊ depreciable/non-depreciable status
    - ◊ plant site (generation business units only), and
    - ◊ Major / minor designation.
- BAs and SAs are designated as either Major or minor.
  - A specific project is considered a Major project when the total cost over the life of the project is $10 million or more.
    - ◊ A Major project requires a specific BA number unique to the project.
    - ◊ For example, the West Count Energy Center 1 & 2 project is **BA 00766**.
    - ◊ Stratify a Major project (Major BA) into sub-activities (Major SAs) for the following conditions:
      - ➢ when a Major BA comprises individual sub-projects that have individual total life time costs of $10 million or more
      - ➢ when the sub-projects have different in-service dates, regardless of their respective sub-project cost
      - ➢ to identify demolition or removal costs
      - ➢ to identify land held for future use
      - ➢ when the business unit finds a further breakdown to be a meaningful way to forecast the project.

- A specific project is considered a minor project when the total cost over the life of the project is less than $10 million.
  - ◊ A minor project may be budgeted under a specific BA, or
  - ◊ A minor project may be grouped with similar capital expenditures under a so called blanket minor BA, such as
    - ➢ BA 00691 (Office Furniture, Fixtures and Equipment), or
    - ➢ BA 00001 (Miscellaneous Forecast Projects).
  - ◊ The availability of blanket minor BA 00001 permits many business units to forecast much of their capital requirements under a single BA/SA, assuming there are no Major BAs to be considered.
    - ➢ To forecast minor projects that have the same FERC function, use blanket minor BA 00001, in conjunction with the appropriate SA, per the table below.
    - ➢ Exception: The two generation business units need an individual blanket minor for each plant site (see BA Definitions and Plant Site table in the Reference section at the end of this document.)

BA	SA	FERC Function	FERC Function Description
00001	000001	1	Steam Generation
00001	000002	2	Nuclear Generation
00001	000003	3	Other Generation
00001	000004	4	Transmission
00001	000005	5	Distribution-Line
00001	000006	6	Distribution-Substation
00001	000007	7	Buildings
00001	000008	8	General Plant Equipment
00001	000009	9	Transportation Equipment
00001	000010	0	Intangible Plant

- When budgeting any capital expenditures, it is important to ensure that the definition of the BA or SA accurately describes all of the capital expenditures budgeted or forecasted under that BA or SA. If not, then the expenditures should be allocated to two or more BAs or SAs as necessary. (See also the Data Confirmation section below).

- **Note:** The Five Year Capital Forecast folders and the Detail Budget Planning folders are independent, that is, updating one does not update the other. Consequently, it will be necessary for the business units to ensure that the annual totals and monthly cash flows in both systems reconcile with each other.

The two cash flows will be considered reconciled if the difference for any given month is less than $1,000. Annual totals should be within $10,000 of each other.

Five Year Capital Forecast folder Data Entry Instructions

- Enter all required information in whole dollars.
- For each BA/SA
  - Provide a year-end estimate for 2008. Enter an annual amount in December.
  - Provide monthly cash flows for your 2009 budget.
  - Provide monthly cash flows for your 2010 and 2011 forecasts.
  - Provide a forecast for 2012 and 2013. Enter an annual amount in December.

Data Confirmation

- In order for the Finance Department's financial model to make intelligent use of the forecasted BA/SA cash flows, it must have access to non-quantitative information such as the associated FERC function, in service date, depreciation status, etc.
- All of the non-quantitative information used in the forecast will be obtained directly from the definitions in the BA/SA tables.
- Since the accuracy of the forecast depends on the non-quantitative information being correct, it will be necessary for all units to **perform the following steps prior to the due date** for completing the workbooks **(see 2009 Planning Process Calendar Item 10):**
  - access the BA/SA Table using the Lotus Notes facility
  - find all of the forecasted BAs and SAs listed in your Five Year Capital Forecast folder
  - confirm the data associated with each of those BAs and SAs is correct
  - if any data in the BA/SA Table is not correct, modify the BA/SA
- The Data Confirmation procedure is not necessary if you are using blanket BA 00001 or blanket SAs 0000001 through 000010, as they are already correct. Do not attempt to change these BA/SA combinations.
- The BA/SA definition section below may assist you in completing the Data Confirmation step.
  - Function:
    - ◊ The FERC Function. A single digit code describing a classification of expenditures under the FERC System of Accounts. See "Use of the Minor Blanket BA 00001" above for a table of the codes.
  - Depreciation:
    - ◊ "D" if depreciable, "N" if non-depreciable. "A" if amortizable. Land is the only expenditure that is non-depreciable. Land should be in a separate BA or SA with a code of "N."

- Expense Type:
  - ◊ An alpha code to further describe the type of expenditure within the capital budget type (A = Base, B = ECCR, F = Non regulated (below-the-line or FPL Group) H = ECRC, V = Revenue Enhancement)
- Major/Minor:
  - ◊ Capital "M" if Major, blank if minor. A Major BA represents a specific project with a total life of the project cost of $10 million or greater. See the "Overview" section above for further information.
- Plant Site:
  - ◊ A three digit code. Applies primarily to Plant Engineering & Construction, Power Generation and Nuclear. Expenditures pertaining to a specific plant site must be budgeted in a BA or SA unique to that site, per the table below. For all other expenditures use default plant site 000.
- AFUDC:
  - ◊ Indicates eligibility for an accounting treatment known as Allowance for Funds Used During Construction. Used for Major BAs and SAs only. Check with your Accounting Business Unit Representative to make the determination. "Y" if yes. "N" if no.
- In Service Date:
  - ◊ The date the project will be completed and go into service. Used for Major BAs and SAs only. Not applicable for miscellaneous projects under BA 00001.

Code	Plant Site	Code	Plant Site	Code	Plant Site
010	Cutler	131	Cape Canaveral Modernization	180	Martin #1, #2, #3 & #4
040	Riviera #1 & #2	140	Turkey Point Old	182	Martin #8
041	Riviera Modernization	141	Turkey Point #5	185	Martin Gas Pipeline
050	Putnam	146	Turkey Point #6	186	Martin #7
070	Sanford #3	147	Turkey Point #7	190	West County Energy Center #1 & #2
072	Sanford Repowered #4 & #5	148	Turkey Point Common #6 & #7	191	West County Energy Center #3
080	Fort Lauderdale	150	St. Lucie Common	500	SJRPP #1 & #2
110	Fort Myers Old #1 & #2	151	St. Lucie #1	501	SJRPP Coal Car
112	Fort Myers Repowered #1 & #2	152	St. Lucie #2	502	SJRPP Switchyard
113	Fort Myers Peaking Units	160	St. Lucie Wind	503	SJRPP Coal Terminal
120	Port Everglades	170	Manatee #1 and #2	505	Scherer #4
130	Cape Canaveral	171	Manatee #3		

Detail Cash Flow Budgeting

General

NEW

- The 2009 planning cycle requires each business unit to provide
  - expenditure detail budgets
    - ◊ remaining monthly cash flows for 2008 (August – December)
    - ◊ monthly cash flows for 2009 through 2011 (January – December)
  - a monthly work force detail budget for 2009, 2010 and 2011
- Detail budgets will be loaded using the FPL SEM planning and forecasting tool.

Expenditure Detail Budgets

- Complete expenditure detail budgets will be prepared for the remaining months of 2008 and each month of 2009 through 2011.
- Provide the following level of detail:
  - Budget Responsibility Code (BRC)
  - Budget activity / Sub-activity (BASA)
  - Expenditure Analysis Code (EAC)
  - Expense Type
- Monthly cash flows are required for all years.
- Enter all information in whole dollars.
- Totals for each expense type should tie to the R-Schedule.

Work Force Detail Budget

- A work force detail budget must be prepared for 2009, 2010 and 2011 for each work force type that appears on the R-Schedule.
- At a minimum, units must prepare the work force detail budget at the business unit level. Units may choose to prepare the detail work force budget at lower levels, if so desired.
- For the following work force types, enter the number of FPL utility employees that will be employed by your business unit, on the last day of each month. (Headcount as of last day of each month.)
  - FEX - FPL Exempt Employees
  - FEP - FPL Exempt Part-Time Employees (count as 0.5 each)
  - FNX - FPL Non- Exempt Employees

  - FPT - FPL Non-Exempt Part-Time Employees (count as 0.5 Each)
  - FBV - FPL Bargaining Unit Employees
  - The December month-end value for each manpower type for each year should tie to the R-Schedule.

- For the following work force types, enter the expected full time equivalent utilization, for each calendar month. (Average headcount over the course of each month.)
  - FTTE - FPL Full-Time Temporary Employees
  - FOT - FPL Overtime Equivalent Employees
  - TMP - Temporary Employees
  - CON - Contractor Employees
  - FTE formula = (total hours to be worked in the month) ÷ (the number of workdays in the month x 8 hours)
  - The 12-month average for each manpower type should tie to the R-Schedule.

Additional Guidance for Budgeting 2009 - 2011 Detail

Payroll

- A unit's **gross payroll** must be budgeted under the appropriate expense type and in the appropriate 800 level EACs. Use expense type 7-Redirected Expenses for payroll to be charged to other units, or "cleared" to capital through a work order allocation (e.g., through an engineering order, or EO). (See also **Transfer Out / Transfer In** below.)
- To differentiate the payroll associated with hours worked from **other forms of compensation**, use the following payroll EACs as appropriate:
  - 809 – Long Term Incentives and Deferred Compensation
  - 820 – Performance Excellence Rewards Program (PERP)
  - 821 – Payroll - Other Earnings
  - 822 – Payroll - Lump Sum

REMINDER

- Budget for **pay increases,** per the 2009 Planning Process Economic Assumptions, which are issued separately (see Section 1 – Page 1, 2009 Planning Process Calendar, Item 1).
- There will be 26 budgeted **pay periods** in 2009. Three pay periods will occur during the months of March and August. All other months will have two pay periods. For more information on pay periods and paychecks, refer to the Section 3 Appendix.

Expense Types

- A detail budget must be prepared for each expense type that appears on the R-Schedule for 2009, 2010 & 2011.
- The following **expense types** should be budgeted as appropriate.
- **Expenses**
  - 1-Base O&M
  - 2-ECCR (Energy Conservation Cost Recovery Clause)
  - 4-O&M Fuel (Clause)
  - 5-O&M Capacity (Clause)
  - 6-Below the Line
  - 7-Redirected Expenses (see Transfer Out / Transfer In below)
  - 8-ECRC (Environmental Cost Recovery Clause)

- 9-O&M NR Fuel (not recoverable through the Fuel Clause)
- G-Inter-company Expenses (see Transfer Out / Transfer In below)
- N-Other Expenses
- S-Revenue Enhancement Expense

- **Capital Expenditures**
  - A-Capital Base
  - B-Capital ECCR (Energy Conservation Cost Recovery Clause)
  - F-Capital Non-regulated
  - H-Capital ECRC (Environmental Cost Recovery Clause)
  - V-Revenue Enhancement Capital
- **Revenues**
  - R-Revenue Enhancement Revenue (budgeted as a credit)
- **Equivalent Work Force Types**
  - FEX - FPL Exempt Employees
  - FEP - FPL Exempt Part-Time Employees (.5 each)
  - FNX - FPL Non- Exempt Employees
  - FPT - FPL Non-Exempt Part-Time Employees (.5 Each)
  - FBV - FPL Bargaining Unit Employee
  - FTTE - FPL Full-Time Temporary Employees
  - FOT - FPL Overtime Equivalent Employees
  - TMP - Temporary Employees
  - CON - Contractor Employees

- **Special Notes Regarding Expense Types:**
  - Use of **expense type N** is limited to Stores and Automotive expenses and certain Corporate Real Estate expenses.
  - The assignment of **revenue enhancement expense types S and V** is determined solely by the accounting treatment the actual transaction receives when recorded in the general ledger. Use of expense types S and V is limited to existing revenue enhancement programs in the following business units: Engineering and Construction (Integrated Supply Chain), Marketing and Communications, and Retail. Business unit proposals for **new revenue enhancement programs** should be submitted to the appropriate Business Unit Accounting Advisor and Corporate Budgets prior to the commitment of any corporate resources, the implementation of the program, or the inclusion of required resources in the 2009 budgeting and planning deliverables.

- A unit planning **direct charges to non-utility** entities should budget 100% of its cash expenditures in **expense type G** (see Transfer Out / Transfer In below). The Accounting Department will budget for the recovery of associated corporate overheads.
- Staff unit expenditures that are **allocable to non-utility** entities through the **Affiliate Management Fee** should be budgeted 100% in **Base O&M**. The Accounting Department will budget for the further allocation of these costs at the corporate level.
- Units with **unit specific service agreement fee** arrangements should budget both the Base O&M expense and the required offset **in a unique BASA, dedicated to the fee**. The Accounting Department will budget for the recovery of associated corporate overheads.

Transfer Out / Transfer In

- There are three types of transfers employed to plan and track operating expenses that are under the control of one organizational entity, but are budgeted in a different organizational entity.
  - Business Unit to Business Unit
  - Budget Responsibility Code to Budget Responsibility Code (within a business unit)
  - Company to Company
- **Business Unit to Business Unit:** The unit providing the services should make debit entries only in **expense type 7**, using normal payroll and non-payroll EACs. After all detail budgets have been entered and approved, Information Management's Financial Systems group will offset the debit entries by generating credits in expense type 7, using 400 level EACs.
- The unit that will receive the actual costs should budget the appropriate expense type (Base O&M, ECCR, etc), using 300 level EACs for payroll and regular EACs for all non-payroll. It is a **corporate requirement** that all between-unit transfers be budgeted by both the sending and receiving units. (See example A.)
- **Budget Responsibility Code to Budget Responsibility Code:** Within-unit transfers are budgeted in the same manner as unit-to-unit transfers described above, using expense type 7. However, planning and tracking of within-unit transfers is **optional**. A unit may elect to eliminate internal transfers, limit transfers to certain roll-up levels and above, or allow transfers to occur at the BRC level. To ensure the *actual* within-unit transfers will be recorded consistent with the *plan*, contact Information Management's Financial Systems group, and ask them to turn off the transfer mechanism, or reset it to a certain roll-up level. The default setting will create within-unit transfers at the BRC level, which is the lowest possible level. (See example A.)
- **Company to Company:** Direct charges to FPL Group, or any of its subsidiaries, are accomplished by charging an ER 99 work order, or a work order that translates to a subsidiary account. Such charges will be budgeted in a manner similar to the unit-to-unit transfers described above, except that the

providing unit will use **expense type G**, instead of expense type 7, and no credit budget will be generated. It is a **corporate requirement** that the unit providing such services budget for all between company transfers. (See example B.)

Benefits

- Business units should not budget for **capitalized Pension & Welfare or Taxes & Insurance**. Accounting and Human Resources budget for all benefits for the entire company.

EACs

- From time to time EACs are added or deleted.
- A complete list of valid EACs is available on the Financial Business Unit web site.

Budget Responsibility Code (BRC)

- The Budget Responsibility Code (BRC) is intended to represent an individual (or a position if the position is vacant) with accountability for specific budgeted resources. As a general rule, a BRC should be assigned wherever there is a meaningful level of managerial or supervisory control. Business unit heads, vice presidents, directors, managers and supervisors are likely candidates for individual BRCs.
- The planning and forecasting tool generates budget folders for all active BRCs. When several BRCs are regarded as a group, they can be aggregated under a higher level roll-up BRC for reporting purposes. The roll-up BRC will reflect the roll-up budget of its subordinate BRCs. However, because the roll-up BRC will not have any resources of its own no budget folder will be generated in FPL SEM.
- Under most circumstances, an individual contributor who has no direct reports should not be assigned a separate BRC, unless he or she is accountable for significant non-payroll financial resources. A BRC that represents an activity, an expense type, or another category of cost not assignable to a specific individual should be eliminated and the costs budgeted under the appropriate BRC(s).

Budget Activity (BA) and Sub-Activity (SA)

- A Budget Activity (BA) describes a broad category of work performed within the Budget Responsibility Code (BRC). Each BRC is required to have at least one BA. Work that is common to an entire business unit should be described by a single BA, which can be shared by all of the BRCs in the unit. If it is necessary to subdivide the work (BA) further, sub-activities (SA) should be established.

- A BA number is assigned by the budget system and is five numeric characters in length. All BAs have a default sub-BA of 000000. An SA is always six positions in length and may be alpha, numeric, or a combination of both. The business unit may create additional SAs as required.
- A BA should be "in service" indefinitely, or at least until a major change in the nature of the work of the unit (or the BRC) occurs. Do not establish new BAs each year for basic work that continues from year to year. SAs may need to be dropped or added annually, as specific segments of work are completed or started. Otherwise, SAs should be reused each year as much as possible, in the same manner as BAs.
- Avoid establishing BAs or SAs when other budgeting or tracking elements already exist for that purpose. For example, avoid setting up a BA or SA to capture a single EAC. At a minimum, each BA will correspond to at least one work order, often several. If there are a large number of work orders in use, and it is desirable to have a plan for each one, do not establish a separate BA for each work order. Instead use SAs to achieve a one-to-one correspondence with the work orders.
- There is no minimum dollar threshold for the establishment of a BA, nor is there a limit on the maximum number of BAs that a BRC may use. However, to maximize the efficiency of the "engine" (Essbase) that drives the FMIP reporting system, it may be necessary for the Budget Department and/or Information Management's Accounting Systems group to work with a unit that has a disproportionate number of BAs and SAs to the relative size of its budgeted resources. (**Note:** special additional rules apply to the establishment of capital BAs, also known as budget items. These rules are explained in the 2009 Five-Year Capital Forecast Guideline).

Example A

Transfer-out and Transfer-in

Payroll: Between-units and Within-unit

Example: Unit A plans to spend $600 on exempt payroll (EAC 803), of which, $100 will be charged to unit B.

The originating unit will budget for its own needs in expense type 1. Transfer-out costs will be budgeted under expense type 7 (re-directed O&M), which will net to zero. For the transfer-out payroll, a debit will be budgeted by the unit under EAC 803 in expense type 7. After all detail budgets are loaded, Accounting Systems will generate an offsetting credit in expense type 7 under EAC 403. The receiving unit will budget for the transfer-in payroll under EAC 303 in expense type 1.

This treatment makes it easier for the originating unit to identify its own exempt payroll (expense type 1), its payroll incurred on behalf of others (expense type 7, excluding 400 level EACs), and its gross payroll (sum of 1 and 7, excluding 400 level EACs). Each of the 800 series payroll EACs has a corresponding 400 and 300 series EAC to be used consistent with the example below. (See next page for non-payroll.)

		Base O&M	Redirected O&M	
	EAC	**1**	**7**	**Total**
Unit A (Originating)	803	500	100	600
	403	-	(100)	(100)
	Total	500	-	500
Unit B (Receiving)	303	100	-	100
	Total	100	-	100
Total Company (Net)	803	500	100	600
	403	-	(100)	(100)
	303	100	-	100
	Total	600	-	600

Example A (continued)

Transfer-out and Transfer-in

Non-Payroll: Between-units and Within-unit

Example: Unit A plans to spend $600 on contractor costs (EAC 662), of which, $75 will be charged to unit B. Unit A will also incur $200 of miscellaneous expenses (EAC 625), of which, $25 will be charged to unit B. In total, unit A will incur $800 of costs, $100 of which will be charged to unit B.

The originating unit will budget for its own needs in expense type 1. Transfer-out costs will be budgeted under expense type 7 (re-directed O&M), which will net to zero. For the transfer-out costs, the unit will budget debits in expense type 7, using the regular EACs. After all detail budgets are loaded, Accounting Systems will generate a single offsetting credit equal to all of the non-payroll EACs in expense type 7. The credit will be entered in EAC 412. The receiving unit will budget for the transfer-in costs under expense type 1, using regular EACs.

Note: The receiving unit should not budget EAC 411 for the transfer-in of non-payroll expenses. EAC 411 is no longer in use for planning purposes, but it will remain active for historical reporting.

		Base O&M	Redirected O&M	
	EAC	1	7	Total
Unit A (Originating)	662	525	75	600
	625	175	25	200
	412	-	(100)	(100)
	Total	700	-	700
Unit B (Receiving)	662	75	-	75
	625	25	-	25
	Total	100	-	100
Total Company (Net)	662	600	75	675
	625	200	25	225
	412	-	(100)	(100)
	Total	800	-	800

Example B

Transfer-out and Transfer-in

Payroll: Between companies only (direct charges to non-utility entities)

Example: Unit A plans to spend $600 on exempt payroll (EAC 803), of which, $100 will be charged to a non-utility entity.

The originating unit will budget for its own needs in expense type 1. Transfer-out costs will be budgeted under expense type G (Inter-company O&M). For the transfer-out payroll, a debit will be budgeted by the unit under EAC 803 in expense type G. The budgets of the non-utility entities are separate from the FPL utility budget, so there is no need for Accounting Systems to generate an offsetting credit in expense type G.

This treatment makes it easier for the originating unit to identify its own exempt payroll (expense type 1), its payroll incurred on behalf of others (expense type G), and its gross payroll (sum of 1 and G). (See next page for non-payroll.)

	Base O&M	Inter-Company O&M	
EAC	**1**	**G**	**Total**
803	500	100	600
Total	500	100	600

Example B (continued)

Transfer-out and Transfer-in

Non-Payroll: Between companies only (direct charges to non-utility entities)

Example: Unit A plans to spend $600 on contractor costs (EAC 662), of which, $75 will be charged to a non-utility entity. Unit A will also incur $200 of miscellaneous expenses (EAC 625), of which, $25 will be charged to non-utility. In total, unit A will incur $800 of costs, $100 of which will be charged to non-utility.

The originating unit will budget for its own needs in expense type 1. Transfer-out costs will be budgeted under expense type G (Inter-company O&M). For the transfer-out costs, the unit will budget debits in expense type G, using the regular EACs. The budgets of the non-utility entities are separate from the FPL utility budget, so there is no need for Accounting Systems to generate an offsetting credit in expense type G.

EAC	Base O&M 1	Inter-Company O&M G	Total
662	525	75	600
625	175	25	200
Total	700	100	800

Florida Power & Light Company

2009 Planning Process

Guideline

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Section 3

Appendix
of
Supplemental
Schedules and Deliverables

2008 - 2009 FPL CORPORATE INCENTIVE PLAN PERFORMANCE MEASURES

BUSINESS UNIT NAME HERE

WGT '08	WGT '09	PERFORMANCE MEASURES	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	2008 YEAR END ESTIMATE	2008 YEAR END TARGET	ON TARGET YEAR END? [1]	COMMENTS [2]	TARGET 2009	FORECAST 2010	FORECAST 2011	ORG LEVEL [3]	2009 STRETCH TARGET [4]
75%	75%	**OPERATING MEASURES**														
		Base O&M ($MM)	$8.8	$9.6	$9.5	$10.0	$10.5	$9.5	$10.0	Better		$9.8	$9.1	$8.8	Corp	Yes
		Capital ($MM)	$15.0	$12.0	$11.0	$10.0	$13.3	$10.0	$8.0	Worse	unplanned expenditures	$9.8	$8.2	$8.2	Corp	
		Total Full Time Equivalent Employees (FPL & All Others)	95	97	97	99	100	100	100	Target		100	100	101	Corp	
25%	25%															
		Number of incidents	6	9	10	10	11	8	10	Better		8	8	8	Unit	
		Frequency of occurrences	7	5	5	6	4	5	4	Worse	ineffective measures	3	3	3	Unit	Yes
		MILESTONE MEASURES														
		Completion of work on project "A" by year end						11/08	12/08	Better					Unit	
		Completion of project "B" by end of 3Q 2007										8/05			Unit	
		CROSS-FUNCTIONAL MEASURES														
		None														

NOTE 1 indicate either Better, Worse or Target
NOTE 2 comments required if Estimate is Worse than Target
NOTE 3 indicate level of organization this indicator is recommended for 2008: Corp or Unit
NOTE 4 indicate "Yes" if this a stretch target for 2008

SAMPLE ONLY
DO NOT SUBMIT - USE PRE-FORMATTED SHEET PROVIDED BY CORPORATE BUDGETS

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
DOCKET NO. 080677-EI
MFR NO. F-05
ATTACHMENT 08 OF 09
PAGE 41 OF 50

Docket No. 080677-EI
Planning Process Guidelines
Exhibit REB-2, Page 41 of 50

R-Schedule - Summary
Business Unit:
Financial Data in Thousands of Dollars

SAMPLE ONLY
DO NOT SUBMIT - USE FPL SEM

Expense Types	Current Approved 2008	Estimated Actual 2008	Variance Over(Under) 2008	Variance Percent	Funds Request 2009	Difference Inc / (Dec) 2008 Est Act	Variance Percent	Funds Request 2010	Difference Inc / (Dec) 2009	Variance Percent	Funds Request 2011	Difference Inc / (Dec) 2010	Variance Percent
1 - O&M Base	140,000	135,000	(5,000)	-3.6%	140,000	5,000	3.7%	145,000	5,000	3.6%	145,000	-	0.0%
2 - O&M ECCR	10,000	9,000	(1,000)	-10.0%	10,000	1,000	11.1%	11,000	1,000	10.0%	8,000	(3,000)	-27.3%
4 - O&M Fuel	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
5 - O&M Capacity	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
8 - O&M ECRC	5,000	4,500	(500)	-10.0%	5,500	1,000	22.2%	6,000	500	9.1%	5,000	(1,000)	-16.7%
9 - O&M NR Fuel	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Total Utility O&M	**155,000**	**148,500**	**(6,500)**	**-4.2%**	**155,500**	**7,000**	**4.7%**	**162,000**	**6,500**	**4.2%**	**158,000**	**(4,000)**	**-2.5%**
6 - Below the Line Expenses	1,000	900	(100)	-10.0%	1,100	200	22.2%	1,200	100	9.1%	1,500	300	25.0%
7 - Redirected Expenses (to other business units)	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
G - Inter-company Expenses (to non-utility)													
S - Revenue Enhancement Expenses	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
N - Other Expenses	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Total Other Expenses	**1,000**	**900**	**(100)**	**-10.0%**	**1,100**	**200**	**22.2%**	**1,200**	**100**	**9.1%**	**1,500**	**300**	**25.0%**
A - Capital Base	100,000	100,000	-	0.0%	110,000	10,000	10.0%	120,000	10,000	9.1%	130,000	10,000	8.3%
B - Capital ECCR	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
F - Capital Non-Regulated	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
H - Capital ECRC	-	-	-	N/A	-	-	N/A	-	-	N/A	1,000	1,000	N/A
V - Revenue Enhancement Capital	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Total Capital	**100,000**	**100,000**	**-**	**0.0%**	**110,000**	**10,000**	**10.0%**	**120,000**	**10,000**	**9.1%**	**131,000**	**11,000**	**9.2%**
R - Revenue Enhancement Revenue	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Memo: Gross Payroll Dollars	20,000	19,500	(500)	-2.5%	20,500	1,000	5.1%	21,000	500	2.4%	22,000	1,000	4.8%
Workforce													
FEX - FPL Exempt Employees	150	150	-	0.0%	155	5	3.3%	160	5	3.2%	160	-	0.0%
FEP - FPL Exempt Part-Time Employees (.5 each)	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
FNX - FPL Non-Exempt Employees	100	100	-	0.0%	105	5	5.0%	110	5	4.8%	105	(5)	-4.5%
FPT - FPL Non-Exempt Part-Time Employees (.5 each)	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
FBV - FPL Bargaining Unit Employees	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
FPL Total (Full-Time & Part-Time)	**250**	**250**	**-**	**0.0%**	**260**	**10**	**4.0%**	**270**	**10**	**3.8%**	**265**	**(5)**	**-1.9%**
FTTE - Full-Time Temporary Employees	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
FOT - FPL Overtime Equivalent Employees	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
TMP - Temporary Employees	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
CON - Contractor Employees	-	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Total Variable Workforce	**-**	**-**	**-**	**N/A**	**-**	**-**	**N/A**	**-**	**-**	**N/A**	**-**	**-**	**N/A**
Total Full Time Equivalents	**250**	**250**	**-**	**0.0%**	**260**	**10**	**4.0%**	**270**	**10**	**3.8%**	**265**	**(5)**	**-1.9%**

Schedule 2 - Charges to Other Business Units
2009 Funds Request
Business Unit: Prepared By:
Financial Data in Thousands

Unit to Incur Costs	Expense Type 7 Redirected Expenses	Process / Activity
Corporate Communications		
Distribution	5,000	Programming support for
Energy Marketing and Trading		
Financial		
General Counsel		
Governmental Affairs - Federal		
Governmental Affairs - State		
Human Resources		
Information Management		
Internal Audit		
Nuclear Division		
Plant Engineering & Construction		
Power Generation Division		
Regulatory Affairs		
Resource Assessment & Planning		
Retail		
Transmission		
Location - 10		
Total (must agree to summary R-Schedule total)	**5,000**	

Schedule 2 - Charges to Affiliates
2009 Funds Request
Business Unit: **Prepared By:**
Financial Data in Thousands

	Affiliate Receiving Charges																	
	Group Capital			FPL Energy [2]			Fibernet			FPLES			Palms			Total		
Description of Product / Service Provided	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total
Expense Type G - Direct Charge [1]																		
Item 1 Banking Services	-	300	300		[redacted]	-	-	-	-	-	-	-	-	-	-	-	300	300
Item 2 Executive Support	1,500	-	1,500	-	[redacted]	-	-	-	-	-	-	-	-	-	-	1,500	-	1,500
Item 3 Legal Services	-	-	-	500	[redacted]	500	-	-	-	-	-	-	-	-	-	500	-	500
Item 4	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 5	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 6	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 7	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 8	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 9	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 10	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 11	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 12	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 13	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 14	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 15	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense Type G - Direct Charges	1,500	300	1,800	500	[redacted]	600	-	-	-	-	-	-	-	-	-	2,000	300	2,300
Service Agreement Fee [3]	-	-	-	100	20	120	-	-	-	-	-	-	-	-	-	100	-	100
Total Non-Utility Support Provided	1,500	300	1,800	600	20	620	-	-	-	-	-	-	-	-	-	2,100	300	2,400

[1] Excludes Overheads & Loadings (All units as appropriate)
[2] Includes Seabrook, Duane Arnold, and Point Beach
[3] Excludes Overheads, Loadings & Credit Offset (Nuclear, Pwr Gen, EMT, IM only)

Schedule 2 - Charges to Affiliates
2010 Funds Request
Business Unit: **Prepared By:**
Financial Data in Thousands

Description of Product / Service Provided	Group Capital Payroll	Group Capital Non Payroll	Group Capital Total	FPL Energy [2] Payroll	FPL Energy [2] Non Payroll	FPL Energy [2] Total	Fibernet Payroll	Fibernet Non Payroll	Fibernet Total	FPLES Payroll	FPLES Non Payroll	FPLES Total	Palms Payroll	Palms Non Payroll	Palms Total	Total Payroll	Total Non Payroll	Total Total
	Affiliate Receiving Charges																	
Expense Type G - Direct Charge [1]																		
Item 1: Banking Services	-	300	300		[redacted]	-	-	-	-	-	-	-	-	-	-	-	300	300
Item 2: Executive Support	1,500	-	1,500	-	[redacted]	-	-	-	-	-	-	-	-	-	-	1,500	-	1,500
Item 3: Legal Services	-	-	-	500	[redacted]	500	-	-	-	-	-	-	-	-	-	500	-	500
Item 4	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 5	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 6	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 7	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 8	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 9	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 10	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 11	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 12	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 13	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 14	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 15	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense Type G - Direct Charges	1,500	300	1,800	500	[redacted]	500	-	-	-	-	-	-	-	-	-	2,000	300	2,300
Service Agreement Fee [3]	-	-	-	100	20	120	-	-	-	-	-	-	-	-	-	100	-	100
Total Non-Utility Support Provided	1,500	300	1,800	600	20	620	-	-	-	-	-	-	-	-	-	2,100	300	2,400

[1] Excludes Overheads & Loadings (All units as appropriate)
[2] Includes Seabrook, Duane Arnold, and Point Beach
[3] Excludes Overheads, Loadings & Credit Offset (Nuclear, Pwr Gen, EMT, IM only)

Schedule 2 - Charges to Affiliates
2011 Funds Request
Business Unit: **Prepared By:**
Financial Data in Thousands

Description of Product / Service Provided	Affiliate Receiving Charges: Group Capital Payroll	Group Capital Non Payroll	Group Capital Total	FPL Energy [2] Payroll	FPL Energy [2] Non Payroll	FPL Energy [2] Total	Fibernet Payroll	Fibernet Non Payroll	Fibernet Total	FPLES Payroll	FPLES Non Payroll	FPLES Total	Palms Payroll	Palms Non Payroll	Palms Total	Total Payroll	Total Non Payroll	Total Total
Expense Type G - Direct Charge [1]																		
Item 1: Banking Services	-	300	300		[redacted]	-	-	-	-	-	-	-	-	-	-	-	300	300
Item 2: Executive Support	1,500	-	1,500	-	[redacted]	-	-	-	-	-	-	-	-	-	-	1,500	-	1,500
Item 3: Legal Services	-	-	-	500	[redacted]	500	-	-	-	-	-	-	-	-	-	500	-	500
Item 4	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 5	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 6	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 7	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 8	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 9	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 10	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 11	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 12	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 13	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 14	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Item 15	-	-	-	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense Type G - Direct Charges	1,500	300	1,800	500	[redacted]	500	-	-	-	-	-	-	-	-	-	2,000	300	2,300
Service Agreement Fee [3]	-	-	-	100	20	120	-	-	-	-	-	-	-	-	-	100	-	100
Total Non-Utility Support Provided	1,500	300	1,800	600	20	620	-	-	-	-	-	-	-	-	-	2,100	300	2,400

[1] Excludes Overheads & Loadings (All units as appropriate)
[2] Includes Seabrook, Duane Arnold, and Point Beach
[3] Excludes Overheads, Loadings & Credit Offset (Nuclear, Pwr Gen, EMT, IM only)

Schedule 3 - Charges from Affiliates
2009 Funds Request
Business Unit: **Prepared By:**
Financial Data in Thousands

Description of Product / Service Provided	Expense Type	Group Capital Payroll	Group Capital Non-Payroll	Group Capital Total	FPL Energy Payroll	FPL Energy Non-Payroll	FPL Energy Total	Fibernet Payroll	Fibernet Non-Payroll	Fibernet Total	FPLGS Payroll	FPLGS Non-Payroll	FPLGS Total	Parent Payroll	Parent Non-Payroll	Parent Total	Total Payroll	Total Non-Payroll	Total Total
Item 1: Construction management	Base Capital	-	-	-	1,500	200	1,700	-	-	-	-	-	-	-	-	-	1,500	200	1,700
Item 2: Legal services	Base O&M	-	-	-	750	100	850	-	-	-	-	-	-	-	-	-	750	100	850
Item 3		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 4		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 5		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 6		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 7		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 8		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 9		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 10		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 11		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 12		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 13		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 14		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 15		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Charges from Affiliates		-	-	-	2,250	300	2,550	-	-	-	-	-	-	-	-	-	2,250	300	2,550

[1] Includes fully loaded costs

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Schedule 3 - Charges from Affiliates
2010 Funds Request
Business Unit: **Prepared By:**
Financial Data in Thousands

Description of Product / Service Provided	Expense Type	Group Capital			FPL Energy			FiberNet			FPLES			Future			Total		
		Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total	Payroll	Non Payroll	Total
Item 1: Construction management	Base Capital	-	-	-	1,500	200	1,700	-	-	-	-	-	-	-	-	-	1,500	200	1,700
Item 2: Legal services	Base O&M	-	-	-	750	100	850	-	-	-	-	-	-	-	-	-	750	100	850
Item 3		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 4		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 5		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 6		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 7			-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 8		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 9		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 10		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 11			-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 12		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 13			-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 14		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 15		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Charges from Affiliates		-	-	-	2,250	300	2,550	-	-	-	-	-	-	-	-	-	2,250	300	2,550

[1] Includes fully loaded costs

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Schedule 3 - Charges from Affiliates
2011 Funds Request
Business Unit: **Prepared By:**
Financial Data in Thousands

Description of Product / Service Provided	Expense Type	Group Capital Payroll	Group Capital Non Payroll	Group Capital Total	FPL Energy Payroll	FPL Energy Non Payroll	FPL Energy Total	Fibernet Payroll	Fibernet Non Payroll	Fibernet Total	FPLES Payroll	FPLES Non Payroll	FPLES Total	[illegible] Payroll	[illegible] Non Payroll	[illegible] Total	Total Payroll	Total Non Payroll	Total Total
Item 1: Construction management	Base Capital	-	-	-	1,500	200	1,700		-	-	-	-	-	-	-	-	1,500	200	1,700
Item 2: Legal services	Base O&M	-	-	-	750	100	850	-	-	-	-	-	-	-	-	-	750	100	850
Item 3		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 4		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 5		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 6		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 7		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 8		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 9		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 10		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 11		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 12		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 13		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 14		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Item 15		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Charges from Affiliates		-	-	-	2,250	300	2,550	-	-	-	-	-	-	-	-	-	2,250	300	2,550

[1] Includes fully loaded costs

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Table Linking Pay Periods, Payroll Closings and Pay Days to the Budget Month

	Budget Mnth / Yr	Pay Period #	Payroll Closing (Friday)	Pay Day (Thursday)	Budget Mnth / Yr	Pay Period #	Payroll Closing (Friday)	Pay Day (Thursday)	Comments (2000 - 2006 available in hidden rows of electronic file version)
2008	Jan-08	1	4-Jan	10-Jan	Jul-08	14	3-Jul	10-Jul	
	Jan-08	2	18-Jan	24-Jan	Jul-08	15	18-Jul	24-Jul	
	Feb-08	3	1-Feb	7-Feb	Aug-08	16	1-Aug	7-Aug	
	Feb-08	4	15-Feb	21-Feb	Aug-08	17	15-Aug	21-Aug	
	Mar-08	5	29-Feb	6-Mar	Sep-08	18	29-Aug	4-Sep	
	Mar-08	6	14-Mar	20-Mar	Sep-08	19	12-Sep	18-Sep	
	Mar-08	7	28-Mar	3-Apr	Sep-08	20	26-Sep	2-Oct	
	Apr-08	8	11-Apr	17-Apr	Oct-08	21	10-Oct	16-Oct	
	Apr-08	9	25-Apr	1-May	Oct-08	22	24-Oct	30-Oct	
	May-08	10	9-May	15-May	Nov-08	23	7-Nov	13-Nov	
	May-08	11	23-May	29-May	Nov-08	24	21-Nov	26-Nov	
	Jun-08	12	6-Jun	12-Jun	Dec-08	25	5-Dec	11-Dec	**26 pay checks issued.**
	Jun-08	13	20-Jun	26-Jun	Dec-08	26	19-Dec	23-Dec	**26 budgeted pay periods.**
2009	Jan-09	1	2-Jan	8-Jan	Jul-09	14	3-Jul	9-Jul	
	Jan-09	2	16-Jan	22-Jan	Jul-09	15	17-Jul	23-Jul	
	Feb-09	3	30-Jan	5-Feb	Aug-09	16	31-Jul	6-Aug	
	Feb-09	4	13-Feb	19-Feb	Aug-09	17	14-Aug	20-Aug	
	Mar-09	5	27-Feb	5-Mar	Aug-09	18	28-Aug	3-Sep	
	Mar-09	6	13-Mar	19-Mar	Sep-09	19	11-Sep	17-Sep	
	Mar-09	7	27-Mar	2-Apr	Sep-09	20	25-Sep	1-Oct	
	Apr-09	8	10-Apr	16-Apr	Oct-09	21	9-Oct	15-Oct	
	Apr-09	9	24-Apr	30-Apr	Oct-09	22	23-Oct	29-Oct	
	May-09	10	8-May	14-May	Nov-09	23	6-Nov	12-Nov	
	May-09	11	22-May	28-May	Nov-09	24	20-Nov	25-Nov	
	Jun-09	12	5-Jun	11-Jun	Dec-09	25	4-Dec	10-Dec	**26 pay checks issued.**
	Jun-09	13	19-Jun	25-Jun	Dec-09	26	18-Dec	23-Dec	**26 budgeted pay periods.**
2010	Jan-10	1	31-Dec	7-Jan	Jul-10	14	2-Jul	8-Jul	
	Jan-10	2	15-Jan	21-Jan	Jul-10	15	16-Jul	22-Jul	
	Feb-10	3	29-Jan	4-Feb	Aug-10	16	30-Jul	5-Aug	
	Feb-10	4	12-Feb	18-Feb	Aug-10	17	13-Aug	19-Aug	
	Mar-10	5	26-Feb	4-Mar	Aug-10	18	27-Aug	2-Sep	
	Mar-10	6	12-Mar	18-Mar	Sep-10	19	10-Sep	16-Sep	
	Mar-10	7	26-Mar	1-Apr	Sep-10	20	24-Sep	2-Oct	
	Apr-10	8	9-Apr	15-Apr	Oct-10	21	8-Oct	14-Oct	
	Apr-10	9	23-Apr	29-Apr	Oct-10	22	22-Oct	28-Oct	
	May-10	10	7-May	13-May	Nov-10	23	5-Nov	11-Nov	
	May-10	11	21-May	27-May	Nov-10	24	19-Nov	24-Nov	
	Jun-10	12	4-Jun	10-Jun	Dec-10	25	3-Dec	9-Dec	**26 pay checks issued.**
	Jun-10	13	18-Jun	24-Jun	Dec-10	26	17-Dec	23-Dec	**26 budgeted pay periods.**
2011	Jan-11	1	31-Dec	6-Jan	Jul-11	14	1-Jul	7-Jul	
	Jan-11	2	14-Jan	20-Jan	Jul-11	15	15-Jul	21-Jul	
	Jan-11	3	28-Jan	3-Feb	Aug-11	16	29-Jul	4-Aug	
	Feb-11	4	11-Feb	17-Feb	Aug-11	17	12-Aug	18-Aug	
	Feb-11	5	25-Feb	3-Mar	Aug-11	18	26-Aug	1-Sep	
	Mar-11	6	11-Mar	17-Mar	Sep-11	19	9-Sep	15-Sep	
	Mar-11	7	25-Mar	31-Mar	Sep-11	20	23-Sep	29-Sep	
	Apr-11	8	8-Apr	14-Apr	Oct-11	21	7-Oct	13-Oct	
	Apr-11	9	22-Apr	28-Apr	Oct-11	22	21-Oct	27-Oct	
	May-11	10	6-May	12-May	Nov-11	23	4-Nov	10-Nov	
	May-11	11	20-May	26-May	Nov-11	24	18-Nov	24-Nov	
	Jun-11	12	3-Jun	9-Jun	Dec-11	25	2-Dec	8-Dec	**26 pay checks issued.**
	Jun-11	13	17-Jun	23-Jun	Dec-11	26	16-Dec	22-Dec	**26 budgeted pay periods.**

= relevant range of data for budget year = three pay period month for budgeting purposes

NOTES: Payroll is budgeted based on payroll closing dates, not pay days. For budgeting and accounting purposes, payroll periods that close after the 28th of the month are budgeted and recorded in the following month's business. In the special case of February, if the payroll period closes after the 25th, it is budgeted and recorded in March, except during leap years, in which case, if the payroll period closes after the 26th, it is budgeted and recorded in March.

Normally, the application of these rules results in 26 pay periods being budgeted each year. Occasionally, the application of the rules results in the need to budget for a 27th pay period, as was the case in 2001. It will not again be necessary to budget for a 27th pay period until the year 2012.

Per IRS rules, the first pay check issued each year is assigned pay period number one. From time to time, the first budgeted pay period of the year represents the second pay check issued for the year. Budget year 2003 was an example of this situation. Budget analysts should take note of this when analyzing payroll budget details by pay period number. In 2004, pay period number one resynchronized with the first budgeted pay period for the year.

Pay events that normally would fall on an observed holiday have been shown as occurring on the last work day prior to the holiday.

Normally, the issuance of pay checks every 14 days results in 26 pay checks being issued each year. Occasionally, 27 pay checks are issued in a single year. For example, the first pay day of 2004 fell on the New Years holiday, so it was prepaid on December 31, 2003, causing a 27th pay check that year. Note: the additional pay day did not require the business units to budget an additional pay period in 2003.

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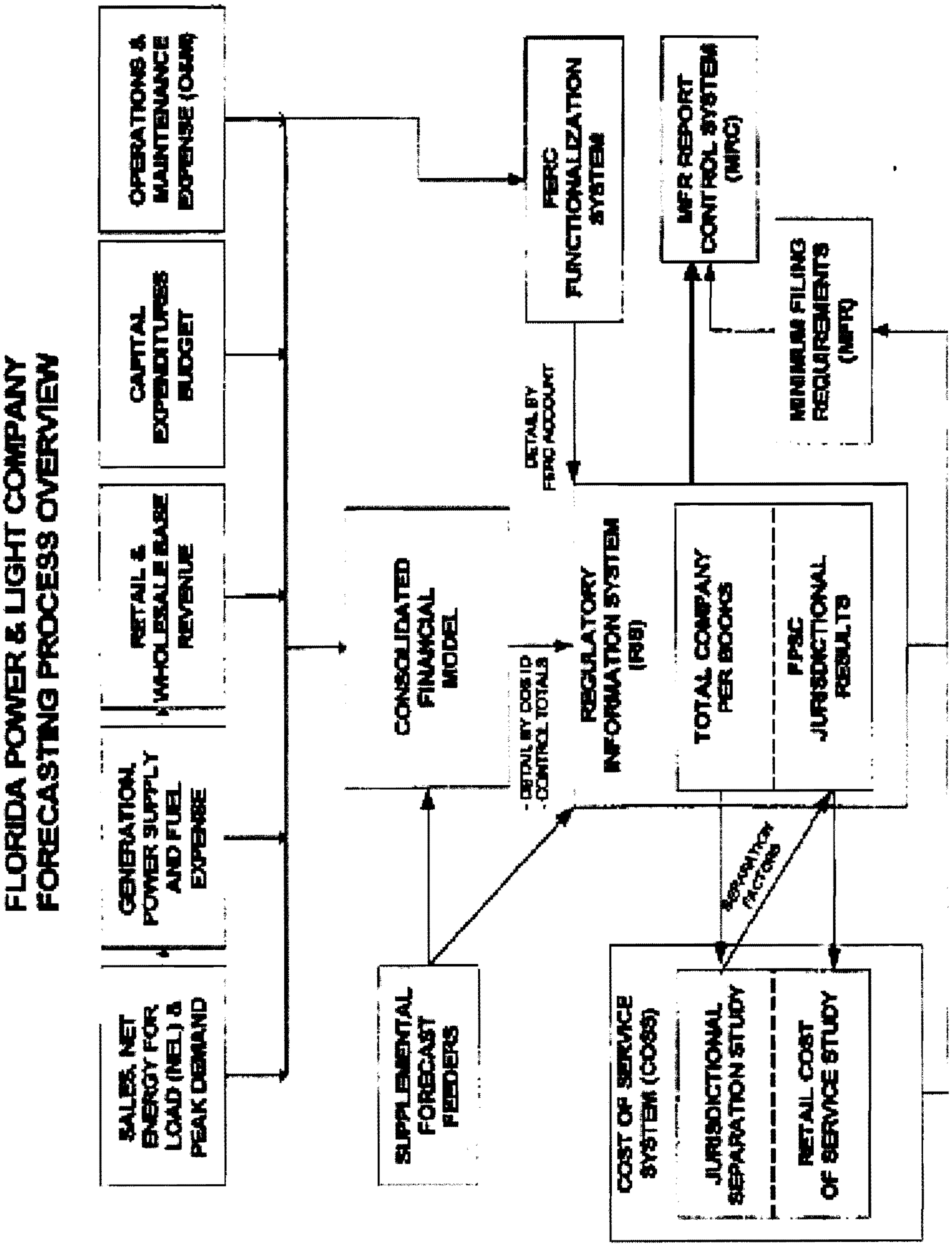
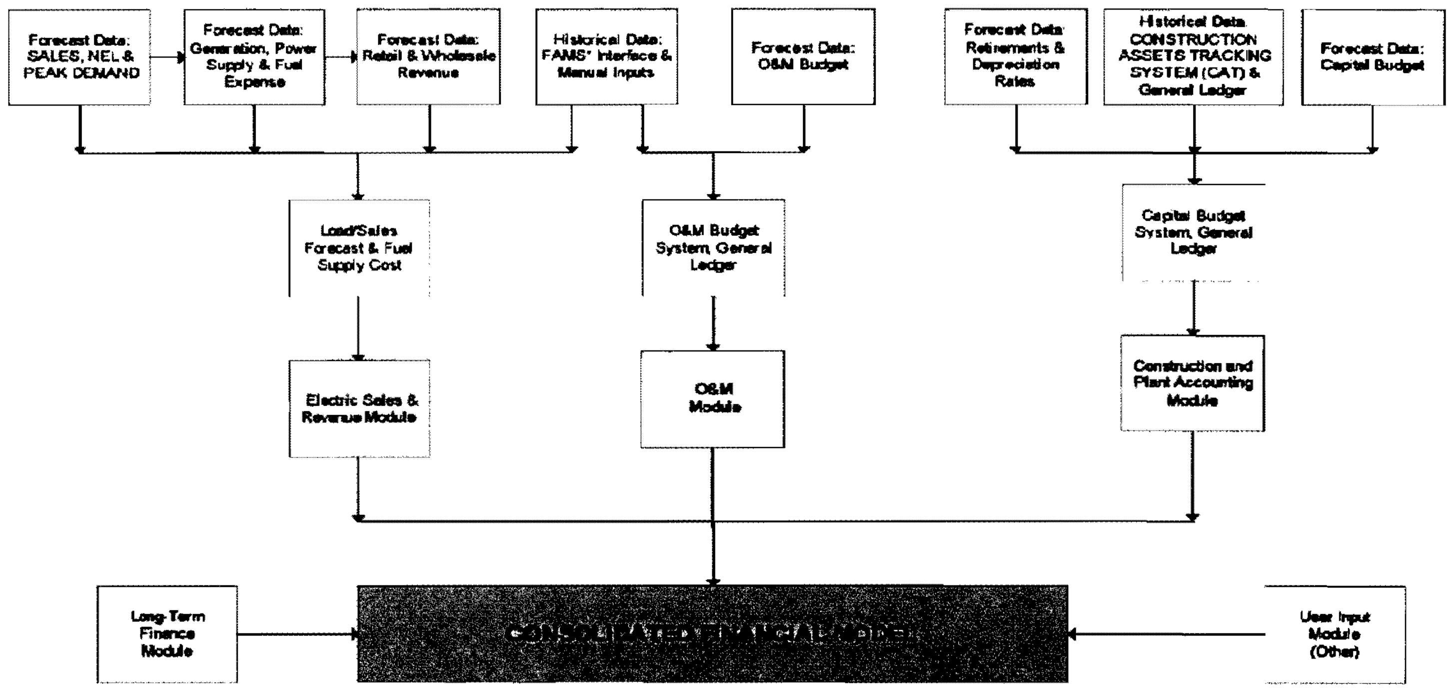


FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED FINANCIAL MODEL (CFM)



*FAMS: FINANCIAL ACCOUNTING MANAGEMENT SYSTEM

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MFR F-5 Forecasting Flowchart and Models
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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO.: 080677-EI

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

Type of Data Shown:
_X_ Projected Test Year Ended 12/31/10
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/__

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

I. SALES, CUSTOMERS, NET ENERGY FOR LOAD

GENERAL ASSUMPTIONS

	2010
A. Population (Florida)	18,979,698
B. Florida Non-Agricultural Employment (000's)	7,867
C. Florida Real Household Disposable Income (Base 2000) (000's of Dollars)	71
D. FPL Service Territory Cooling Degree Hours (Base 72 Degree Temperature)	1,947
E. FPL Service Territory Heating Degree Hours (Base 66 Degree Temperature)	355
F. FPL Service Territory Average Temperature Summer Peak Day (Fahrenheit)	85
G. FPL Service Territory Average Temperature Winter Peak Day (Fahrenheit	46

H. 2010 Sales by Revenue Class - Most likely (in Million KWH)

Residential	Commercial	Industrial	Street & Highway	Other Authority	Railway	Total Retail	Sales For Resale	Total [1]
51,427	45,417	3,606	451	36	91	101,029	2,137	103,165

I. 2010 Customers by Revenue Class

Residential	Commercial	Industrial	Street & Highway	Other Authority	Railway	Total Retail	Sales For Resale	Total [1]
4,010,837	521,804	12,686	3,214	194	23	4,548,759	4	4,548,763

J. 2010 Net Change in Customers by Revenue Class

Residential	Commercial	Industrial	Street & Highway	Other Authority	Railway	Total Retail	Sales For Resale	Total [2]
16,665	11,923	159	35	-4	0	28,777	0	28,777

[1] Totals may not add-up due to rounding.
[2] Average customers - sum of the projected customers for each month divided by twelve.

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

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MFR F-8 MAJOR FORECAST ASSUMPTIONS
EXHIBIT REB-4, PAGE 1 OF 28

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

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

Type of Data Shown:
_X_ Projected Test Year Ended 12/31/10
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.		(1)	(2)	
1	I.	**K. Most Likely Forecast of Monthly Net Energy for Load (Million KWH**		
2			**2010**	
3		January	7,981	
4		February	7,265	
5		March	8,094	
6		April	8,506	
7		May	9,382	
8		June	10,401	
9		July	10,834	
10		August	11,041	
11		September	10,702	
12		October	9,547	
13		November	8,384	
14		December	8,070	
15			110,207	
16				
17		**L. Most Likely Forecast of System Monthly Peaks (Megawatts**		
18			**2010**	
19		**January**	18,790	
20		**February**	15,533	
21		**March**	16,265	
22		**April**	17,462	
23		**May**	19,429	
24		**June**	20,192	
25		**July**	20,873	
26		**August**	21,147	
27		**September**	20,696	
28		**October**	19,287	
29		**November**	16,835	
30		**December**	15,791	
31				
32	**II.**	**INFLATION RATE FORECAST**		
33		**Most Likely Annual**		
34		**Rates of Change**		
35		**2010**		
36		**A.** 2.0%		**Consumer Price Index (CPI)**
37				The CPI Measures the price change of a constant market basket of goods and services over time
38				For company purposes it is a useful escalator for determining trends in wage contracts and income
39				payments, excluding construction work.

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

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

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

Type of Data Shown:
_X_ Projected Test Year Ended 12/31/10
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.			(1)	(2)
1	II.	B.	2.2%	**GDP Deflator**
2				The GDP deflator is the broadest of all categories and captures price trends for the four majoı
3				macro-economic sectors in the nation, which are: the household sector, the business sector, the
4				government sector and the foreign sector. The GDP deflator tends to be more stable than the
5				other indices and is used where very broad price trends are needed.
6				
7		C.	1.3%	**Producer Price Index**
8				**(PPI): All Commodities**
9				The PPI for all commodities is a comprehensive measure of the average changes in price received in primary markets
10				by producers of commodities in all stages of processing. This index represents price movements in the manufacturing,
11				agriculture, forestry, fishing, mining, gas and electricity, and public utilities sector of the economy
12				
13				
14		D.	1.3%	**Producer Price Index**
15				**(PPI) Intermediate Materials**
16				PPI for Intermediate Materials reflects changes in the prices of commodities that have been
17				processed but require further processing before being sold to the final user
18				
19		E.	1.0%	**Producer Price Index**
20				**(PPI) Finished Producer Goods**
21				PPI for Finished Producer Goods reflects changes in the prices of two major components:
22				finished consumer goods and capital equipment received by producers
23				
24		F.	2.8%	**Producer Price Index**
25				**Public Utility Private Fixed Investment (except telecom**
26				PPI for Public Utility Private Fixed Investment (except telecom) reflects changes in the prices for
27				fixed investment including investment in power plants, distribution lines, substations, transmission lines, and local natural gas pipelines
28				
29		G.	3.5%	**Compensation Per Hour (Non-Farm Business Sector)**
30				**Index: All workers, including pension and benefits**
31				The compensation per hour index reflects the changes in total wage and benefit compensation for non farm business labor

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

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DOCKET NO.: 080677-EI

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

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

III. FINANCING AND INTEREST RATE ASSUMPTIONS

General Assumptions

A. Target Capitalization Ratios
During the projected test year, Florida Power & Light Company's capitalization is projected to be as follows: equity approximately 55%, and debt approximately 45%, adjusted for off-balance sheet obligations

B. Preferred Stock Premium and Underwriting Discount
It is assumed that no preferred stock will be issued.

C. First Mortgage Bond Prices and Underwriting Discount
It is assumed that first mortgage bonds will be issued to the public at par with an underwriting commission of .875%.

Interest Rate Assumptions

	2010
D. Long Term Debt	6.9%
Short Term Debt	Although the company maintains several lines of credit, the company forecasts them at zero
E. Pollution Control Bonds	1.6%
F. Preferred Stock	No preferred stock outstanding.
G. 30-Day Commercial Paper	2.2%

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

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.	(1)	(2)	(3)	
1	**IV.**	**IN SERVICE DATES OF MAJOR PROJECTS**		
2	**A.**			
3	**BUDGET**		**IN SERVICE**	
4	**ITEM #**	**PROJECT DESCRIPTION**	**DATE ***	
5		**Nuclear Generation Projects**		
6	406	Turkey Point Excellence Program	2009-2012	(Multiple Projects with Various In-Service Dates)
7	193	St. Lucie Unit 1 & 2 Butt Weld Project	U1-05/2010 & U2-12/2010	
8	346	Turkey Point Spent Fuel Project	06/2010	
9	392	St. Lucie Unit 1 Extended Power Uprate Project**	06/2010 & 12/2011	
10	137	St. Lucie Unit 2 Incore Instrument Replacement	12/2010	
11	194	St. Lucie Unit 2 Pressurizer Replacement	12/2010	
12	393	Turkey Point Unit 3 Extended Power Uprate Project**	12/2010 & 5/2012	
13	398	St. Lucie Unit 2 Extended Power Uprate Project**	01/2011 & 06/2012	
14	399	Turkey Point Unit 4 Extended Power Uprate Project**	05/2011 & 12/2012	
15	556	St. Lucie & Turkey Point Life Cycle Management Project	U1-11/2011 & U2-12/2010	
16	410	St. Lucie Corrosion & Coatings Project	12/2011	
17	528	Turkey Point Integrated Bottom Mount Instrument Project	05/2012	
18	410	St. Lucie Procedure Upgrade Project	12/2012	
19		**Fossil Generation Projects**		
20	380	Manatee Unit 1 800 MW Cycling Project**	04/2010	
21	086	Scherer Unit 4 Baghouse Addition Project**	04/2010	
22	152	West County Energy Center Unit 3 Project	06/2011	
23	177	Scherer Unit 4 Select Catalytic Reduction CAIR Project**	04/2012	
24	177	Scherer Unit 4 Flue Gas Desulfer FGD CAIR Project**	04/2012	
25	506	Cape Canaveral Modernization	06/2013	
26	505	Riviera Modernization	06/2014	
27		**Other Generation Projects**		
28	424	Space Coast Solar Project**	07/2010	
29	423	Martin Solar Project**	12/2010	
30	151	St. Lucie Wind Project	05/2011	
31		**Transmission Projects**		
32	277	Princeton Injection Project	05/2011	
33	287	Princeton Injection North Area Project	12/2011	
34	291	Bunnell-St.Johns 230kv Line	12/2011	
35	294	Norris Volusia Line	12/2011	
36	325	Bobwhite Manatee 230kv Line	12/2011	
37	349	Hobe-Sandpiper #2 Transmission Line	12/2011	
38	524	Martin South Bay Conversion West Area Project	11/2011	
39	524	Martin South Bay Conversion Central Area Project	12/2013	
40	313	Green Project	06/2015	
41		**Intangible & General Plant Projects**		
42	014	Nuclear Asset Management System Project	07/2010	
43	718	FENA Phase 1 Project	12/2010	
44	164	SAP Project	09/2011	
45	587	SCC EMS Project	12/2013	
46				
47		* Projects which have a foreseeable monetary impact in fiscal year 2010		
48		** Projects which are recovered, or partially recovered, through other mechanisms		

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

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

V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS

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

Unit	2010 Outage Period	2010 Outage Description
St. Lucie Unit 1	4/5/2010 - 6/10/2010	Refueling, Extended Power Uprate Project
St. Lucie Unit 2	11/15/2010 - 1/18/2011	Refueling, Extended Power Uprate Project, Alloy 600 Cold Leg RCP nozzles
Turkey Point Unit 3	9/26/2010 - 12/5/2010	Refueling, Extended Power Uprate Project

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

Unit	2010 Outage Start	2010 Outage End	2010 Outage Description
FT. MYERS 2	10/23/10	11/5/10	A HGP, MINOR HRSG, GEN INSP
FT. MYERS 2	2/6/10	2/12/10	A HRSG INSPECTION
FT. MYERS 2	10/9/10	10/22/10	B HGP, MINOR HRSG, GEN INSP
FT. MYERS 2	2/13/10	2/19/10	B HRSG INSPECTION
FT. MYERS 2	2/20/10	2/26/10	C HRSG INSPECTION
FT. MYERS 2	2/27/10	3/5/10	D HRSG INSPECTION
FT. MYERS 2	3/6/10	3/12/10	E HRSG INSPECTION
FT. MYERS 2	10/9/10	10/22/10	F HGP, MINOR HRSG, GEN INSP
FT. MYERS 2	3/13/10	3/19/10	F HRSG INSPECTION
FT. MYERS 2	10/9/10	10/29/10	GEN INSP / P-91 PIPING REPLACEMENT
FT. MYERS 3	5/1/10	5/7/10	A COMBUSTOR INSPECTION
FT. MYERS 3	4/10/10	4/16/10	B COMBUSTOR INSPECTION
LAUDERDALE 4	4/3/10	4/11/10	A COMBUSTOR INSPECTION
LAUDERDALE 4	4/3/10	4/30/10	B MAJOR CT, MINOR HRSG, GEN INSP
LAUDERDALE 4	4/3/10	4/27/10	TURBINE VALVES, GEN INSP
LAUDERDALE 5	10/2/10	10/10/10	A COMBUSTOR INSPECTION
LAUDERDALE 5	10/2/10	10/29/10	B MAJOR CT, MINOR HRSG, GEN INSP
LAUDERDALE 5	10/2/10	10/26/10	COMMON BALANCE OF PLANT REPAIRS
MANATEE 1	1/30/10	4/9/10	MAJOR STM TURBINE, GEN, & BOILER
MARTIN 8	9/1/10	9/7/10	A HRSG INSPECTION

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

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.	(1)	(2)	(3)	(4)	(5)
1	V. B.				
2	MARTIN 8	9/1/10	9/7/10		D HRSG INSPECTION
3	MARTIN 1	10/23/10	11/12/10		MINOR BOILER, TURBINE VALVES
4	MARTIN 3	1/16/10	2/5/10		B MAJOR CT & HRSG, GEN INSP
5	PT EVERGLADES 4	10/16/10	12/14/10		MAJOR BOILER, TURBINE VALVES, GEN INSP
6	PUTNAM	9/1/10	9/5/10		COOLNG TOWER FAN
7	PUTNAM 1	2/1/10	2/5/10		1GT1 COMBUSTOR INSPECTION
8	PUTNAM 1	10/16/10	12/10/10		MAJOR STM TURBINE & GEN
9	PUTNAM 2	9/1/10	9/5/10		2GT1 COMBUSTOR INSPECTION
10	SANFORD 4	3/13/10	3/19/10		A HRSG INSPECTION
11	SANFORD 4	3/13/10	3/19/10		B HRSG INSPECTION
12	SANFORD 4	3/13/10	3/19/10		C HRSG INSPECTION
13	SANFORD 4	3/13/10	3/19/10		D HRSG INSPECTION
14	SANFORD 4	3/13/10	4/2/10		TURBINE VALVES & GEN INSP / P-91 PIPING REPLACEMENT
15	SANFORD 5	2/27/10	3/14/10		A COMBUSTOR INSPECTION/ S0-S5 REPLACE
16	SANFORD 5	3/6/10	3/23/10		B HGP, MINOR HRSG, GEN INSP / S0-S5 REPLACE / 24K
17	SANFORD 5	6/5/10	6/20/10		D COMBUSTOR INSPECTION / S0-S5 REPLACE
18	SCHERER 4	1/9/10	4/3/10		BOILER / HG CONTROLS UPGRADE (BAGHOUSE TIE IN)
19	ST. JOHNS RIVER POWER PARK 2	2/27/10	3/29/10		BLR,FGD,BFPT
20	TURKEY POINT 5	2/27/10	3/12/10		A HOT GAS PATH, MINOR HRSG
21	TURKEY POINT 5	2/27/10	3/12/10		B HOT GAS PATH, MINOR HRSG
22	TURKEY POINT 5	3/13/10	3/26/10		C HOT GAS PATH, MINOR HRSG
23	TURKEY POINT 5	3/13/10	3/26/10		D HOT GAS PATH, MINOR HRSG
24	TURKEY POINT 5	3/6/10	3/19/10		GENERATOR INSP
25	TURKEY POINT 2	4/3/10	6/1/10		MAJOR BOILER, STM TURBINE, & GEN/SWITCHGEAR
26	WEST COUNTY ENERGY CENTER 1	3/6/10	3/15/10		1 ST WARRANTY OUTAGE
27	WEST COUNTY ENERGY CENTER 1	3/6/10	3/15/10		1A WARRANTY OUTAGE & CI
28	WEST COUNTY ENERGY CENTER 1	3/6/10	3/15/10		1B WARRANTY OUTAGE & CI
29	WEST COUNTY ENERGY CENTER 1	3/16/10	3/25/10		1C WARRANTY OUTAGE & CI
30	WEST COUNTY ENERGY CENTER 2	9/18/10	9/27/10		2 ST WARRANTY OUTAGE
31	WEST COUNTY ENERGY CENTER 2	9/18/10	9/27/10		2A WARRANTY OUTAGE
32	WEST COUNTY ENERGY CENTER 2	9/18/10	9/27/10		2B WARRANTY OUTAGE
33	WEST COUNTY ENERGY CENTER 2	9/18/10	9/27/10		2C WARRANTY OUTAGE

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

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No. (1) (2)

VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS

A. Contractual Commitments for Scheduled Interchange/Purchased Power

1 Unit Power Purchase (UPS) - Southern Companies

a. Capacity (MW) based on 2004 Net Dependable Capacity Unit Ratings:

(1)	(2)
2009	932
2010	932

b. Minimum (MW) scheduling requirements

(1)	(2)
2009	379
2010	82

c. Capacity and energy costs based on Southern's estimate, subject to true up and audit.

d. Energy costs recovered through Fuel Cost Recovery Clause (FCRC) and capacity costs recovered through Capacity Cost Recovery Clause (CCRC).

2 Unit Power Purchase - St Johns River Power Park

a. 30% of rated net capacity of each unit is considered purchased power.

b. All energy scheduled by FPL in excess of 20% (FPL owned generation) is considered purchased energy.

c. Capacity costs are recovered through CCRC and base rates. Energy costs are recovered through FCRC.

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COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES		
DOCKET NO.: 080677-EI		Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.		(1)	(2)	(3)	(4)
1	**3 Power Sold and Economy Energy Purchases (Schedule "OS")**				
2	a. Schedule OS sales based upon projected market prices and expected available				
3	generation relative to FPL's projected incremental cost of sale (generation and				
4	transmission)				
5	b. Schedule OS purchases based upon FPL's projected incremental generation cost				
6	relative to projected market prices plus incremental costs and transmission.				
7	c. Energy & transmission costs of OS purchases recovered through the FCRC. For OS				
8	sales, FCRC credited for incremental generation cost, CCRC credited for FPL				
9	transmission incurred to make sale, Base credited for incremental costs of running				
10	gas turbines, if applicable, and FCRC credited for gain on sale				
11					
12	**4 Interchange related to St Lucie Unit 2 Reliability Exchange agreement**				
13	a. Based on P-MArea projection for PSL 1 and PSL 2 output as applied to the contract formula.				
14					
15	**5 Schedule of New and Expiring Interchange/Purchase Power Contracts for the period.**				
16	a. Broward South Contract entered into in 1987 expires August 1, 2009 .				
17	b. Palm Beach (SWA) Contract expires March 31, 2010.				
18	c. Broward North Contract entered into in 1987 expires on December 21, 2010.				
19	**6 Purchased Power from Qualifying Facilities:**				
20	a. Firm			Capacity (MW)	Energy (MWH)
21			2009	740	5,454,647
22			2010	690	4,966,032
23					
24	b. As Available				
25			2009	n/a	448,604
26			2010	n/a	448,604

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

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

VI. 7 **Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2010)**

a. Sales:
- Key West 45 MW RTC Capacity and Energy (1/1/10 to 12/31/10)
- Reedy Creek 8 MW Call option on Capacity and Incremental Energy (1/1/10 to 12/31/10)
- Lee County EMC Partial Requirements up to 300 MW (1/1/10 to 12/31/10)
- Homestead 2 MW Call Option on Capacity and Incremental Energy (1/1/10 to 12/31/10)
- Florida Keys Coop Partial Requirements ~119 MW (1/1/2010 to 12/31/2010)

b. Purchases: Oleander Power Project, LP dated April 30, 2001 (6/1/2002 through 5/31/2012)

VII. **FUEL ASSUMPTIONS**

A. **Fuel Related Assumptions**

1 **Fossil Fuel**

The current real and nominal fuel price forecast for light and heavy fuel oil, natural gas, coal, and petroleum coke, and the projection for the availability of natural gas to the FPL system for 2009, 2010 and 2011 were issued on November 6, 2008 and were based on current and projected market conditions, and existing supply and transportation contracts. This forecast was used as input into the P-MArea production costing model for development of forecasted information.

2 **Nuclear Fuel**

The Nuclear Fuel Forecast model was used to project fuel costs. The 2010 Fuel Cost Projections used in the impending rate case filing are consistent with the Approved Operating Schedule dated August 15, 2008.

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

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

VIII. OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS

A. INFLATION RATE FORECAST

See Section II. Inflation Rate Forecast

B. PAY PROGRAMS

1 **Merit Pay Program Increases**
2%

IX OTHER ASSUMPTIONS

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

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

B. Amount of CWIP and NFIP in Rate Base - FERC

1. CWIP: None.
2. NFIP: None.

C. AFUDC Rates for Capital Expenditures (FPSC and FERC)

FPL's current AFUDC rate is 7.65% as approved by the Florida Public Service Commission in Order No. PSC-08-0265-PAA-EI, in Docket No. 080088-EI issued on April 28, 2008.

D. AFUDC Debt/Equity Split - FPSC and FERC

	FPSC Ratio	FERC Ratio
1. Debt %	25.10%	34.61%
2. Equity %	74.90%	65.39%

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

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

1 **IX. E. Depreciation Rates**
2 1. For the 2010 test year, depreciation expense is based on depreciation rates approved by the Florida Public Service Commission in Docket No. 050188-EI,
3 Order No. PSC-05-0902-S-EI issued on September 14, 2005. Depreciation Rates specifically applicable to Manatee Unit 3 and Martin Unit 8 were approved in Docket No.
4 050300-EI, Order No. PSC-05-0821-PAA-EI issued on August 11, 2005, Turkey Point Unit 5 was approved in Docket No. 070100-EI, Order No. PSC-07-0456-PAA-EI issued on
5 May 29, 2007, and the DeSoto and Space Coast solar energy centers were approved in Docket No. 080543-EI, Order No. PSC-08-0731-PAA-EI issued on November 3, 2008.
6 2. The Company has filed its current depreciation study as required in Rule No. 25-6.0436, Florida Administrative Code. The Company filed its previous study on March 17, 2005
7 and is required to file its next depreciation study no later than four years from the date it submitted its previous study.
8 3. The Company is requesting a company adjustment to its 2010 test period results to reflect the final outcome of the FPSC's review and approval
9 of its recently filed depreciation study.
10 4. For the 2010 test year, FPL included an accrual of $15,321,113 for the Dismantlement of Fossil-Fueled Generating Stations. This annual amount was approved by the Commission
11 in Order No. PSC-08-0095-PAA-EI in Docket No. 070378-EI issued on February 14, 2008.
12 5. The Company has filed its current dismantlement study as required in Order No. PSC-08-0095-PAA-EI in Docket No. 070378-EI issued on February 14, 2008.
13 The Commission required FPL to file its next dismantlement study concurrently with the filing of its next depreciation study, which must be on or by March 17, 2009.
14 6. The Company is requesting a company adjustment to its 2010 test period results to reflect the final outcome of the FPSC's review and approval
15 of its recently filed dismantlement study.
16
17 **F. Total Line Losses** **2010** **of Net Energy for Load**
18 **6.23%**
19
20 **G. Company Usage** **2010** **of Net Energy for Load**
21 **0.11%**
22 **H.** 35% **FEDERAL INCOME TAX RATE (REGULAR)**
23
24 **I.** 5.5% **STATE INCOME TAX RATE**
25
26 **J.** 0.00072 **REGULATORY ASSESSMENT FEE RATE (FPSC)**
27 Per Rule 25-6.0131,"Investor Owned Electric Company Regulatory Assessment Fee" in the Florida Administrative Code.

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

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

	(1)	(2)	(3)
K.	2.50%	**GROSS RECEIPTS TAX RATE**	
		Provided as a pass through to customers as provided in Florida Statute Chapter 203.	
L.		**FRANCHISE FEE RATE**	
	4.72%	**2009**	
	4.73%	**2010**	
	4.75%	**2011**	
		Percentage represents composite rate.	
M.	**PRIOR YEAR**		
		Year 2009 Forecast	
N.	**TEST YEAR**		
		Year 2010 Forecast	
O.	**HISTORICAL YEAR**		
		Year 2008	
P.	**LAST MONTH OF HISTORICAL DATA**		
		September 2008	
Q.	**MILLAGE RATE FOR PROPERTY TAXES**		
		The overall millage rate used for historical, prior, test, and subsequent year are as follows:	
		2008	1.7080855%
		2009	1.7764089%
		2010	1.8297012%
		2011	1.8662952%

Supporting Schedules:

Recap Schedules: E-10, C-40

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

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

Type of Data Shown:
_X_ Projected Test Year Ended 12/31/10
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.	(1)	(2)
1	R.	**STATUTORY SALES TAX RATE**
2		6.00% Is the statutory sales tax rate. This may be coupled with a sur-tax that is levied by the County from 1/2% up to 1 1/2%.
3		6.20% is the blended forecasted rate, based on 2007 actual payments.
4		
5	S.	**FEDERAL AND STATE UNEMPLOYMENT TAX RATES**
6		0.8% FUTA on the first $7,000 of wage base per employee
7		0.6% SUTA on the first $7,000 of wage base per employee
8		
9	T.	**FICA TAX RATES**
10		6.2% Social Security Tax on $102,000 wage base for 2008 and on $106,800 wage base for 2009, 2010, 2011.
11		1.5% Medicare tax on total compensation.

Supporting Schedules:

Recap Schedules: E-10, C-40

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2011 SUBSEQUENT YEAR ADJUSTMENT

FLORIDA PUBLIC SERVICE COMMISSION

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

Type of Data Shown:
_X_ Proj. Subsequent Yr Ended 12/31/11

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	**I. SALES, CUSTOMERS, NET ENERGY FOR LOAD**									
2	**GENERAL ASSUMPTIONS**								2011	
3	**A. Population (Florida)**								19,212,055	
4										
5	**B. Florida Non-Agricultural Employment (000's)**								8,053	
6										
7	**C. Florida Real Household Disposable Income (Base 2000) (000's of Dollars)**								72	
8										
9	**D. FPL Service Territory Cooling Degree Hours (Base 72 Degree Temperature)**								1,947	
10										
11	**E. FPL Service Territory Heating Degree Hours (Base 66 Degree Temperature)**								355	
12										
13	**F. FPL Service Territory Average Temperature Summer Peak Day (Fahrenheit)**								85	
14										
15	**G. FPL Service Territory Average Temperature Winter Peak Day (Fahrenheit**								46	
16										
17	**H. 2011 Sales by Revenue Class - Most likely (in Million KWH)**									
18										
19		Residential	Commercial	Industrial	Street & Highway	Other Authority	Railway	Total Retail	**Sales For Resale**	**Total [1]**
20										
21		51,654	46,620	3,656	457	35	91	102,514	2,252	104,765
22										
23	**I. 2011 Customers by Revenue Class**									
24		Residential	Commercial	Industrial	Street & Highway	Other Authority	Railway	Total Retail	**Sales For Resale**	**Total [1]**
25										
26		4,056,428	534,717	12,980	3,255	188	23	4,607,590	4	4,607,594
27										
28	**J. 2011 Net Change in Customers by Revenue Class**									
29		Residential	Commercial	Industrial	Street & Highway	Other Authority	Railway	Total Retail	**Sales For Resale**	**Total [2]**
30										
31		45,590	12,913	294	40	-5	0	58,832	0	58,832
32										
33	[1] Totals may not add-up due to rounding.									
34	[2] Average customers - sum of the projected customers for each month divided by twelve.									

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

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FLORIDA PUBLIC SERVICE COMMISSION

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_X_ Proj. Subsequent Yr Ended 12/31/11

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.			(1)	(2)	
1	**I.**	**K.**	**Most Likely Forecast of Monthly Net Energy for Load (Million KWH**		
2				**2011**	
3			**January**	8,095	
4			**February**	7,400	
5			**March**	8,244	
6			**April**	8,654	
7			**May**	9,524	
8			**June**	10,540	
9			**July**	10,975	
10			**August**	11,189	
11			**September**	10,847	
12			**October**	9,685	
13			**November**	8,544	
14			**December**	8,229	
15				111,926	
16					
17		**L.**	**Most Likely Forecast of System Monthly Peaks (Megawatts**		
18				**2011**	
19			**January**	19,120	
20			**February**	15,696	
21			**March**	16,435	
22			**April**	17,645	
23			**May**	19,632	
24			**June**	20,404	
25			**July**	21,091	
26			**August**	21,368	
27			**September**	20,913	
28			**October**	19,489	
29			**November**	17,011	
30			**December**	15,956	
31					
32	**II.**	**INFLATION RATE FORECAST**			
33			**Most Likely Annual**		
34			**Rates of Change**		
35			**2011**		
36		**A.**	2.1%		**Consumer Price Index (CPI)**
37					The CPI Measures the price change of a constant market basket of goods and services over time
38					For company purposes it is a useful escalator for determining trends in wage contracts and income
39					payments, excluding construction work.

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

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FLORIDA PUBLIC SERVICE COMMISSION

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.			(1)	(2)
1	II.	B.	2.5%	**GDP Deflator**
2				The GDP deflator is the broadest of all categories and captures price trends for the four majoi
3				macro-economic sectors in the nation, which are: the household sector, the business sector, the
4				government sector and the foreign sector. The GDP deflator tends to be more stable than the
5				other indices and is used where very broad price trends are needed.
6				
7		C.	1.1%	**Producer Price Index**
8				**(PPI): All Commodities**
9				The PPI for all commodities is a comprehensive measure of the average changes in price received in primary markets
10				by producers of commodities in all stages of processing. This index represents price movements in the manufacturing,
11				agriculture, forestry, fishing, mining, gas and electricity, and public utilities sector of the economy
12				
13		D.	1.2%	**Producer Price Index**
14				**(PPI) Intermediate Materials**
15				PPI for Intermediate Materials reflects changes in the prices of commodities that have been
16				processed but require further processing before being sold to the final user
17				
18		E.	1.2%	**Producer Price Index**
19				**(PPI) Finished Producer Goods**
20				PPI for Finished Producer Goods reflects changes in the prices of two major components:
21				finished consumer goods and capital equipment received by producers
22				
23		F.	3.1%	**Producer Price Index**
24				**Public Utility Private Fixed Investment (except telecom**
25				PPI for Public Utility Private Fixed Investment (except telecom) reflects changes in the prices for
26				fixed investment including investment in power plants, distribution lines, substations, transmission lines, and local natural gas pipelines
27				
28		G.	3.8%	**Compensation Per Hour (Non-Farm Business Sector)**
29				**Index: All workers, including pension and benefits**
30				The compensation per hour index reflects the changes in total wage and benefit compensation for non farm business labor

Supporting Schedules:

Recap Schedules: E-10, C-40

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FLORIDA PUBLIC SERVICE COMMISSION

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

III. FINANCING AND INTEREST RATE ASSUMPTIONS

General Assumptions

A. Target Capitalization Ratios
During the projected test year, Florida Power & Light Company's capitalization is projected to be as follows: equity approximately 55%, and debt approximately 45%, adjusted for off-balance sheet obligations

B. Preferred Stock Premium and Underwriting Discount
It is assumed that no preferred stock will be issued.

C. First Mortgage Bond Prices and Underwriting Discount
It is assumed that first mortgage bonds will be issued to the public at par with an underwriting commission of .875%.

Interest Rate Assumptions

	2011
D. Long Term Debt	7.0%
Short Term Debt	Although the company maintains several lines of credit, the company forecasts them at zero
E. Pollution Control Bonds	2.1%
F. Preferred Stock	No preferred stock outstanding.
G. 30-Day Commercial Paper	3.0%

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

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Line No.		(1)	(2)	(3)	
1	**IV. IN SERVICE DATES OF MAJOR PROJECTS**				
2	**A.**				
3		**BUDGET**		**IN SERVICE**	
4		**ITEM #**	**PROJECT DESCRIPTION**	**DATE ***	
5			**Nuclear Generation Projects**		
6		406	Turkey Point Excellence Program	2009-2012	(Multiple Projects with Various In-Service Dates)
7		398	St. Lucie Unit 2 Extended Power Uprate Project**	01/2011 & 06/2012	
8		399	Turkey Point Unit 4 Extended Power Uprate Project**	05/2011 & 12/2012	
9		556	St. Lucie & Turkey Point Life Cycle Management Project	U1-11/2011 & U2-12/2010	
10		392	St. Lucie Unit 1 Extended Power Uprate Project**	12/2011	
11		410	St. Lucie Corrosion & Coatings Project	12/2011	
12		617	National Fire Protection Assoc 805 Project	PSL-12/2011 & PTN-12/2012	
13		393	Turkey Point Unit 3 Extended Power Uprate Project**	05/2012	
14		528	Turkey Point Integrated Bottom Mount Instrument Project	05/2012	
15		410	St. Lucie Procedure Upgrade Project	12/2012	
16			**Fossil Generation Projects**		
17		152	West County Energy Center Unit 3 Project	06/2011	
18		138	Sanford Unit 5 LP HRSG Evap Section Replacement Project	09/2011	
19		177	Scherer Unit 4 Select Catalytic Reduction CAIR Project**	04/2012	
20		177	Scherer Unit 4 Flue Gas Desulfer FGD CAIR Project**	04/2012	
21		506	Cape Canaveral Modernization	06/2013	
22		493	Intrastate Gas Pipeline Project	09/2013	
23		505	Riviera Modernization	06/2014	
24			**Other Generation Projects**		
25		151	St. Lucie Wind Project	05/2011	
26			**Transmission Projects**		
27		277	Princeton Injection Project	05/2011	
28		287	Princeton Injection North Area Project	12/2011	
29		291	Bunnell-St.Johns 230kv Line	12/2011	
30		294	Norris Volusia Line	12/2011	
31		325	Bobwhite Manatee 230kv Line	12/2011	
32		349	Hobe-Sandpiper #2 Transmission Line	12/2011	
33		524	Martin South Bay Conversion West Area Project	11/2011	
34		524	Martin South Bay Conversion Central Area Project	12/2013	
35		391	Collier Area Improvements Project	12/2013	
36		414	South Ft. Myers Reliability Standard Project	12/2013	
37		313	Green Project	06/2015	
38			**Intangible & General Plant Projects**		
39		164	SAP Project	09/2011	
40		587	SCC EMS Project	12/2013	
41					
42		* Projects which have a foreseeable monetary impact in fiscal year 2011			
43		** Projects which are recovered, or partially recovered, through other mechanisms			

Supporting Schedules:

Recap Schedules: E-10, C-40

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FLORIDA PUBLIC SERVICE COMMISSION

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Line No.	(1)	(2)	(3)	(4)	(5)
1	**V. MAJOR GENERATING UNIT OUTAGE ASSUMPTIONS**				
2					
3	**A. Nuclear Maintenance Schedules (including outage period and reason)**				
4					
5		**2011**		**2011**	
6	**Unit**	**Outage Period**		**Outage Description**	
7	St. Lucie Unit 1	10/1/2011 - 12/4/2011		Refueling, Extended Power Uprate Project	
8	Turkey Point Unit 4	3/14/2011 - 5/23/2011		Refueling, Extended Power Uprate Project	
9					
10					
11	**B. Fossil Units Outage Schedule (including outage period and reason)**				
12					

Line No.	Unit	2011 Outage Start	2011 Outage End	2011 Outage Description
15	FT. MYERS 2	2/12/11	2/25/11	C HGP, MINOR HRSG, GEN INSP
16	FT. MYERS 2	1/29/11	2/11/11	D HGP, MINOR HRSG, GEN INSP
17	FT. MYERS 2	2/12/11	2/25/11	E HGP, MINOR HRSG, GEN INSP
18	LAUDERDALE 4	3/19/11	3/27/11	A /B COMBUSTOR INSPECTION
19	LAUDERDALE 5	10/29/11	11/22/11	A MAJOR CT, MINOR HRSG, GEN INSP
20	LAUDERDALE 5	10/29/11	11/6/11	B COMBUSTOR INSPECTION
21	LAUDERDALE 5	10/29/11	11/25/11	TURBINE VALVES, GEN INSP / STATOR REWEDGE
22	MANATEE 1	2/1/11	2/21/11	DC REPAIRS
23	MANATEE 2	10/1/11	11/4/11	MINOR BOILER, TURBINE VALVES
24	MANATEE 3	3/5/11	3/25/11	A MAJOR CT & HRSG, GEN INSP
25	MANATEE 3	3/5/11	3/25/11	B MAJOR CT & HRSG, GEN INSP
26	MANATEE 3	3/26/11	4/15/11	C MAJOR CT & HRSG, GEN INSP
27	MANATEE 3	3/26/11	4/15/11	D MAJOR CT & HRSG, GEN INSP
28	MANATEE 3	3/19/11	4/8/11	TURBINE VALVES, GEN INSP
29	MARTIN 8	9/3/11	9/23/11	A MAJOR CT & HRSG, GEN INSP
30	MARTIN 8	5/14/11	5/20/11	B HRSG INSPECTION
31	MARTIN 8	6/4/11	6/24/11	C MAJOR CT & HRSG, GEN INSP
32	MARTIN 8	6/4/11	6/24/11	D MAJOR CT & HRSG, GEN INSP
33	MARTIN 8	6/4/11	6/24/11	TURBINE VALVES, GEN INSP

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Line No.	(1)	(2)	(3)	(4)	(5)
1	V. B.				
2	MARTIN 2	10/22/11	11/25/11		MAJOR BOILER, TURBINE VALVES, GEN INSP
3	MARTIN 3	3/26/11	4/15/11		A MAJOR CT & HRSG, GEN INSP
4	MARTIN 3	7/9/11	7/15/11		B COMBUSTOR INSPECTION
5	MARTIN 4	2/19/11	2/25/11		A COMBUSTOR INSPECTION
6	MARTIN 4	2/12/11	3/4/11		B MAJOR CT & HRSG, GEN INSP
7	MARTIN 4	2/12/11	2/25/11		GEN INSP
8	PT EVERGLADES 3	4/23/11	6/11/11		MAJOR BOILER, TURBINE VALVES, GEN INSP / P-HOUSE
9	PUTNAM	9/1/11	9/5/11		COOLNG TOWER FAN
10	PUTNAM 1	10/15/11	10/24/11		1GT1 HOT GAS PATH & MINOR HRSG
11	PUTNAM 1	9/1/11	9/5/11		1GT2 COMBUSTOR INSPECTION
12	PUTNAM 2	1/1/11	1/31/11		2GT1 GENERATOR MAJOR
13	PUTNAM 2	2/1/11	2/5/11		2GT2 COMBUSTOR INSPECTION
14	PUTNAM 2	3/14/11	5/8/11		MAJOR STM TURBINE & GEN / SWITCHGEAR
15	SANFORD 5	6/11/11	6/24/11		A HGP, MINOR HRSG, GEN INSP / 24K / S0-S5 REPLACE
16	SANFORD 5	5/28/11	6/10/11		B HRSG INSPECTION / S0-S5 REPLACE
17	SANFORD 5	4/16/11	4/22/11		C HRSG INSPECTION
18	SANFORD 5	9/3/11	9/23/11		D MAJOR CT, HRSG, & GEN / 24K
19	SANFORD 5	4/16/11	6/24/11		MAJOR STM TURBINE & GEN / P-91 /SWITCHGEAR
20	ST. JOHNS RIVER POWER PARK 1	2/26/11	3/28/11		BLR,FGD,BFPT
21	TURKEY POINT 5	2/26/11	3/4/11		A HRSG INSPECTION
22	TURKEY POINT 5	3/5/11	3/11/11		B HRSG INSPECTION
23	TURKEY POINT 5	3/25/11	3/31/11		C HRSG INSPECTION
24	TURKEY POINT 5	4/1/11	4/7/11		D HRSG INSPECTION
25	TURKEY POINT 1	4/2/11	4/22/11		MINOR BOILER
26	WEST COUNTY ENERGY CENTER 1	10/1/11	10/20/11		1A HGP, MINOR HRSG, GEN INSP
27	WEST COUNTY ENERGY CENTER 1	10/21/11	11/9/11		1B HGP, MINOR HRSG, GEN INSP
28	WEST COUNTY ENERGY CENTER 1	11/10/11	11/29/11		1C HGP, MINOR HRSG, GEN INSP
29	WEST COUNTY ENERGY CENTER 2	3/12/11	3/21/11		2A COMBUSTOR INSPECTION
30	WEST COUNTY ENERGY CENTER 2	3/22/11	3/31/11		2B COMBUSTOR INSPECTION
31	WEST COUNTY ENERGY CENTER 2	4/1/11	4/10/11		2C COMBUSTOR INSPECTION

Supporting Schedules:

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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(1) (2) (3) (4)

VI. INTERCHANGE AND PURCHASED POWER ASSUMPTIONS

A. Contractual Commitments for Scheduled Interchange/Purchased Power

1 Unit Power Purchase (UPS) - Southern Companies

a. Capacity (MW) based on 2004 Net Dependable Capacity Unit Ratings:

2011 932

b. Minimum (MW) scheduling requirements

2011 82

c. Capacity and energy costs based on Southern's estimate, subject to true up and audit.

d. Energy costs recovered through Fuel Cost Recovery Clause (FCRC) and capacity costs recovered through Capacity Cost Recovery Clause (CCRC).

2 Unit Power Purchase - St Johns River Power Park

a. 30% of rated net capacity of each unit is considered purchased power.

b. All energy scheduled by FPL in excess of 20% (FPL owned generation) is considered purchased energy.

c. Capacity costs are recovered through CCRC and base rates. Energy costs are recovered through FCRC.

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

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COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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Line No.		(1)	(2)	(3)	(4)
1	**3 Power Sold and Economy Energy Purchases (Schedule "OS")**				
2	a. Schedule OS sales based upon projected market prices and expected available				
3	generation relative to FPL's projected incremental cost of sale (generation and				
4	transmission)				
5	b. Schedule OS purchases based upon FPL's projected incremental generation cost				
6	relative to projected market prices plus incremental costs and transmission.				
7	c. Energy & transmission costs of OS purchases recovered through the FCRC. For OS				
8	sales, FCRC credited for incremental generation cost, CCRC credited for FPL				
9	transmission incurred to make sale, Base credited for incremental costs of running				
10	gas turbines, if applicable, and FCRC credited for gain on sale				
11					
12	**4 Interchange related to St Lucie Unit 2 Reliability Exchange agreement**				
13	a. Based on P-MArea projection for PSL 1 and PSL 2 output as applied to the contract formula.				
14					
15	**5 Schedule of New and Expiring Interchange/Purchase Power Contracts for the period.**				
16					
17	**6 Purchased Power from Qualifying Facilities:**				
18	a. Firm			Capacity (MW)	Energy (MWH)
19			2011	595	4,511,676
20					
21	b. As Available				
22			2011	n/a	448,604

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

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DOCKET NO.: 080677-EI

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

(1) (2) (3)

VI. 7 Schedule of Sales and Purchased Power Contracts for the Period (contracts Impact 2011)

a. Sales: Key West 45 MW RTC Capacity and Energy (1/1/11 to 12/31/11)
Reedy Creek 8 MW Call option on Capacity and Incremental Energy (1/1/11 to 12/31/11)
Lee County EMC Partial Requirements up to 300 MW (1/1/11 to 12/31/11)
Homestead 2 MW Call Option on Capacity and Incremental Energy (1/1/11 to 12/31/11)
Florida Keys Coop Partial Requirements ~119 MW (1/1/2011 to 12/31/2011)

b. Purchases: Oleander Power Project, LP dated April 30, 2001 (6/1/2002 through 5/31/2012)

VII. FUEL ASSUMPTIONS

A. Fuel Related Assumptions

1 Fossil Fuel

The current real and nominal fuel price forecast for light and heavy fuel oil, natural gas, coal, and petroleum coke, and the projection for the availability of natural gas to the FPL system for 2009, 2010 and 2011 were issued on November 6, 2008 and were based on current and projected market conditions, and existing supply and transportation contracts. This forecast was used as input into the P-MArea production costing model for development of forecasted information.

2 Nuclear Fuel

The Nuclear Fuel Forecast model was used to project fuel costs. The 2011 Fuel Cost Projections used in the impending rate case filing are consistent with the Approved Operating Schedule dated August 15, 2008.

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

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EXHIBIT REB-4, PAGE 24 OF 28

FLORIDA PUBLIC SERVICE COMMISSION

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

Type of Data Shown:
X Proj. Subsequent Yr Ended 12/31/11

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

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

VIII. OPERATIONS AND MAINTENANCE AND CAPITAL EXPENDITURES FORECAST ASSUMPTIONS

A. INFLATION RATE FORECAST

See Section II. Inflation Rate Forecast

B. PAY PROGRAMS

1 **Merit Pay Program Increases**
2%

IX OTHER ASSUMPTIONS

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

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

B. Amount of CWIP and NFIP in Rate Base - FERC

1. CWIP: None.
2. NFIP: None.

C. AFUDC Rates for Capital Expenditures (FPSC and FERC)

FPL's current AFUDC rate is 7.65% as approved by the Florida Public Service Commission in Order No. PSC-08-0265-PAA-EI, in Docket No. 080088-EI issued on April 28, 2008.

D. AFUDC Debt/Equity Split - FPSC and FERC

	FPSC Ratio	FERC Ratio
1. Debt %	25.10%	34.61%
2. Equity %	74.90%	65.39%

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

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MFR F-8 MAJOR FORECAST ASSUMPTIONS
EXHIBIT REB-4, PAGE 25 OF 28

FLORIDA PUBLIC SERVICE COMMISSION

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Type of Data Shown:
_X_ Proj. Subsequent Yr Ended 12/31/11

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

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

IX. E. Depreciation Rates

1. For the 2011 subsequent year, depreciation expense is based on depreciation rates approved by the Florida Public Service Commission in Docket No. 050188-EI, Order No. PSC-05-0902-S-EI issued on September 14, 2005. Depreciation Rates specifically applicable to Manatee Unit 3 and Martin Unit 8 were approved in Docket No. 050300-EI, Order No. PSC-05-0821-PAA-EI issued on August 11, 2005, Turkey Point Unit 5 was approved in Docket No. 070100-EI, Order No. PSC-07-0456-PAA-EI issued on May 29, 2007, and the DeSoto and Space Coast solar energy centers were approved in Docket No. 080543-EI, Order No. PSC-08-0731-PAA-EI issued on November 3, 2008.
2. The Company has filed its current depreciation study as required in Rule No. 25-6.0436, Florida Administrative Code. The Company filed its previous study on March 17, 2005 and is required to file its next depreciation study no later than four years from the date it submitted its previous study.
3. The Company is requesting a company adjustment to its 2011 subsequent period results to reflect the final outcome of the FPSC's review and approval of its recently filed depreciation study.
4. For the 2011 subsequent year, FPL included an accrual of $15,321,113 for the Dismantlement of Fossil-Fueled Generating Stations. This annual amount was approved by the Commission in Order No. PSC-08-0095-PAA-EI in Docket No. 070378-EI issued on February 14, 2008.
5. The Company has filed its current dismantlement study as required in Order No. PSC-08-0095-PAA-EI in Docket No. 070378-EI issued on February 14, 2008. The Commission required FPL to file its next dismantlement study concurrently with the filing of its next depreciation study, which must be on or by March 17, 2009.
6. The Company is requesting a company adjustment to its 2011 subsequent period results to reflect the final outcome of the FPSC's review and approval of its recently filed dismantlement study.

F. Total Line Losses 2011 **of Net Energy for Load**
6.23%

G. Company Usage 2011 **of Net Energy for Load**
0.11%

H. 35% **FEDERAL INCOME TAX RATE (REGULAR)**

I. 5.5% **STATE INCOME TAX RATE**

J. 0.00072 **REGULATORY ASSESSMENT FEE RATE (FPSC)**
Per Rule 25-6.0131,"Investor Owned Electric Company Regulatory Assessment Fee" in the Florida Administrative Code.

K. 2.50% **GROSS RECEIPTS TAX RATE**
Provided as a pass through to customers as provided in Florida Statute Chapter 203.

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

DOCKET NO. 080677-EI
MFR F-8 MAJOR FORECAST ASSUMPTIONS
EXHIBIT REB-4, PAGE 26 OF 28

FLORIDA PUBLIC SERVICE COMMISSION

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

Type of Data Shown:
_X_ Proj. Subsequent Yr Ended 12/31/11

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.		(1)	(2)
1			
2	L.		**FRANCHISE FEE RATE**
3		**4.75%**	**2011**
4			Percentage represents composite rate.
5			
6	M.	**PRIOR YEAR**	
7			Year 2009 Forecast
8			
9	N.	**TEST YEAR**	
10			Year 2010 Forecast
11			
12	O.	**HISTORICAL YEAR**	
13			Year 2008
14			
15	P.	**LAST MONTH OF HISTORICAL DATA**	
16			September 2008
17			
18	Q.	**LAST YEAR FORECASTED**	
19			Year 2011
20			
21	R.	**MILLAGE RATE FOR PROPERTY TAXES**	
22			1.8662952% is the overall millage rate used for the year ended 12/31/2011.

Supporting Schedules:

Recap Schedules: E-10, C-40

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MFR F-8 MAJOR FORECAST ASSUMPTIONS
EXHIBIT REB-4, PAGE 27 OF 28

FLORIDA PUBLIC SERVICE COMMISSION

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

Type of Data Shown:
_X_ Proj. Subsequent Yr Ended 12/31/11

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl

Line No.	(1)	(2)
1	S.	**STATUTORY SALES TAX RATE**
2		6.00% Is the statutory sales tax rate. This may be coupled with a sur-tax that is levied by the County from 1/2% up to 1 1/2%.
3		6.20% is the blended forecasted rate, based on 2007 actual payments.
4		
5	T.	**FEDERAL AND STATE UNEMPLOYMENT TAX RATES**
6		0.8% FUTA on the first $7,000 of wage base per employee
7		0.6% SUTA on the first $7,000 of wage base per employee
8		
9	U.	**FICA TAX RATES**
10		6.2% Social Security Tax on $102,000 wage base for 2008 and on $106,800 wage base for 2009, 2010, 2011.
11		1.5% Medicare tax on total compensation.

Supporting Schedules:

Recap Schedules: E-10, C-40

DOCKET NO. 080677-EI
MFR F-8 MAJOR FORECAST ASSUMPTIONS
EXHIBIT REB-4, PAGE 28 OF 28

BUDGET AND ACTUAL NET INCOME 2004 - 2008

$ millions	Budget Net Income		Actual Net Income		Percent Change
2004	$773	(1)	$763	(2)	-1.3%
2005	$748	(1)	$748	(3)	0.0%
2006	$829	(1)	$829	(4)	0.0%
2007	$838	(1)	$836	(3)	-0.2%
2008	$875	(1)	$789	(3)	-9.8%
Average 2004-2008					-2.3%
Average 2004-2007					-0.4%

(1) Source: Company records

(2) Source: FPL Group, Inc. Form 10-K; excludes impact of hurricanes and settlement of shareholder lawsuit

(3) Source: FPL Group, Inc. Form 10-K

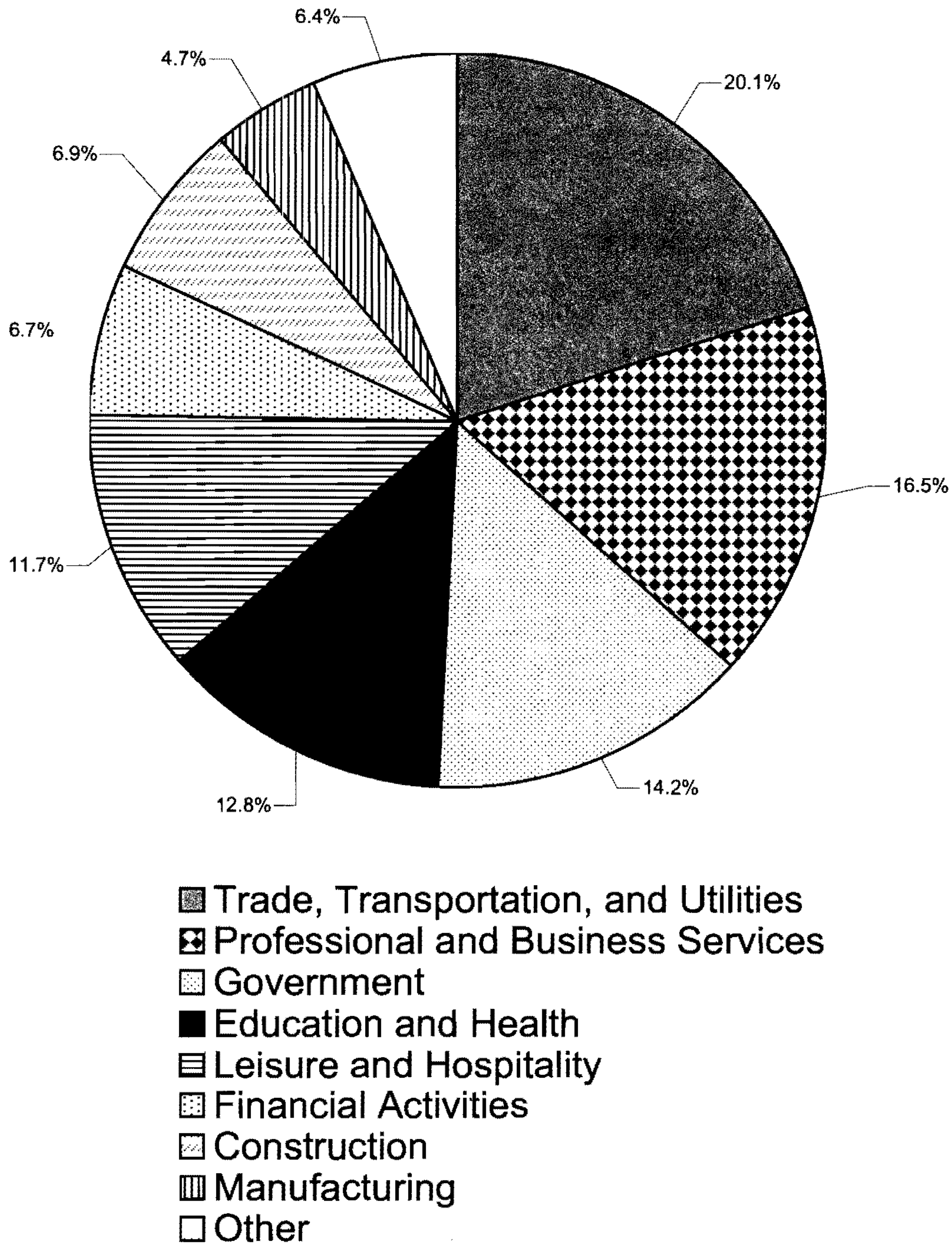
(4) Source: FPL Group, Inc. Form 10-K, excludes $27 million of after tax disallowed storm costs

2007 Gross State Product (Selected States)
Millions of chained (2000) dollars

Rank	United States	13,743,021	100.0%
1	California	1,812,968	13.2%
2	Texas	1,141,965	8.3%
3	New York	1,103,024	8.0%
4	Florida	734,519	5.3%
5	Illinois	609,570	4.4%
6	Pennsylvania	531,110	3.9%
7	Ohio	466,309	3.4%
8	New Jersey	465,484	3.4%
9	North Carolina	399,446	2.9%
10	Georgia	396,504	2.9%

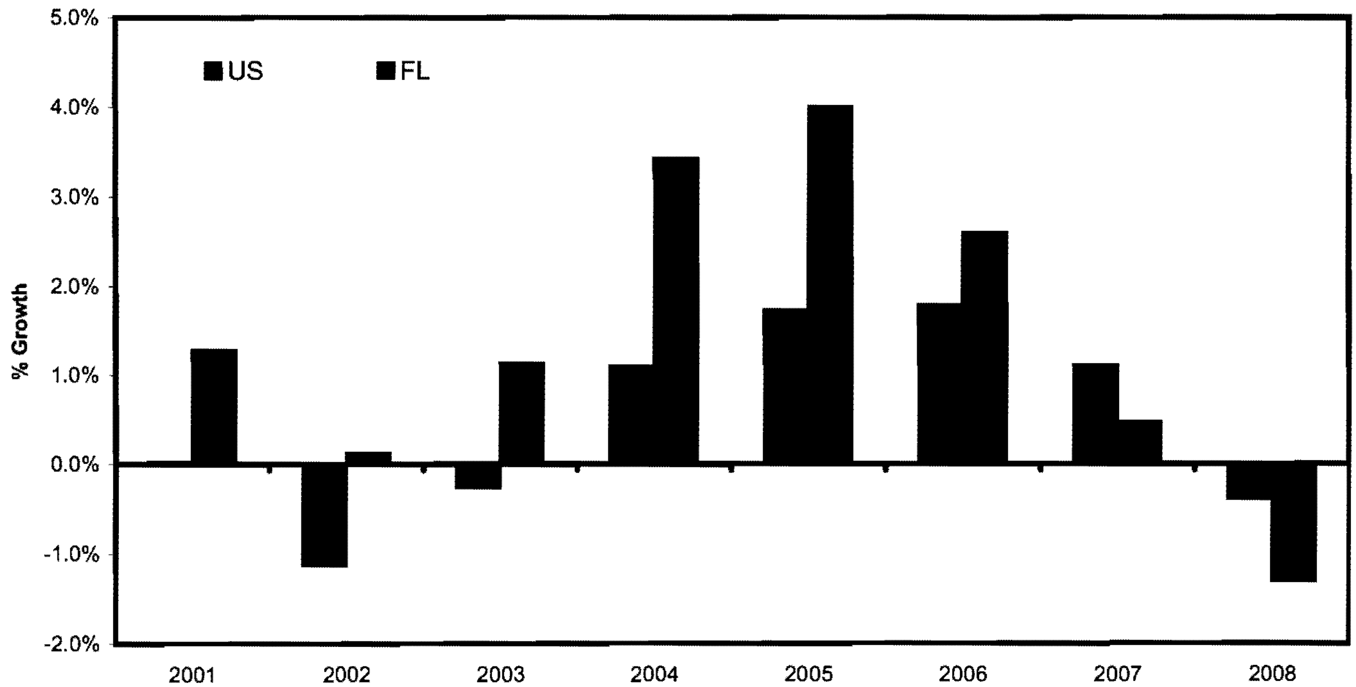
Source: U.S. Bureau of Economic Analysis

2008 Florida Employment Structure



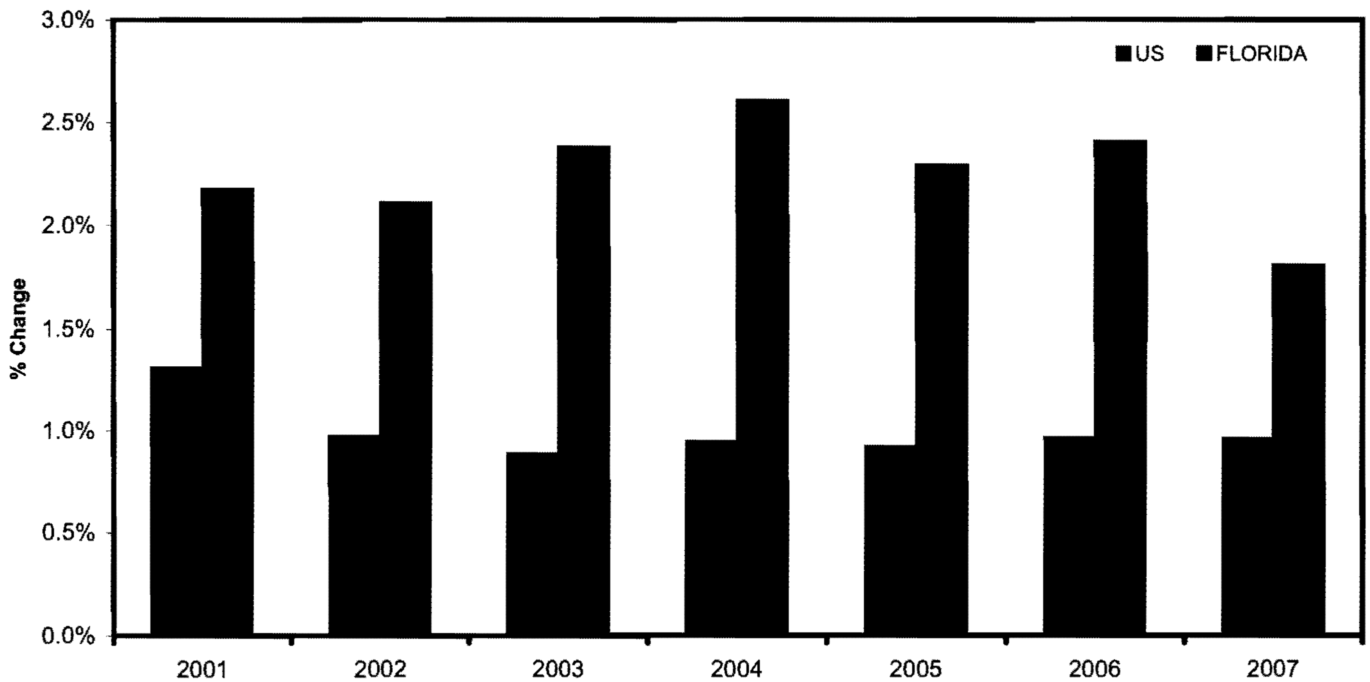
Source: Global Insight

Total Non-Agricultural Employment
Florida vs US



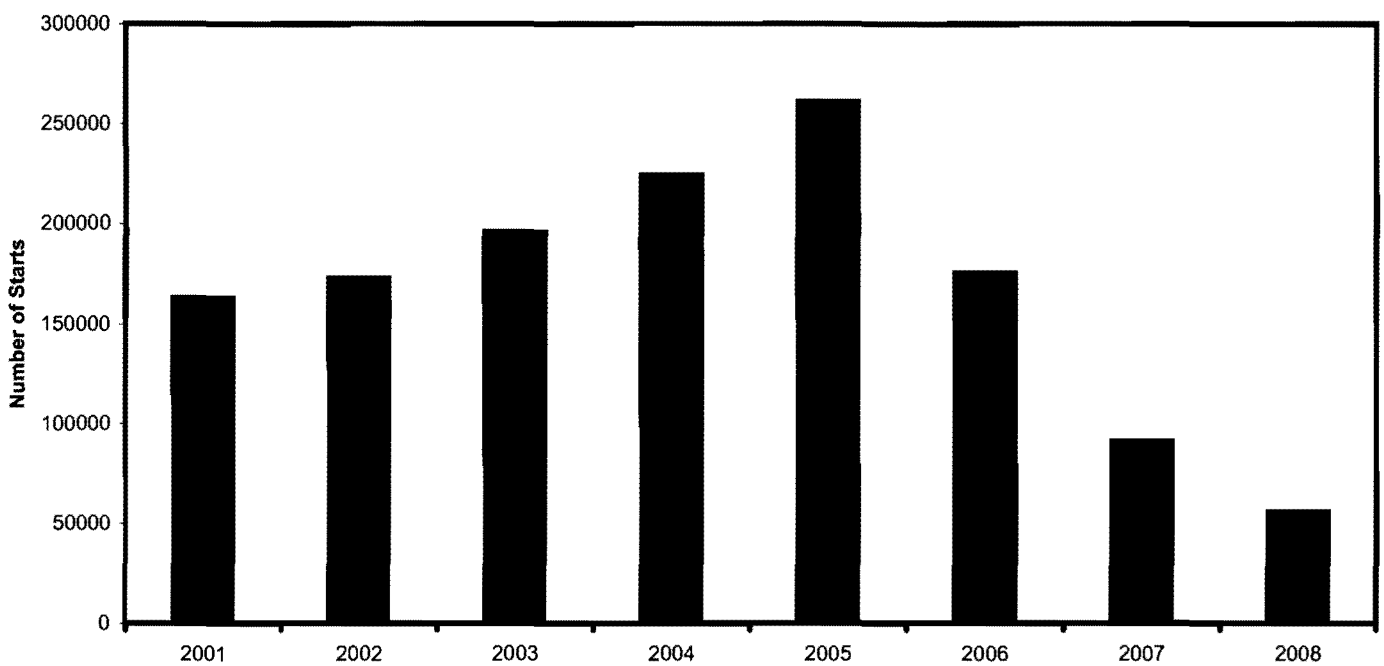
Source: Bureau of Labor Statistics (BLS)

Population Growth Estimates



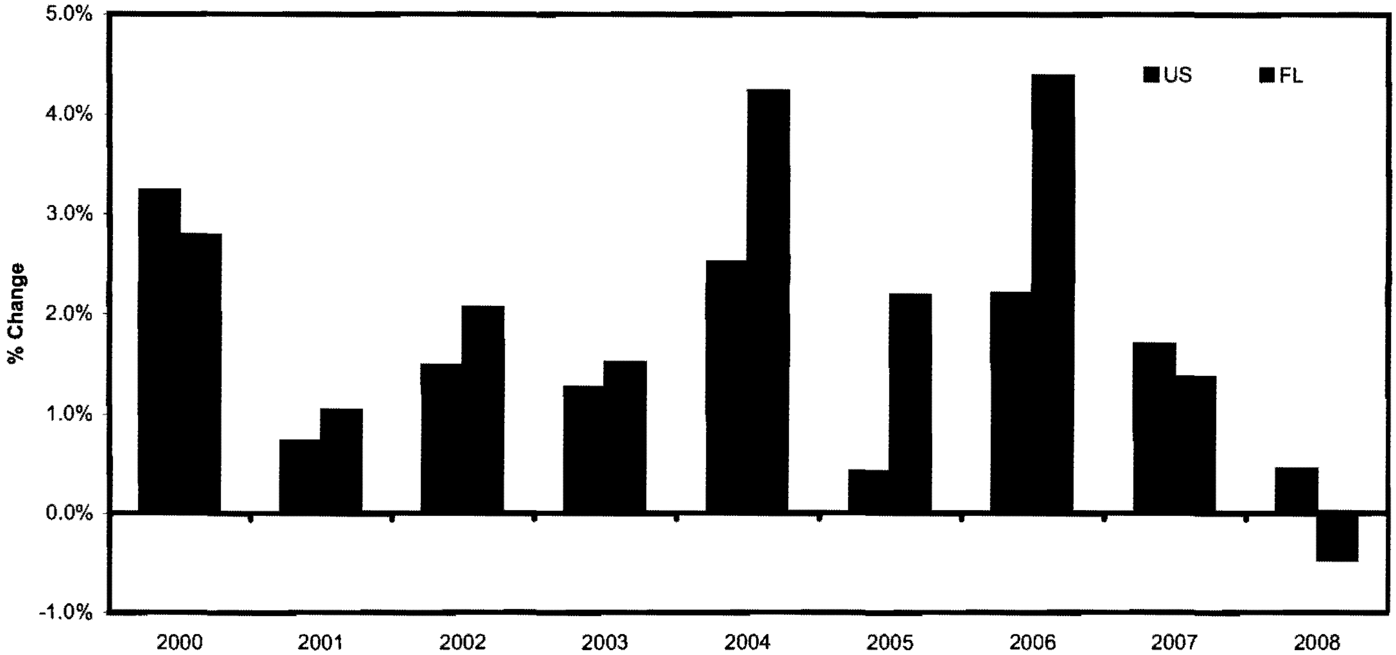
Source: US: Census Bureau.
FPL: University of Florida

Florida Housing Starts



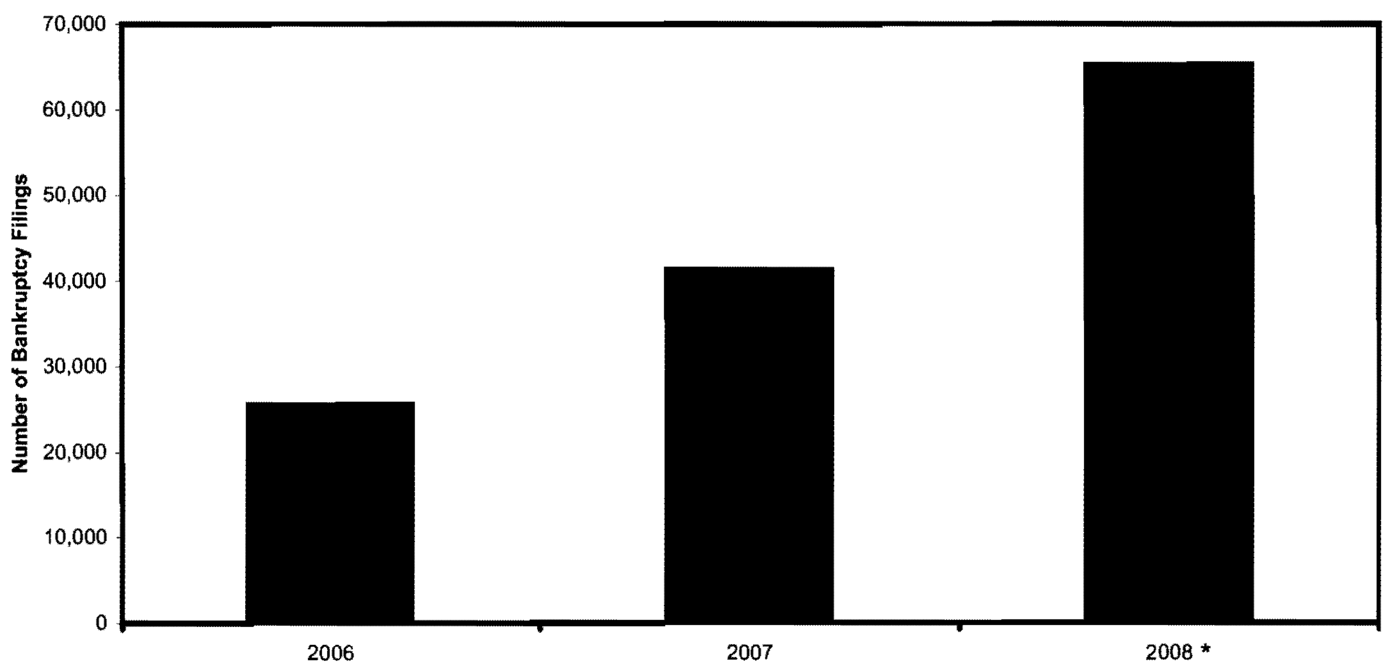
Source: University of Florida

Real Disposable Income per Household

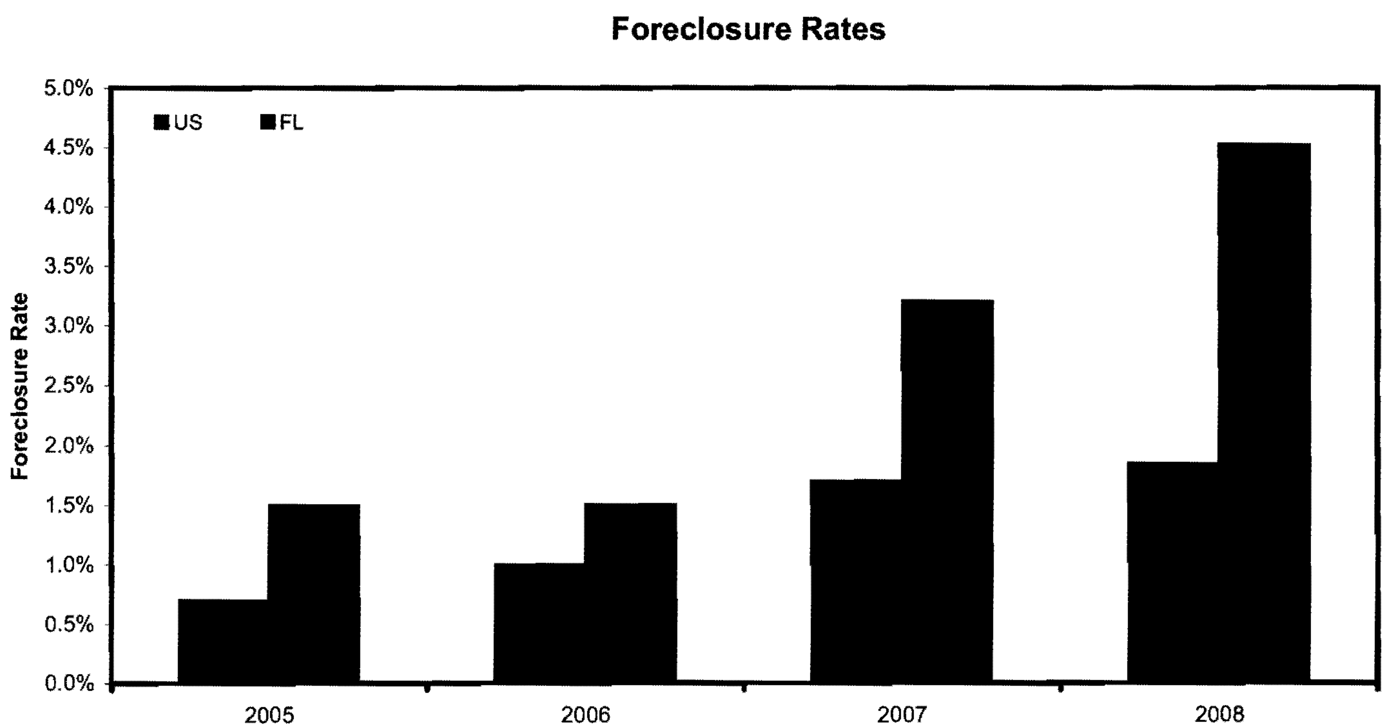


Source: US: Bureau of Economic Analysis (BEA) - FL: FPL

Florida Personal Bankruptcy Filings

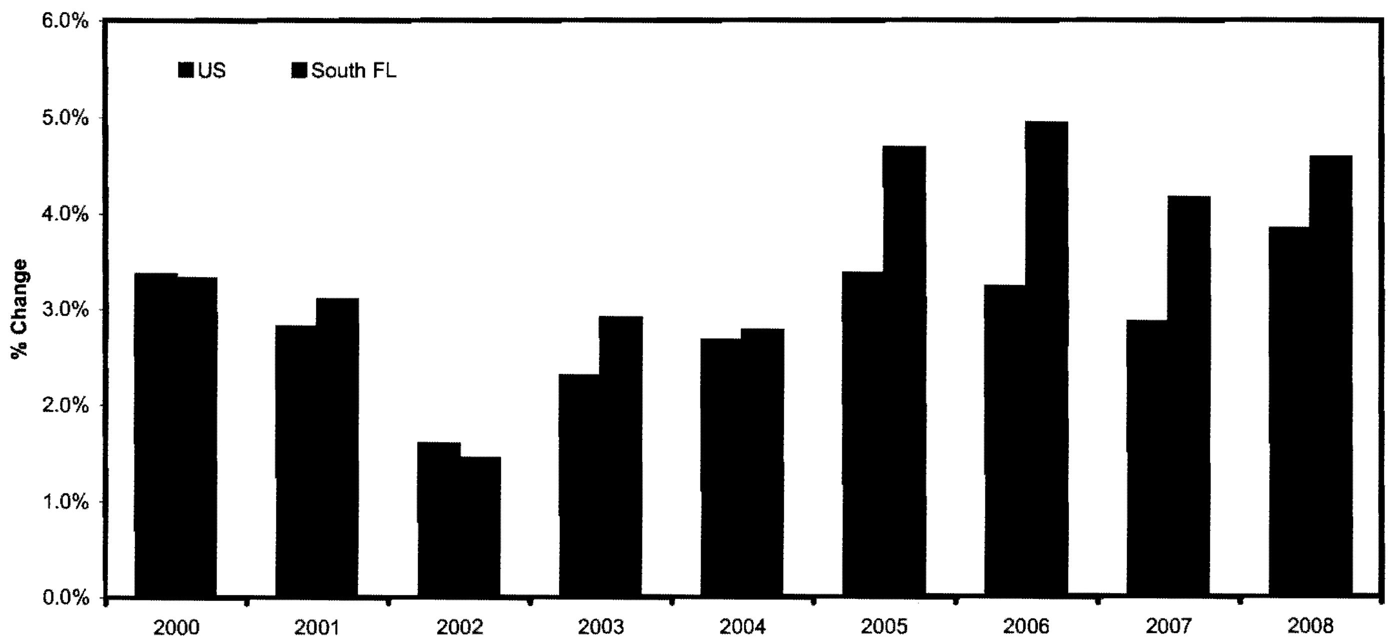


Source: American Bankruptcy Institute
* Fourth quarter estimated

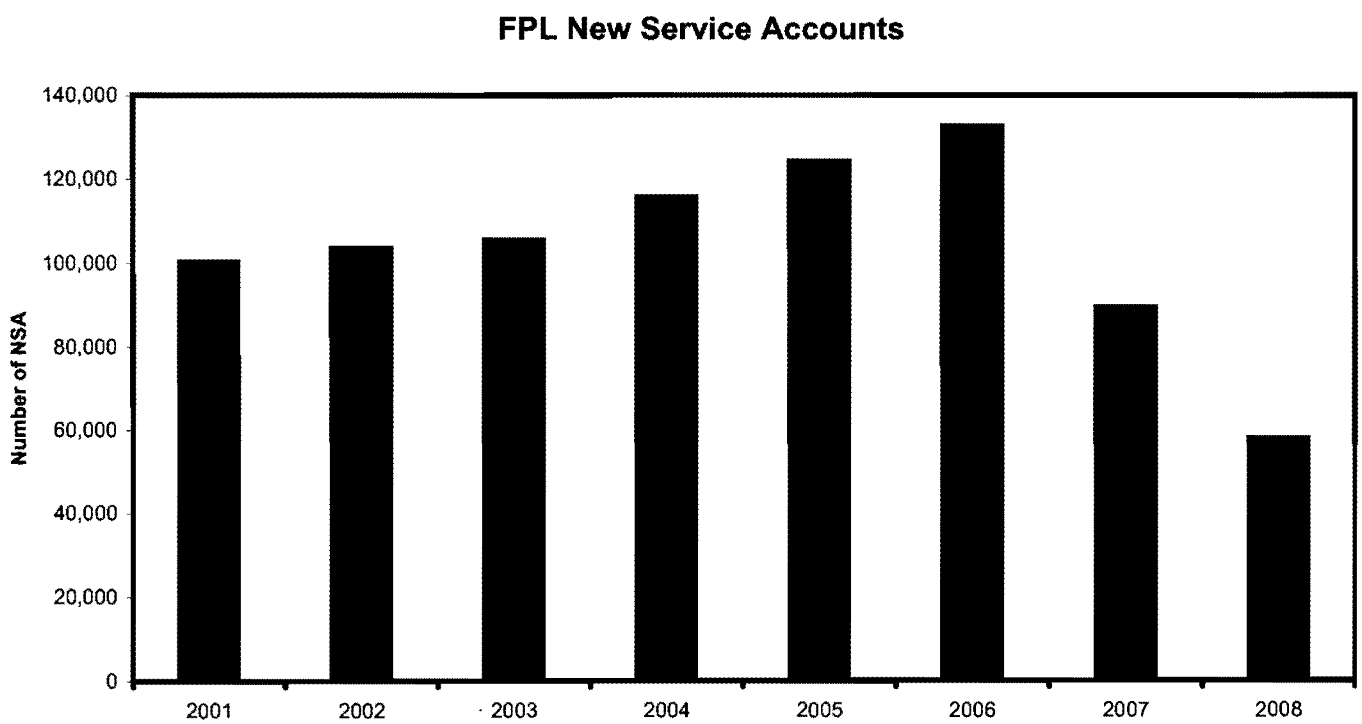


Source: RealtyTrac

Consumer Price Index (All Urban Consumers)

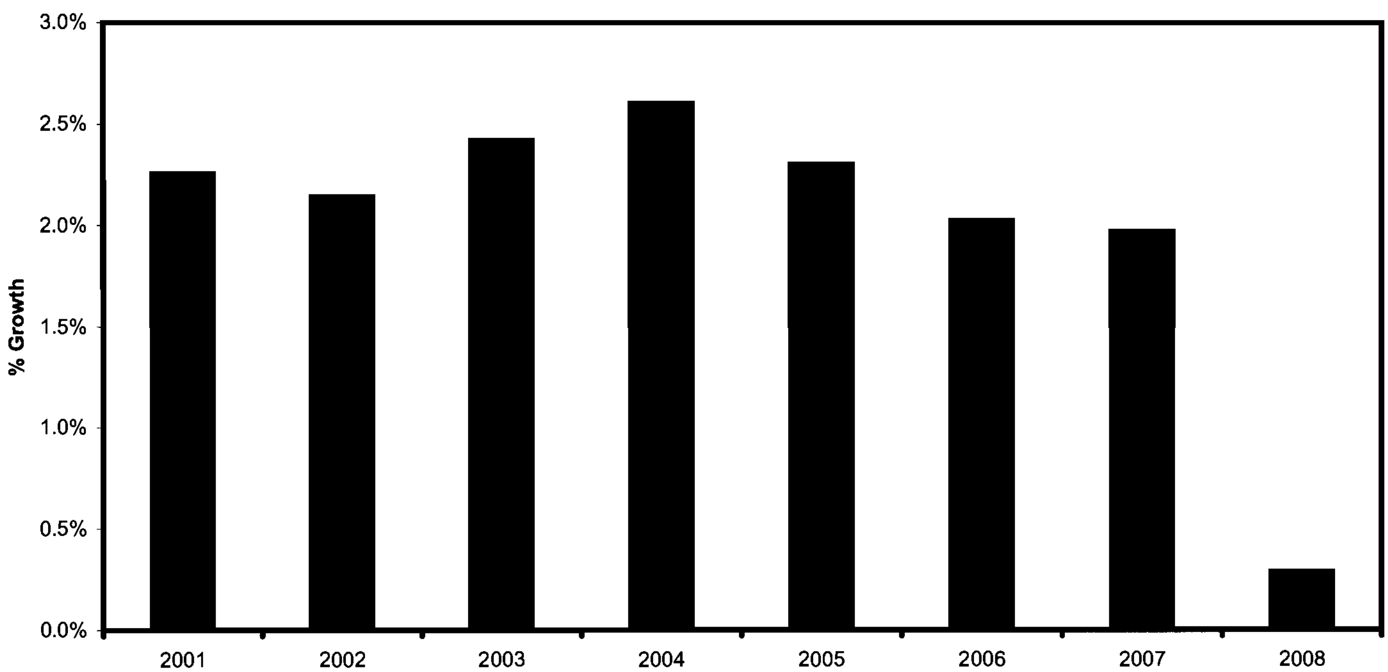


Source: Bureau of Labor Statistics (BLS)


FPL New Service Accounts
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Number of NSA
2001
2002
2003
2004
2005
2006
2007
2008

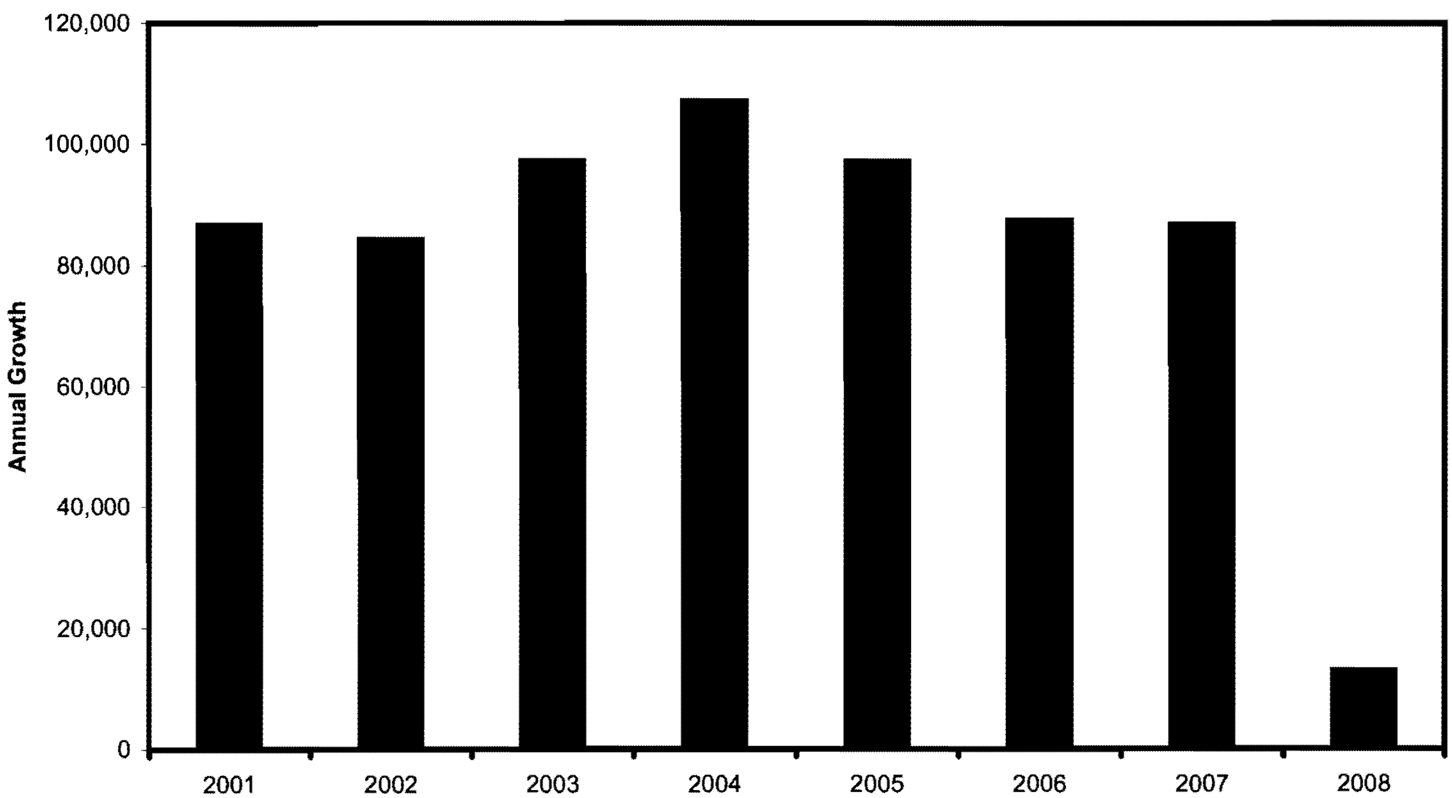
Source: FPL

FPL Total Customer Growth - %



Source: FPL

FPL Total Customer Growth



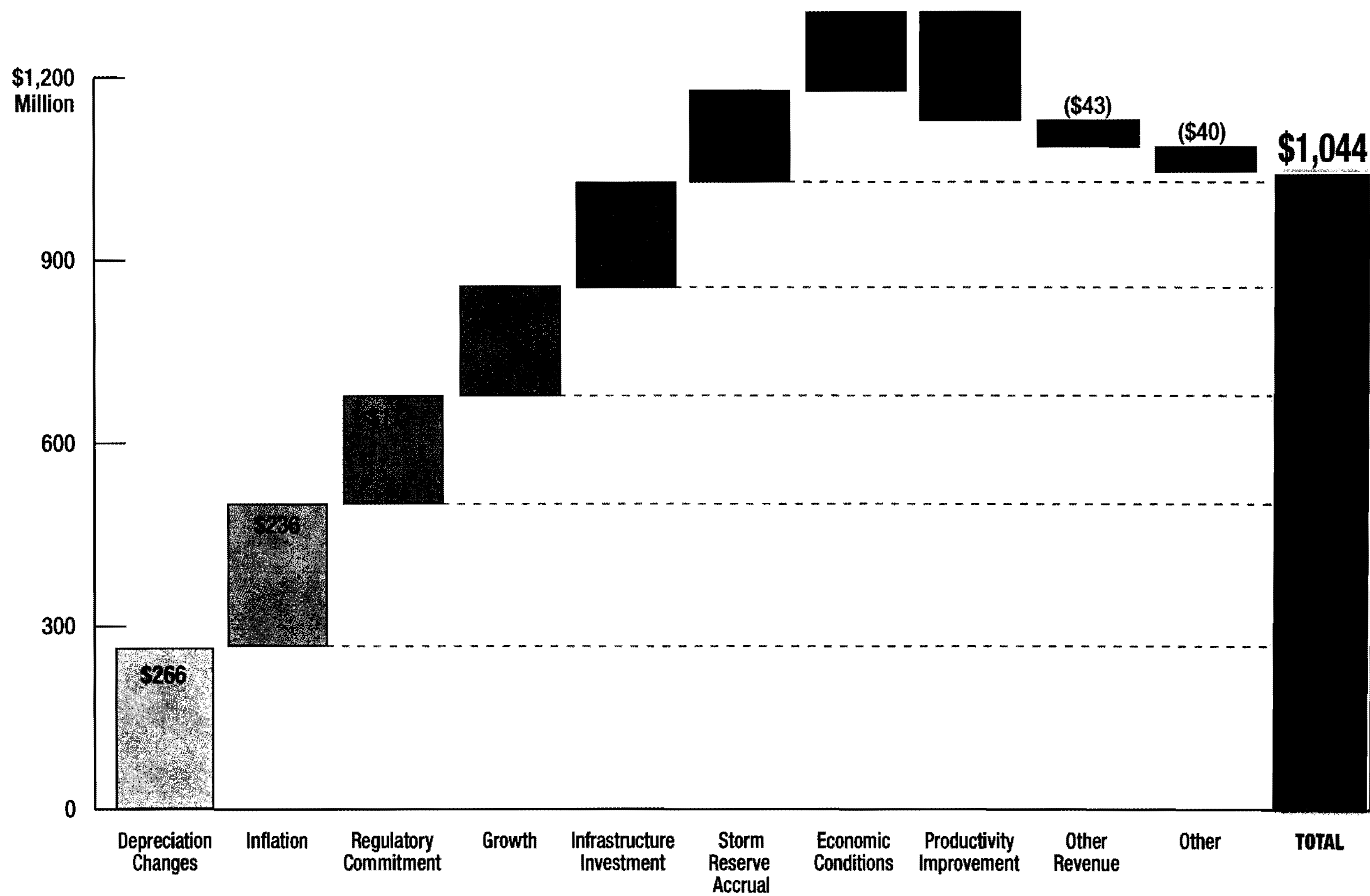
Source: FPL

Capital Expenditure Reductions
Excludes New England Division
($millions)

Business Unit	2008 Original Budget	2008 Year End Actual	2008 Increase (Decrease)	2009 Proposed Budget	2009 Approved Budget	2009 Increase (Decrease)
Power Generation	$ 463	$ 389	$ (74)	$ 418	$ 417	$ (1)
Nuclear	318	316	(2)	596	533	(63)
Transmission	303	259	(44)	281	225	(56)
Distribution	558	440	(118)	604	345	(259)
Customer Service	16	15	(1)	62	54	(8)
Engineering & Construction and Project Development	960	760	(199)	1,111	1,025	(86)
Other	231	138	(93)	187	191	4
Total	$ 2,848	$ 2,317	$ (531)	$ 3,259	$ 2,790	$ (469)

DOCKET NO. 080677-EI
Capital Expenditure Reductions
Exhibit REB-16 Page 1 of 1

Drivers of the Increase in Revenue Requirements 2010

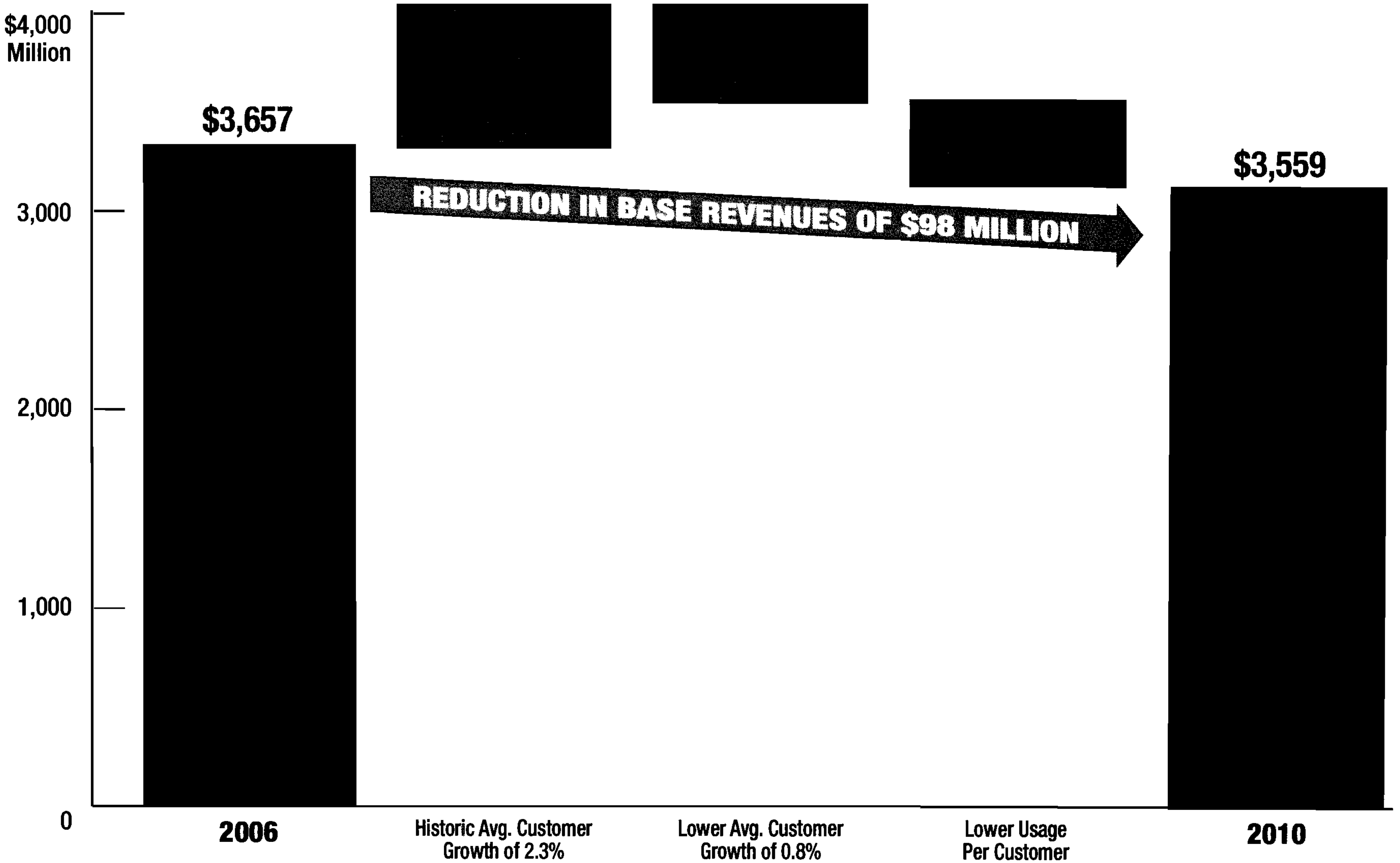


Docket No. 080677-EI
Drivers of Increase in Revenue Requirements for 2010
Exhibit REB-17, Page 1 of 1

FPL Capital Expenditures
1985 through 2008
$ Billions

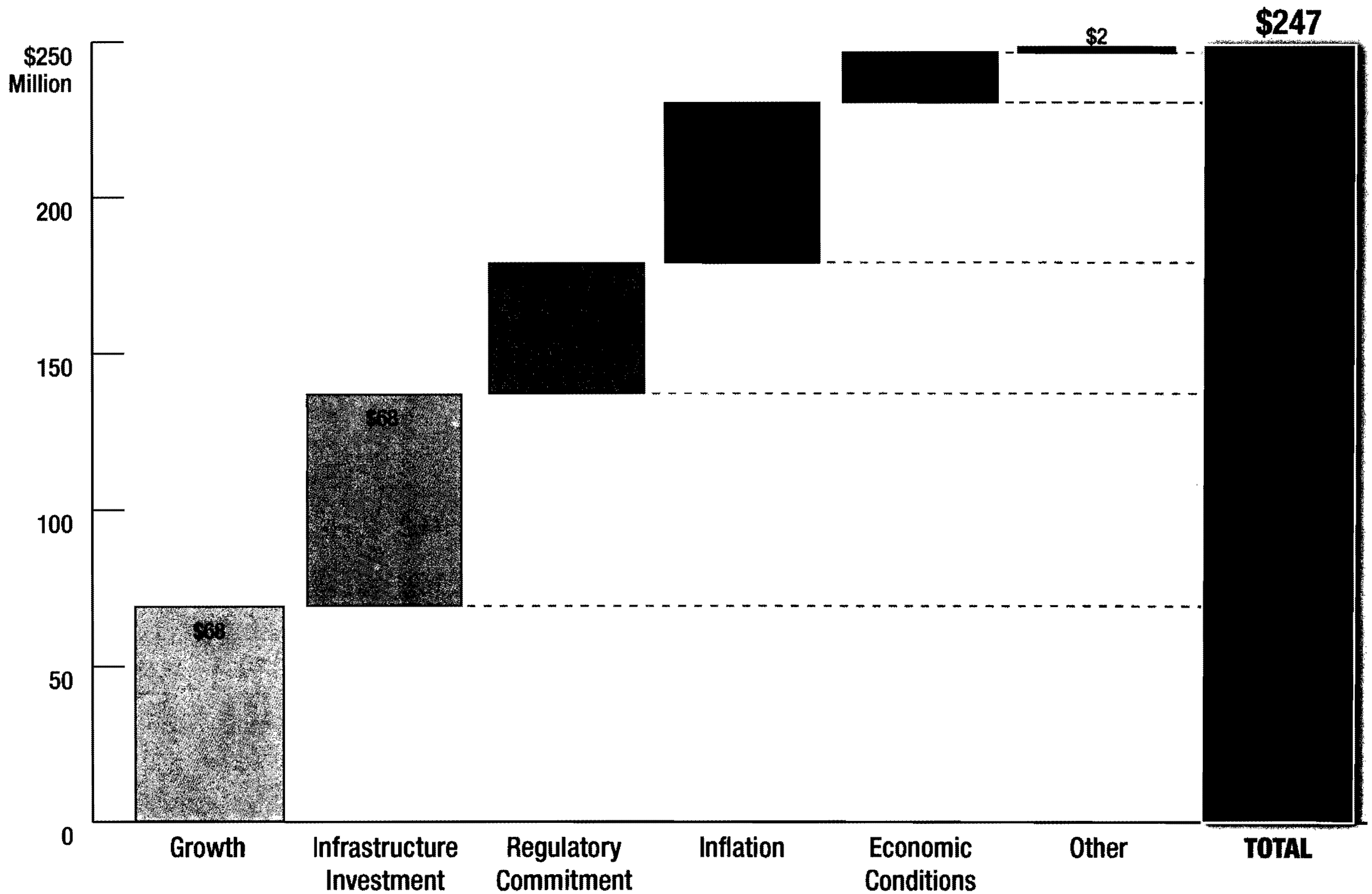
Capacity additions placed in service	
Production plant	$4.6
Transmission interconnection	0.2
Capacity additions in construction work in progress	1.0
Production plant - other	5.9
Transmission	3.2
Distribution	8.5
General	2.6
Total	$25.9

Base Revenue Decline



Docket No. 080677-EI
Base Revenue Decline
2006-2010
Exhibit REB-19, Page 1 of 1

Drivers of the Increase in Revenue Requirements 2011



Docket No. 080677-EI
Drivers of Increase in Revenue
Requirements for 2011
Exhibit REB-20, Page 1 of 1