BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION

DOCKET NO. 120015-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.

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I. INTRODUCTION

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 2004-2011
- REB-6 – FPL's Revenue Request – 2013 vs. 2012
- REB-7 – Drivers of the Increase in Revenue Requirements for 2010-2013
- REB-8 – Impact of Amortization of Surplus Depreciation on 2013 Revenue Requirement

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.

Q. Are you sponsoring or co-sponsoring any schedules in support of FPL's request for a step adjustment to base rates to address the additional revenue requirements associated with the modernization of the Cape Canaveral plant (the "Canaveral Step Increase")?

A. Yes. Exhibit REB-1 also shows my sponsorship and co-sponsorship of the Canaveral Step Increase Schedules.

Q. What are the basis and time periods covered by the MFRs and schedules that FPL is filing in this proceeding?

A. FPL is filing MFRs based upon the forecast process completed in early 2012 and is utilizing a 2013 test year as the basis for its overall jurisdictional revenue calculation. Generally, the periods covered in FPL's MFRs are a 2011 historical year, 2012 prior year, and a 2013 test year. Additionally, FPL has prepared the Canaveral Step Increase Schedules, which follow the format of certain MFRs and show FPL's proposed adjustment for the Canaveral Step Increase to reflect the Cape Canaveral plant being placed into service on June 1, 2013. These Canaveral Step Increase Schedules cover the year ending May 31, 2014, the first year of operations after the Cape Canaveral plant is scheduled to be in service.

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 projected MFRs are based;

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

(3) Explain the major cost drivers since 2010 -- the Test Year in FPL's last base rate proceeding, which was the basis of the 2010 Rate Stipulation and Settlement Agreement, approved by Order No. PSC-11-0089-S-EI (the "2010 Rate Settlement") – that necessitate a rate increase effective January 1, 2013 (the "January 2013 Rate Increase"); and

(4) Discuss the necessity for the Canaveral Step Increase.

Q. Please summarize your testimony.

A. The MFRs filed in this proceeding have been prepared according to FPL's rigorous, established budget/forecast process, relying on inputs from internal and external subject matter 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.

The general business conditions affecting the forecast assumptions are characterized by modest growth and continued inflationary cost pressures. As explained in FPL witness Morley's testimony, though below the levels of growth experienced during the pre-2007 "boom" era, by 2013 FPL expects to have added nearly 100,000 new service accounts since 2010. FPL's investment plans must account for the expected growth in Florida's population and our customer base.

Though inflationary rates continue to remain low by historical standards, cumulatively, general inflation is expected to have added 7.2% to the cost of goods and services as measured by the Consumer Price Index ("CPI") from 2010 through 2013.

FPL's proposed 2013 Base Rate Increase is needed to address increased revenue requirements since 2010, the Test Year last used for establishing base rates. The primary drivers of the change in revenue requirements are: (1) the impact of inflation; (2) a difference in the weighted cost of capital due to the necessary increase in the authorized return on equity ("ROE") partially offset by decreases in other elements; (3) investments in infrastructure that provide long-term economic and/or reliability benefits to customers; (4) the cumulative impact of the accelerated depreciation surplus amortization required by Order No. PSC-10-0153-FOF-EI (the "2010 Rate Order") and effected through the 2010 Rate Settlement; (5) system growth; (6) increased expenditures required for regulatory compliance; (7) productivity gains that have mitigated some of these increases; and (8) revenue growth that partially offsets the growth in revenue requirements. FPL's 2010 Rate Settlement provided a mechanism that has allowed FPL to maintain its earnings at 11% through 2012 given all of the provisions of the agreement. However, the 2010 Rate Settlement expires at the end of 2012 and a base rate increase in 2013 is required to earn an appropriate return after its expiration.

FPL's calculation of the January 2013 Base Rate Increase excludes the revenue requirements for the Canaveral Modernization Project, which is projected to go into commercial operation on June 1, 2013. Accordingly, FPL is requesting a Canaveral Step Increase of $173.9 million, to become effective when the Canaveral Modernization Project begins commercial operation. The Canaveral Step Increase is limited to the revenue requirements associated with the plant and is based on the construction and other costs that are currently estimated in aggregate to be lower than the estimates presented in the need determination for the Canaveral Modernization Project in Docket No. 080246-EI. FPL expects that other cost increases and additional investment unrelated to the Canaveral Modernization Project will exert downward pressure on FPL's earnings beyond the test period, but FPL is not seeking a rate increase at this time to recover any of those other costs.

In the need proceeding for the Canaveral and Riviera Modernization Projects, FPL projected that the plants would provide significant customer savings over the project lives. The Canaveral share of these projected savings is approximately $600 million. Consistent with those projections, the impact of the Canaveral Step Increase is expected to be largely offset by immediate fuel savings for customers. FPL intends to seek approval in the fuel cost recovery proceeding for 2013 fuel factors that would reflect those savings coincident with the projected in-service date of the Canaveral Modernization Project.

The increases in base rates that FPL is requesting in this proceeding are needed to support the investments FPL has made, and must make in order to keep customer bills low, while also maintaining system reliability and increasing the use of clean and efficient generation technologies.

II. 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 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 Review Committee were the FPL Chief Executive Officer and President, the Senior Vice President, Finance and Chief Financial Officer, and the Vice President Controller 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 2012 and 2013 for use in this proceeding. Based upon the expiration of the term on December 31, 2012 of the 2010 Rate Settlement, the Company is proposing that new rates be effective January 1, 2013 at a level sufficient to cover the Company's revenue requirements in 2013, exclusive of the Canaveral Modernization Project. Accordingly, FPL proposes that 2013 be the Test Year in this proceeding. The 2012 budget year is included as the Prior Year consistent with the Commission's filing requirements. FPL has also included Canaveral Step Increase Schedules in support of FPL's requested step increase for the

Canaveral Modernization Project. Those schedules address the 12 months from June 1, 2013 through May 31, 2014, which coincides with the anticipated first year of operation for the project.

Q. Please summarize the process used to develop the forecasts underlying 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 include assumptions for inflation, customer growth, and new service accounts. 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 FPL 2012 Planning and Budgeting Process Guidelines ("Planning Process Guidelines"). (See Exhibit REB-2).

The 2012 planning process resulted in the 2012 O&M and capital budgets, the O&M forecasts for 2013 and 2014 and the forecasted capital expenditures for 2013 through 2016. Using the assumptions and Planning Process Guidelines, each of the major business units prepared a Budget Presentation that described their business unit objectives and goals, key initiatives and specific business unit level assumptions, as well as a preliminary funds request to support those business objectives. In June 2011, each business unit executive presented their Budget Presentation and supporting funds request to the Review Committee in a detailed, individual session. This session offered each business executive the opportunity to present his or her plan and funding request, and to receive feedback from the Review Committee. The open forum format employed in this session allowed for Review Committee collaboration and challenge.

Upon completion of these individual sessions with each business unit and the Review Committee, there were subsequent review meetings where funding requests were again challenged in consideration of the forecasted future demands and opportunities. Final approvals were made in late 2011. Accordingly, the final budgets/forecasts approved by FPL's Review Committee reflect the Company's current and best assessment of the business environment in the test period.

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 the 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. Because this additional level of detail is needed to meet the requirements of certain MFRs, FPL converts the budget and forecasts from an activity level to FERC accounts. The conversion process relies primarily on historical relationships of actual activity costs 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 takes two separate paths. It is fed to the CFM and independently undergoes conversion to FERC accounts, within the SAP system, for subsequent handoff to RIS.

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 2013 Test Year, as it did for the 2012 budget year?

A. Yes. As described above, FPL prepares forecasts of O&M expense for the budget year plus two additional years at an activity level. All three years

(2012, 2013, and 2014) are prepared at a monthly level of detail.

Capital expenditure forecasts are prepared for the budget year, 2012, plus four additional years, 2013 through 2016, at an activity (i.e. project) level of detail. All five years are prepared at a monthly 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. However, for the planning process conducted during 2011, the 2013 Test Year received the same level of close scrutiny by the Review Committee as did the 2012 budget year in anticipation of its use in this proceeding. As a result, FPL's 2013 Test Year forecast is just as reasonable and appropriate for ratemaking purposes as the 2012 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 have varied by only about 1% from budget over the past eight 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.

The overall accuracy of the net income forecast is due in part to the fact that there are always offsetting variances, including weather, that cause some variability in the underlying components of the forecast, but tend to cancel each other out in the determination of net income. 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. Under the 2010 Rate Settlement, one additional factor – amortization of surplus depreciation – also tends to mitigate variability in other underlying components of the forecast.

Q. Does the Company's forecast of revenue requirements in 2013 provide a reasonable basis for evaluating the Company's projected deficiency?

A. Yes. FPL's budgets/forecasts are the products of a rigorous process involving a multi-year planning horizon and have proven to be accurate. The per books budgets/forecasts for 2012 ("Prior Year") and 2013 ("Test Year") were developed, reviewed, and ultimately approved in late 2011 and the subsequent MFRs were developed and approved in early 2012. The assumptions and process used in developing these budgets/forecasts are robust and reasonable, and the budgets/forecasts can be relied upon for rate setting.

III. OVERVIEW OF GENERAL BUSINESS CONDITIONS

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

A. Of all of the metrics that FPL tracks in developing its business and investments plans, two of the most important are customer growth and the impact of inflation on the goods and services the company procures to serve customers. The general business conditions affecting the forecast assumptions are characterized by modest growth and continued inflationary cost pressures. As explained in FPL witness Morley's testimony, though below the levels of growth experienced during the pre-2007 "boom" era, from 2010 through 2013 FPL expects to have added nearly 100,000 new service accounts and will have invested in infrastructure to provide service to them based on projections of population growth in Florida.

Inflation continues to remain low by historical standards. Cumulatively, general inflation is expected to have added 7.2% to the cost of goods and services as measured by the CPI from 2010 through 2013.

IV. DRIVERS OF JANUARY 2013 BASE RATE INCREASE

Q. What is the total amount of FPL's requested base revenue increase in January 2013 and how is it calculated?

A. FPL's requested base revenue increase for January 2013 is $516.5 million and is determined as the difference between FPL's projected net operating income of $1,156 million and FPL's required net operating income of $1,473 million multiplied by the revenue expansion factor of 1.63188. For further detail regarding the calculation of these revenue requirements, please refer to FPL witness Ousdahl's testimony.

Q. Please explain why the January 2013 base rate increase is necessary, given that FPL earned 11% in 2010 and 2011, and is projected to continue doing so in 2012.

A. FPL's revenue requirements have been increasing and will continue to increase beyond the level reflected in the 2010 test year used in FPL's last rate case. FPL was able to earn 11.0% return on equity in 2010 and 2011 largely because of extreme weather that has resulted in exceptionally high sales and hence revenues. By definition, however, extreme weather is not the norm and cannot be counted on for continued high revenues in 2012 and beyond.

FPL projects that it will be able to offset the increased revenue requirements in 2012 only by amortizing $526 million of depreciation surplus. This is much more amortization than FPL used in 2010 and 2011 due to extraordinary weather – and in fact much more than the approximately $224 million per year average that was assumed in the 2010 Rate Order.

By contrast, after the expiration of the 2010 Rate Settlement at the end of 2012 there is projected to be only $191 million of depreciation surplus left to amortize in 2013. This amount is already reflected in, and thus lowering by $191 million, the test year revenue requirements. All other things equal, earnings in 2014 will be $191 million lower compared to 2013, even with the requested base rate relief in 2013.

To put 2013 into the proper perspective, FPL expects to have $335 million less depreciation surplus to amortize in 2013 than the amount it projects to amortize in 2012, which together with the impact of the increase to rate base resulting from the amortization, creates a need for $367 million in additional revenues. Thus, while the 2010 Rate Settlement has allowed FPL to consistently maintain an 11.0% return on equity from 2010 to 2012, it offers no solution to FPL's need for additional revenues in 2013 and beyond.

Furthermore, the 2010 Rate Settlement only permits FPL to earn up to an 11.0% return on equity. This is below the appropriate equity return for FPL of 11.5% that is explained in the testimony of FPL witness Dewhurst. As part of the give and take of settlement negotiations, FPL agreed to accept this lower return on equity for the limited duration of the 2010 Rate Settlement. The revenue requirements associated with allowing FPL an opportunity to earn an appropriate equity return is $80 million.

In addition to the impacts of surplus and return on equity, other net revenue requirements are expected to grow about $70 million from 2012 to 2013.

Exhibit REB-6 depicts these increases in revenue requirements from 2012 vs. 2013.

Q. What are the primary drivers of the net increase in revenue requirements relative to the 2010 Test Year used for setting rates in 2010?

A. The primary drivers of the change in revenue requirements are depicted on Exhibit REB-7 and are: (1) the impact of inflation; (2) a difference in the weighted cost of capital due to the necessary increase in the authorized return on equity partially offset by other decreases in other elements; (3) investments in infrastructure that provide long-term economic and/or reliability benefits to customers; (4) the cumulative impact of the accelerated depreciation surplus amortization required by 2010 Rate Order and effected through 2010 Rate Settlement; (5) system growth; (6) increased expenditures required for regulatory compliance; (7) productivity gains that have mitigated some of these increases; and (8) revenue growth that partially offsets the growth in revenue requirements. Each of these drivers will be discussed individually, and are summarized as follows:

Inflation	$162 million
Difference in Weighted Average Cost of Capital	$122 million
Long Term Infrastructure Investments	$116 million
Surplus Depreciation Amortization	$104 million
System Growth	$ 65 million
Regulatory Commitments	$ 56 million
Productivity Improvements	($ 76) million
Revenue Growth	($ 32) million
TOTAL	$517 million

Q. Please define the Inflation driver and explain its cumulative impact and the contribution of this driver to the revenue increase.

A. Inflation represents the increased costs for goods and services in 2013 compared to the same goods or services in 2010. Generally, the period from 2010 through 2013 can be characterized as inflationary. Changes to the CPI since 2010, including the forecast through 2013, indicate that inflation will have added 7.2% to the cost of goods and services in 2013 relative to 2010. The forecast of CPI from 2010 through 2013 is derived from third party subject matter 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.

The revenue requirements of the Company in 2013 reflect the increased cost of providing electric service due to three years of cost escalations. The impact of inflation increases revenue requirements by $162 million.

Q. Please explain the Difference in Weighted Average Cost of Capital and its contribution to the revenue increase.

A. The 2013 weighted cost of capital is 0.73% higher than the 2010 weighted cost of capital that was approved in the 2010 Rate Order, which included a 10% ROE. The difference is primarily driven by the required increase in ROE, a reduction due to a higher level of deferred taxes, and to a lesser extent a decrease in customer deposit balances.

As described by FPL witness Dewhurst, FPL is requesting a return on equity, including a 25 basis point performance adder, of 11.5%.

Deferred taxes increased from 17.23% of the capital structure per the 2010 Rate Order to 20.75% in the 2013 Test Year, primarily as the result of bonus depreciation on eligible new investments in the infrastructure. Deferred taxes have a 0% cost basis in the capital structure, so the increased proportion of deferred taxes lowers the weighted average cost of capital.

In total, the net effect of the items mentioned above results in increased revenue requirements of $122 million.

Q. Please describe the Long Term Infrastructure Investments that have and will deliver improved economic benefit and/or system reliability and the projected impact on the revenue increase.

A. Investments that provide long term customer benefits do so by providing direct operating or maintenance costs savings, increasing system efficiency, providing fuel and emission savings, and/or enabling the Company to maintain or improve system reliability. These investments by their very nature provide those types of benefits over the long term.

For example, from 2010 through 2013, FPL will have invested more than $400 million to complete its smart meter initiative. As described by FPL witness Santos, smart grid technologies will help to build a stronger, smarter, cleaner, and more efficient electrical infrastructure. The Commission's approval of FPL's smart meter initiative allowed us the opportunity to receive a $200 million grant from the Department of Energy. This initiative will provide customers with the opportunity to better understand and manage their energy use and realize savings through the use of the tools provided by the smart meter initiative.

As described by FPL witness Kennedy, another example is FPL's investment in upgrading the hot gas path parts of the combustion turbines ("CTs") that are a central component for many of FPL's highly efficient, low-emission combined cycle units. From 2010 through 2013, the Company will have invested more than $250 million. In addition, other overhaul-related expenditures of more than $750 million from 2010 to 2013 will be performed on the CT sites in order to continue to provide cleaner and more efficient energy production customer benefits over the period.

The substation and transmission improvement programs, as described by FPL witness Miranda, use innovative technology and systems upgrades to prevent outages and reduce restoration time thereby improving reliability and increasing customer satisfaction. These investments total approximately $190 million.

Distribution infrastructure investments of over $730 million are planned in order to continue to provide superior reliable service to our customers, in an efficient manner. Of this amount, as described by FPL witness Hardy, approximately $210 million will be invested in the rehabilitation of over 5 million feet of lateral and feeder cable and $220 million will be incurred to provide coverage, repair and response to outages within the system, as well as respond to customer inquiries and relocation projects.

In total, investments that provide long term benefits to customers and that will result in a stronger more reliable infrastructure, have increased net revenue requirements in 2013 by $116 million.

Q. Please explain the cumulative impact of the accelerated Depreciation Surplus Amortization and its contribution to the increase in revenue requirements.

A. In the 2010 Rate Order, the Commission directed FPL to amortize approximately $895 million of depreciation reserve surplus over four years, equivalent to approximately $224 million per year. This amortization is recorded as a credit to depreciation expense and a debit to the accumulated depreciation reserve (i.e., an increase to rate base). The 2010 Rate Settlement preserved the four-year amortization of the approximately $895 million reserve surplus, but gave the company flexibility in the timing of that amortization during the 2010-2012 settlement term so long as FPL's return on equity did not exceed 11%.

This flexibility was one of the key features of the 2010 Rate Settlement. For the period 2010-2012, by amortizing non-cash surplus depreciation, the Company was able to offset rising costs including the significant gap between the 10% ROE established in the 2010 Rate Order and the 11% ROE that the 2010 Rate Settlement enabled FPL to earn. In 2010, extreme weather almost completely offset the need to use surplus depreciation to earn a return on equity of 11%. For 2011, above normal weather limited the use of surplus depreciation in the forecast to $174 million. As weather effects cannot be forecast, FPL projects that it will need to amortize much more of the surplus in 2012 based on normal weather assumptions. In fact, to maintain a return on equity of 11% the Company projects that it will have to amortize $526 million in 2012. This means that FPL will only have $191 million of the original approximately $895 million in surplus depreciation left to amortize in 2013, still a significant non-cash credit to earnings.

Accelerated depreciation surplus amortization increases 2013 revenue requirements due to the higher rate base that is being created as surplus is returned to customers. As all plant must ultimately be paid for by customers through depreciation, the surplus credit is a temporary reduction in rates. Once returned, the resulting rate base increase must be recovered once again. The 2013 Test Year includes an increase in average rate base of $687 million compared to 2010, as a direct result of the Commission's requirement that FPL reverse approximately $895 million of previously recorded depreciation over the 2010-2013 period. This $687 million increase in rate base must be supported by additional revenues in 2013, just as if FPL had invested that amount in new plant in service. The revenue requirement associated with this incremental rate base is $71 million.

In addition, the difference in the amortization amount of reserve surplus projected to remain for amortization in 2013 ($191 million) versus the amortization amount included in the 2010 Test Year upon which base rates were set (approximately $224 million) increases 2013 revenue requirements by $33 million. Both of these effects are shown on Exhibit REB-8.

In total, the unprecedented Commission decision in the 2010 Rate Order, as implemented by the 2010 Rate Settlement, requiring the flowback of depreciation surplus on an accelerated basis has increased revenue requirements in 2013 by $104 million.

Q. Please explain the impact of System Growth, and the contribution of this driver to the revenue increase.

A. System Growth represents the revenue requirements associated with the addition of new service accounts to the system. The total increase to revenue requirements in 2013 related to System Growth is $65 million.

Costs associated with the Canaveral Modernization Project will be recovered through a requested step increase. See the "Necessity for the Canaveral Step Increase" section of this testimony. Costs and related revenues associated with West County Unit 3 are already being recovered through base revenues as explained by FPL witness Ousdahl.

From 2010 through 2013, FPL estimates that it will add nearly 100,000 new service accounts as described in FPL witness Morley's testimony. 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 accounts.

Investment in distribution infrastructure to support new service accounts is projected to add approximately $20 million in revenue requirements. The types of expenditures incurred to establish new service accounts are explained by FPL witness Hardy.

To meet forecast growth and changing load patterns, FPL will incur costs which will add $14 million of revenue requirements to perform growth-related upgrades to the transmission system. An example of this is the Bobwhite-Manatee expansion project as discussed by FPL witness Miranda.

Q. Please explain the increased investments to meet Regulatory Commitments and the projected contribution to the revenue increase.

A. The Regulatory Commitments driver reflects an increase in base revenue requirements of $56 million from 2010 to 2013 related to investments and activities undertaken as required by state and federal governmental and regulatory bodies. Storm hardening and other storm-related commitments made to this Commission is the largest component of this driver. FPL will incur $315 million in storm-related expenditures during this period. These expenditures are discussed by FPL witnesses Hardy and Miranda. Another major area of expenditures are those related to increased compliance costs for

North American Electric Reliability Corporation ("NERC") and Federal Energy Regulatory Commission ("FERC") reliability issues, as well as requirements of this Commission to keep the transmission infrastructure serviceable and reliable. These areas represent expenditures of $116 million. These expenditures are discussed by FPL witness Miranda.

Q. Please describe the projected reduction in revenue requirements resulting from Productivity Improvements.

A. FPL is projecting a reduction in revenue requirements of $76 million. This is due to FPL's successes in streamlining processes and in performing certain activities at a lower cost in 2013, adjusted for inflation and customer growth, than it cost to perform those same activities in 2010.

The productivity improvements that support this reduction are evident across the company and support FPL's initiatives to keep operating and maintenance expenses down, in order to save our customers money without sacrificing service. The efforts of the Customer Service function alone will result in a $30 million reduction in revenue requirements from the 2010 filing with commission adjustments. This will be accomplished through initiatives and process improvements as discussed by FPL witness Santos.

The resource management efforts of FPL's Nuclear function have reduced 2013 revenue requirements by $20 million when compared to 2010. As discussed in the testimony of FPL witness Stall, this is primarily the result of focused effort to retain our workforce through the economic downturn, as well as the use of more flexible fleet contractual arrangements.

The Human Resources business unit, largely through successful management of the Company's health care program and costs, was able to reduce revenue requirements by approximately $40 million since 2010. The Company's successful cost control strategy has included a variety of plan designs initiatives as outlined in FPL witness Slattery's testimony.

Throughout the rest of the organization, business units have been able to find efficiencies to manage costs to a growth rate less than customer growth and inflation. These types of ongoing productivity improvements enable FPL to mitigate some of the inflation cost pressures and thus help keep FPL's costs among the lowest in the industry.

Q. Please describe the impact of Revenue Growth on revenue requirements.

A. Retail base revenue resulting from increased sales reflects modest growth resulting in a decrease in revenue requirements of $55 million. Other base revenues decrease by $23 million, however, resulting in a corresponding increase to revenue requirements due to lower service charges. The net impact is a decrease of FPL's revenue requirements in 2013 by $32 million.

V. NECESSITY FOR THE CANAVERAL STEP INCREASE

Q. Why is FPL requesting a step increase in base rates in mid-2013 for the incremental revenue requirements for Cape Canaveral?

A. FPL has excluded the revenue requirements associated with the Canaveral Modernization Project from its 2013 Test Year forecasts because the unit is not expected to go into service until approximately the middle of the test year. FPL is proposing to begin recovering the first-year revenue requirements when the Canaveral Modernization Project goes into service. FPL will request that its 2013 fuel cost recovery factors be reduced as of June 1, 2013 to best match recovery of the step increase with its associated fuel savings. This rate change synchronization is analogous to that used for each of the last several gas-fired combined cycle units the company has placed into service.

The Canaveral Step Increase will be limited to the revenue requirements associated with the Canaveral Modernization Project, and is based on the current forecast of the construction and other costs that are lower than the estimates that were projected as part of the need determination for the Canaveral Modernization Project in Docket No. 080246-EI. FPL expects that other cost increases and additional investment during the period following the in-service date of the modernization project will exert downward pressure on FPL's earnings, but it is not seeking a rate increase at this time to recover any of those other costs.

Q. Why is FPL requesting a step-up in June for Canaveral rather than including the 2013 portion of its revenue requirements in the Test Year?

A. The Canaveral Step Increase does a much better job of synchronizing base rate recovery for the Canaveral Modernization Project with the reduction in Fuel Clause factors resulting from its efficiency. Beyond the benefits of this synchronization, however, the Canaveral Step Increase also will avoid building in an under-recovery for the Canaveral project's revenue requirements.

Let me explain how this problem would arise if the Canaveral Modernization Project were included in the January 2013 Base Rate Increase. The 2013 revenue requirements for Canaveral are approximately $105 million, representing the first seven months of operation (i.e., June through December). If the Company were to receive only the 2013 portion of the annual revenue requirements for Canaveral it would begin to under-earn on Canaveral beginning in January 2014 and would be approximately $70 million under-earning on an annual basis thereafter.

Q. What is the impact on the projected ROE in 2013 due to the Canaveral Step Increase?

A. The Canaveral Step Increase is designed to preserve FPL's opportunity to earn its requested ROE of 11.50% over the first year after the Canaveral Modernization Project goes into service. Due to the pattern of sales, June 2013 through December 2013 contains slightly more than seven-twelfths of the sales for the full year, which is primarily responsible for the A-SUM Canaveral Step Increase schedule (refer to exhibit REB-1) showing slightly more revenues than are needed to cover the revenue requirements of the Canaveral Modernization Project for that seven-month period. That phenomenon reverses itself in the January to May period, however, when sales are slightly less than five-twelfths of a full year.

Q. **Does this conclude your direct testimony?**

A. Yes.

SUMMARY OF MFRS AND SCHEDULES SPONSORED IN WHOLE OR IN PART BY ROBERT E. BARRETT, JR.

MFR or Schedule	Period	Title
SPONSOR		
B-3	Test	13 Month Average Balance Sheet - System Basis
B-3	Prior	13 Month Average Balance Sheet - System Basis
B-5	Test/Prior	Detail of Changes in Rate Base
B-7	Test	Plant Balances By Account and Sub Account
B-8	Test	Monthly Plant Balances Test Year - 13 Months
B-9	Test	Depreciation Reserve Balances By Account and Sub Account
B-10	Test	Monthly Reserve Balances Test Year - 13 Months
B-11	Test/Prior/Historic	Capital Additions and Retirements
B-14	Test	Earnings Test
B-21	Test	Accumulated Provision Accounts - 228.1, 228.2, and 228.4
C-19	Test	Amortization/Recovery Schedule - 12 Months
C-20	Test	Taxes Other Than Income Taxes
C-20	Prior	Taxes Other Than Income Taxes
CO-SPONSOR		
B-6	Test	Jurisdictional Separation Factors - Rate Base
B-12	Test	Net Production Plant Additions
B-12	Prior	Net Production Plant Additions
B-13	Test	Construction Work in Progress
B-16	Test	Nuclear Fuel Balances
B-16	Prior	Nuclear Fuel Balances
B-17	Test/Prior	Working Capital - 13 Month Average
B-22	Test/Prior/Historic	Total Accumulated Deferred Income Taxes
B-23	Test/Prior/Historic	Investment Tax Credits - Annual Analysis
B-24	Test/Prior	Leasing Arrangements
C-4	Test	Jurisdictional Separation Factors - Net Operating Income
C-5	Test	Operating Revenues Detail
C-6	Test/Prior/Historic	Budgeted Versus Actual Operating Revenues and Expenses
C-8	Test/Prior	Detail of Changes in Expenses
C-10	Test	Detail of Rate Case Expenses for Outside Consultants

C-12	Test/Historic	Administrative Expenses
C-14	Test	Advertising Expenses
C-15	Test	Industry Association Dues
C-16	Test	Outside Professional Services
C-21	Test/Prior/Historic	Revenue Taxes
C-23	Test/Historic	Interest In Tax Expense Calculation
C-29	Test/Prior/Historic	Gains and Losses on Disposition of Plant and Property
C-33	Test/Prior/Historic	Performance Indices
C-36	Test/Prior/Historic	Non-Fuel Operation and Maintenance Expense
C-37	Test	O&M Benchmark Comparison By Function
C-42	Test/Prior/Historic	Hedging Costs
C-43	Test/Prior/Historic	Security Costs
D-1a	Test	Cost of Capital - 13 Month Average
D-1a	Prior	Cost of Capital - 13 Month Average
D-6	Test	Customer Deposits
D-6	Prior	Customer Deposits
F-5	Test	Forecasting Models
F-8	Test	Assumptions

CANAVERAL STEP INCREASE SCHEDULES SPONSORED OR CO-SPONSORED		
	Period	**Title**
B-6	CC Adjustment	Jurisdictional Separation Factors - Rate Base
B-8	CC Adjustment	Monthly Plant Balances Test Year - 13 Months
B-10	CC Adjustment	Monthly Reserve Balances Test Year - 13 Months
C-4	CC Adjustment	Jurisdictional Separation Factors - Net Operating Income
C-20	CC Adjustment	Taxes Other Than Income Taxes
C-23	CC Adjustment	Interest In Tax Expense Calculation
D-1a	CC Adjustment	Cost of Capital - 13 Month Average
A-SUM	CC Adjustment	2013 Rate of Return Calculation with the January 1 General and June 1 Canaveral Step Increases

Florida Power & Light Company

2012

Planning and Budgeting Process

Guideline

Contents

(1) see Excel file: FPL_2012_PlngProc_Sec3_Apndx.xls)

2012 Planning and Budgeting Process Calendar

Item	Date	Day	Action / Deliverable / Event	Comment / Reference
1	9-Apr	Fri	Planning Assumptions and Guidelines issued.	Provided by Corporate Budgets.
2	11-Apr	Mon	Units begin to develop 2012-2014 O&M budgets and 2012-2016 Capital Budgets.	Guidance given by Corp Budgets.
3	27-May	Fri	Units submit Budget Presentation to Corp Budgets in advance of Armando Olivera (AJO) Budget Review Meeting.	Applies to all business units. See Section 1, Pages 1-6.
4	9-Jun	Thur	**Armando Olivera Budget Review Meeting** Business units present to AJO & Budget Review Committee.	Applies to certain business units. See Section 1, Page 8.
5	27-Jun	Mon	Units submit Budget Presentations to Corp Budgets in advance of Jim Robo (JR) Budget Review Meeting.	Applies to all business units. See Section 1, Pages 1-6.
6	1-Jul	Fri	Those business units with budget activities related to the Affiliate Management Fee, Affiliate Service Fees, or Affiliate Direct Charges, load all budget details for those budget activities, for 2012-2014.	Applies to all business units. See Section 2, Page 3.
7	8-Jul	Fri	**Benchmark:** business unit detail budgets for all required periods should be substantially complete in SEM SAP.	No deliverable at this time. See Item 11.
8	11-Jul	Mon	AJO review of the current status of 2012 Plan with Corp Budgets prior to the 7/14 JR meeting.	No unit participation required at this time.
9	13-Jul	Wed	All business units load all budget details, for all expense types, for the remaining months of 2011.	Applies to all business units. See Section 2, Page 3.
10	14-Jul	Thur	**Jim Robo Budget Review Meeting** Corp Budgets presents to JR, AJO & Budget Review Committee.	No unit participation required at this time. See Section 1, Page 8.
11	22-Jul	Fri	All business units load all **final** budget details, for all expense types and work force, for 2012-2014. All business units load all **final** budget details, for all capital expense types, for 2015-2016. All business units submit all **final** required supporting schedules, for 2012-2014.	Applies to all business units. See Section 2, Pages 2-3.
12	3-Aug	Wed	Units submit **final** Budget Presentations to Corp Budgets in advance of Lew Hay (LH) Budget Review Meeting.	Applies to all business units. See Section 1, Pages 1-6.
13	17-Aug	Wed	**Lew Hay Budget Review Meeting** FPL Final Budget Review Mtg with LH, JR, AJO & Budget Review Committee.	No unit participation required at this time. See Section 1, Page 9.
14	22-Aug	Mon	If necessary, all business units update all deliverables submitted on July 22 (Item 11 above)	Applies to all business units. See Section 2, Pages 2-3.
15	31-Aug	Wed	If necessary, all business units update Budget Presentations submitted on August 3 (Item 12 above)	Applies to all business units. See Section 1, Page 9
16	30-Nov	Wed	All business units submit updated Performance Measure sheets	Applies to all business units. See Section 2, Page 3.

Overview of 2012 Planning and Budgeting Process

Section 1 of the 2012 Planning Process Guideline provides instructions for preparing the business unit budget presentations.

Section 2 of the Guideline provides instructions for preparing the supporting data schedules and the on-line detail budgets.

Section 3 of the Guideline is an appendix that includes the templates and data schedules referenced in Sections 1 and 2, as well as other reference material.

Review the entire Guideline carefully as there have been numerous modifications from last year. Throughout Section 2 of the Guideline there are symbols in the right hand margin indicating “New” requirements and providing a “Reminder” for important existing requirements.

This year’s planning and budgeting cycle is the last time that we will use SEM SAP to load detail budgets. Once funding levels are approved and final detail budgets are loaded the detail budgets will be converted to IP SAM.

To facilitate the conversion, there are two significant changes we are making to how we load detail budgets this year. For this planning cycle, monthly payroll will be budgeted based on work days, not pay period closings. Also, business units will not budget for the March payout of incentives. Incentives will become a payroll overhead to be applied to all budgeted exempt payroll during conversion.

The conversion process will apply the appropriate payroll overheads to all budgeted payroll; therefore, business units should not budget for any payroll overheads during this planning cycle.

The results of this year’s planning and budgeting cycle will serve as an input for many of the schedules that will be prepared for the upcoming rate case. In an effort to ensure the quality and accuracy of the budgets underlying the rate case, a corporate team will review each business unit’s detail budget to evaluate important budget design elements such as the correct use of budgeted expense types and the relationship of payroll cash flows to work force budgets. Towards the end of the planning cycle, individual review sessions will be scheduled with the major line and staff business units, while the smaller units will be handled on an exception basis.

For this year’s planning cycle, <u>two deliverables normally required have been eliminated</u>: the R-Schedule and the Five Year Capital Forecast. The information previously provided in the R-Schedule will be obtained from the various elements of the Budget Presentation. The requirements of the Five Year Capital Forecast will be satisfied by extending the capital detail budgets by two years. The elimination of these deliverables will reduce both preparation time and the need to reconcile related schedules. However, to ensure that the information previously provided by these documents is still available to Corporate Budgets, it is imperative that all required elements of Business Plan be present and the instructions for developing capital budgets be followed carefully.

Florida Power & Light Company

2012 Planning and Budgeting Process Guideline

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Section 1

Developing Budget Presentations

Budget Presentation Development

This section provides the requirements for the development of the Budget Presentation deliverable.

All business units are required to prepare a Budget Presentation deliverable for submittal to Corporate Budgets (see Calendar Items 3, 5, and 12).

The Budget Presentation must contain the following sections:

1. **Objectives and Goals**

   List the business unit's objectives and goals. Objectives and goals should state ***what*** the business unit intends to accomplish and should support both corporate and business unit priorities.

2. **Key Initiatives**

   List the business unit's key initiatives. Key initiatives should state ***how*** the business unit intends to accomplish its objectives and goals.

3. **Assumptions**

   List the assumptions on which the business unit's plans and budgets are based. Assumptions should include any internal or external influences such as work force reductions/increases, changing operational requirements, economic factors, and regulatory, political and social developments.

4. **Benchmarking and Performance Indicators**

   Identify relevant business unit performance measures, and compare the unit's performance to the industry's performance, or another relevant benchmark, using graphs or tables, as appropriate.

   Performance measures should be both financial (cost) and operational (quality). Include at least five years of performance if the data is available. Identify the industry average, as well as the top quartile and the top decile entry points where available.

   If your unit's performance is below the top quartile entry point on a particular indicator, use Section 2 - Key Initiatives to identify efforts to close the gap.

5. Cost and Employment Summaries

Prepare separate schedules identifying your business unit's Base O&M, Below the Line and Total Capital funding requirements, FPL Employment levels, and Gross Payroll. Units may develop their own forms, patterned after the examples, or use the blank templates provided in the appendix.

For each cost schedule, list the major projects and activities to be under taken by your unit for the years identified. ***Select a level of detail appropriate for a thorough senior executive review.*** For each project and activity, identify the performance indicators impacted and be prepared to discuss the risk if funding is not approved.

Base O&M
Business Unit: ______________________
($millions) or ($thousands)

Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Performance Measure Impacted
Project / Activity 1								
Project / Activity 2								
Project / Activity 3								
Project / Activity 4								
Project / Activity 5								
Project / Activity 6								
Project / Activity 7								
Project / Activity 8								
Project / Activity 9								
Project / Activity 10								
Total Base O&M								

Below the Line
Business Unit: ______________________
($millions) or ($thousands)

Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Performance Measure Impacted
Project / Activity 1								
Project / Activity 2								
Project / Activity 3								
Project / Activity 4								
Project / Activity 5								
Project / Activity 6								
Project / Activity 7								
Project / Activity 8								
Project / Activity 9								
Project / Activity 10								
Total Below the Line O&M								

The Total Capital schedule should be stratified into base capital and clause recoverable capital, with sub-totals for each, per the example.

Total Capital
Business Unit: ______________________
($millions) or ($thousands)

Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Performance Measure Impacted
Base Capital								
Project / Activity 1								
Project / Activity 2								
Project / Activity 3								
Total Base Capital								
Conservation Clause								
Project / Activity 4								
Environmental Clasue								
Project / Activity 5								
Total Clause Capital								
Total Capital								

On the FPL Employee / Gross Payroll schedule, count part time positions as 1.0 each. Do not use the detail budgeting and reporting convention of counting part timers as 0.5 each. Also, 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), but do not include payroll charged to you from other units or non-utility entities.

FPL Employees / Gross Payroll
Business Unit: ______________________

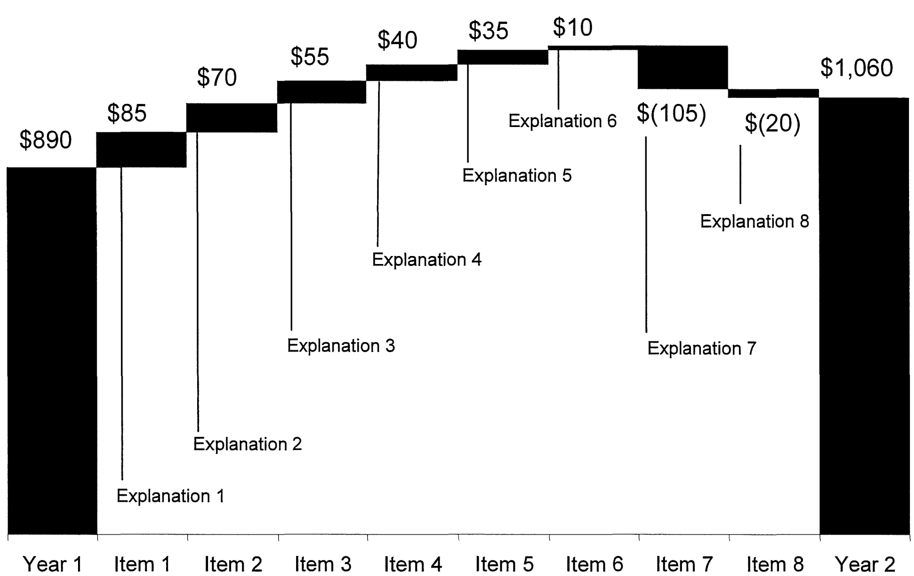
Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Approved	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast
Full Time (excluding Temporaries)								
FPL Exempt								
FPL Non-Exempt								
FPL Bargaining Unit								
Total FPL Full Time Employees								
Part Time (count each as 1.0)								
FPL Exempt								
FPL Non-Exempt								
FPL Bargaining Unit								
Total FPL Part Time Employees								
Total FPL Employees (excluding Temporaries)								
Gross Payroll								
(Includes Regular, Overtime, Unit Recognition Progs,								
(Lump Sum, Other Earnings, and LTI / Defered Comp)								

6. Operating Expense Walks

Prepare separate waterfall charts for Base O&M and Below the Line expenses for each of the following comparisons:

- 2011 Current Approved Budget to 2011 Forecast
- 2011 Forecast to 2012 Funds Request
- 2012 Funds Request to 2013 Funds Request
- 2013 Funds Request to 2014 Funds Request

Include a brief explanation for each step-up and step-down on the chart.



7. FPL Employee Walk

Prepare a schedule for each of the following FPL employee comparisons:

- 2011 Current Approved Budget to 2011 Forecast
- 2011 Forecast to 2012 Funds Request
- 2012 Funds Request to 2013 Funds Request
- 2013 Funds Request to 2014 Funds Request

8. Charges to Affiliates

Prepare separate schedules identifying your business unit's costs that will be allocated, in part or in whole, to affiliated companies. Units may develop their own forms, patterned after the examples, or use the blank templates provided in the appendix.

List the major projects and activities to be under taken by your unit for each of the allocation methods listed below. ***Select a level of detail appropriate for a thorough senior executive review.***

- Affiliate Management Fee Pools (Expense Type 1 - Base O&M)
- Service Fees (Expense Type 1 - Base O&M)
- Direct Charges (Expense Type G - Direct Charges)

In the case of Affiliate Management Fee Pools, indicate the driver of any cost increases. In the case of Service Fees and Direct Charges, indicate the entity being charged. Report all costs as they are to be incurred by the business unit. ***Do not add loaders and do not apply any allocation rates to the costs reported.***

Affiliate Management Fee Pools
Business Unit: ______________________
($millions) or ($thousands)

Project / Activity	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Drivers
Project / Activity 1							
Project / Activity 2							
Project / Activity 3							
Project / Activity 4							
Project / Activity 5							
Total AMF Pools							

Service Fees and Direct Charges
Business Unit: ______________________
($millions) or ($thousands)

Project / Activity	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Charged To (check box)		
							NextEra Energy, Inc. (Corporate)	NextEra Energy Resources	Other (FiberNet, FPLES, etc)
Service Fees									
Project / Activity 1									
Project / Activity 2									
Total Service Fees									
Direct Charges									
Project / Activity 3									
Project / Activity 4									
Total Direct Charges									

9. Transfer of Resources Between Business Units

As a matter of company practice, a business unit is not permitted to assign its existing budget resources, and or budget responsibilities, to another business unit, unless directed to do so by executive management.

If a business unit has been directed by executive management to transfer resources to another unit, then the affected units should reflect the transfer in their respective budget presentations, identifying the transfer as a separate line item in steps 3, 5, 6 and 7 above. Neither unit should net the transfer with other processes or activities such that the reduction and addition and cannot be reconciled by Corporate Budgets during its review of the units' budget presentations.

If a business unit believes there is a business basis for a transfer of resources, the business unit may propose such a transfer during the annual planning and budgeting process. However, the business unit may not unilaterally reflect the transfer in its budget presentation. The business unit must coordinate the transfer through the Corporate Budgets Director Guy Casaceli to obtain Corporate Budgets concurrence and to ensure the receiving business unit is notified of the proposal. Business unit resource transfer proposals will be evaluated on a case by case basis. Both units may be instructed to reflect the transfer in their respective budget presentations as described in the paragraph above, or the proposal may deferred for executive consideration at the next scheduled budget review meeting.

Budget Review Committee

The Budget Review Committee for the 2012 planning cycle will include the following individuals:

- FPL President & Chief Executive Officer – Armando Olivera
- FPL Group Senior Vice President Finance and Chief Financial Officer – Armando Pimentel
- FPL Vice President Finance – Bob Barrett
- FPL Group Senior Vice President Strategy, Policy and Business Process Improvement – Chris Bennett
- FPL Vice President Controller and Chief Accounting Officer – Kim Ousdahl
- FPL Director Corporate Budgets – Guy Casaceli

Additional executives may be added to the Committee during the planning cycle.

Presentations and Budget Review Meeting Support

Business unit participation in the scheduled budget review meetings is as follows.

First Budget Review Meeting – June 9

The business units listed below are required to make a presentation of resource requirements to the Budget Review Committee on **Thursday, June 9** (see Calendar Item 4).

Specific times for each business unit presentation have been communicated separately. Presenters only need to be in attendance at the meeting for their individual presentations. Business unit controllers are recommended to be on standby in the ante room of the large executive conference room.

In preparation for the first Budget Review Meeting, all business units, including those not presenting, must submit their Budget Presentation materials to Corporate Budgets by **Friday, May 27** (see Page i, Calendar Item 3).

- Nuclear
- Power Generation
- Distribution
- Transmission
- Customer Service
- Engineering & Construction / Corporate Services
- Project Development
- Information Management
- Human Resources
- General Counsel
- Marketing & Communications
- Strategy and Business Policy

The submittals from those business units not presenting at the meeting will be made available to the Committee by Corporate Budgets.

Second Budget Review Meeting – July 14

At this time there is no expectation of business unit participation in the Budget Review Meeting on **Thursday, July 14** (see Calendar Item 10).

In preparation for the second Budget Review Meeting, all business units must submit updated Budget Presentations by **Monday, June 27** (see Calendar Item 5).

Final Budget Review Meeting – August 17

At this time there is no expectation of business unit participation in the Budget Review Meeting on **Wednesday, August 17** (see Calendar Item 13).

In preparation for the third Budget Review Meeting, all business units must submit updated Budget Presentations by **Wednesday, August 3** (see Calendar Item 12).

Final Version of Budget Presentation

Each business unit is required to provide a final version of its Budget Presentation to Corporate Budgets by **Wednesday, August 31** (see Calendar Item 15). Include the following sections:

1. Objectives and goals
2. Key initiatives
3. Assumptions
4. Benchmarking and Performance Indicators
5. Cost and Employment Summaries
6. Operating Expense Walks
7. FPL Employee Walk
8. Charges to Affiliates

Final Budget Presentation versions must tie to the resource levels approved at the Final Budget Review Meeting on August 17.

The final Budget Presentation version will document the results of the planning process and will be produced if needed in response to rate case discovery requests.

Florida Power & Light Company
2012 Planning and Budgeting Process Guideline

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Section 2

Completing Supporting Data Schedules and Detail Budgets

Overview of Section 2 Instructions and Section 3 Appendix

Section 2 of the Guideline provides instructions for preparing the supporting data schedules and the on-line detail budgets.

Review the entire Guideline carefully as there have been numerous modifications from last year. Throughout Section 2 of the Guideline there are symbols in the right hand margin indicating "New" requirements and providing a "Reminder" for important existing requirements.

In addition to the on-line detail budget, there are required supporting schedules that must be prepared. The schedules are included in Section 3: Appendix of Supporting Schedules and References (file: FPL_2012_PlngProc_Sec3_Apndx.xls).

Each schedule in the appendix includes sample entries for illustrative purposes only. Remove all of the illustrative data before completing and submitting the schedules.

Summary of Requirements for Supporting Schedules and Detail Budgets

This section provides an overview of the requirements for the completion and submittal of supporting data schedules and on-line detail budgets. All final submittals must tie to the resource levels approved at the Final Budget Review Meeting on August 17.

All business units are required to provide the following Supporting Schedules to Corporate Budgets by **Friday, July 22** (see Calendar Item 11).

- **Schedule 1: Charges to Other Business Units**
  - Complete using an Excel spreadsheet available in the Appendix, Section 3
  - Identify annual charges to other business units for years 2012-2014
    - product or service provided
    - business unit receiving product or service
    - payroll and non-payroll amounts

- **Schedule 2: Charges To Affiliates**
  - Complete using Excel spreadsheets available in the Appendix, Section 3
  - Identify annual charges to affiliated companies for years 2012-2014
    - product or service provided
    - entity receiving product or service
    - payroll and non-payroll amounts
  - These schedules will be used by Corporate to prepare rate case MFRs and respond to discovery

- **Schedules 3: Charges From Affiliates**
  - Complete using Excel spreadsheets available in the Appendix, Section 3
  - Identify annual charges from affiliated companies for years 2012-2014
    - product or service provided
    - entity providing product or service
    - payroll and non-payroll amounts
  - These schedules will be used by Corporate to prepare rate case MFRs and respond to discovery

- **Explanation and Justification of Incremental Positions**
  - Complete using Excel spreadsheets available in the Appendix, Section 3
  - Explain and justify each annual incremental addition
    - Forecasted 2011 increases above authorized 2011 level
    - Forecasted 2012 increases above forecasted 2011 level
    - Forecasted 2013 increases above forecasted 2012 level
    - Forecasted 2014 increases above forecasted 2013 level
  - These schedules will be used by Human Resources to prepare rate case testimony and respond to discovery

All business units are required to provide the following Supporting Schedule to Corporate Budgets by **Wednesday, November 30** (see Calendar Item 16).

- **Performance Measure Worksheet**:
  - Completed using Excel spreadsheet per the sample in the Appendix, Section 3
  - Include the following
    - estimated performance for the current year 2011
    - proposed indicators and performance targets year 2012
    - projected indicators and performance for years 2013-2014
  - This schedule will be reviewed by senior management in preparation for final approval of indicators and targets for 2012

All business units are required to complete the following by the dates indicated (see Calendar Items 6, 9 and 11).

- **Detail Budgets**
  - **Monthly cash flows for remainder of the current year 2011 (July – Dec)**
    - Complete on-line in SEM SAP Business Unit Budget folders
    - **Due Wednesday, July 13**
      - Update all expense types listed in item (1) below
      - All business units load all final 2012-2014 budget details
      - Final details will be frozen and readied for conversion to IP SAP

  - **Monthly cash flows for years 2012 - 2014**
    - Complete on-line in SEM SAP Original Budget folders
    - **Due Friday, July 1**
      - Update all expense types in item (2) below.
      - Business units with budget activities related to the Affiliate Management Fee (AMF), Affiliate Service Fees, or Affiliate Direct Charges load all 2012-2014 budget details for those activities
      - Detail will be used to calculate credits from affiliates
    - **Due Friday, July 22**
      - Update all expense types in item (1) below.
      - All business units load all final 2012-2014 budget details
      - Final details will be frozen and readied for conversion to IP SAP

  - **Monthly cash flows for years 2015 - 2016**
    - Complete on-line in SEM SAP Original Budget folders
    - **Due Friday, July 22**
      - Update all expense types in item (3) below.
      - All business units load all final 2015-2016 budget details
      - Final details will be frozen and readied for conversion to IP SAP

1. O&M Base; O&M clauses: Conservation, Environmental, Capacity and Fuel; Non-clause fuel; Below the Line; Revenue Enhancement Revenue and Expense; Re-Directed Expense; Inter-Company Expenditures; Capital Base; Capital clauses: Conservation and Environmental; Deferred Capital; and Work force
2. O&M Base and Inter-Company Expenditures (Expense Type G) only
3. Capital Base; Capital clauses: Conservation and Environmental; and Deferred Capital only.

R-Schedule

NEW

- The R-Schedule folder, previously available in SEM SAP, is no longer a deliverable of the annual planning process.
- The data elements previously provided by the R-Schedule will be gathered from the Budget Presentation deliverable and the detail budgets.
- Supporting Data Schedules, previously known as Supplemental R-Schedules, **continue to be required of all business units** (see below).

Supporting Data Schedules

NEW

General Requirements:

- There are four Supporting 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
  - Explanation and Justification of Incremental Positions

- Schedules 1, 2 and 3 must be completed for each of four years: 2011- 2014
  - Submit a total of 12 schedules
  - If nothing to report for a particular year/schedule, submit the schedule indicating "None"

NEW

- Explanation and Justification of Incremental Positions
  - Submit one schedule for each year

Completing the Supporting Data Schedules 1, 2 and 3

REMINDER

- Formats for each Supporting Data Schedule are included in the Appendix
  - Enter the name of the unit and the name of the preparer in the spaces provided
  - Enter all data in thousands of dollars.
  - Shaded cells will calculate automatically.
  - Check for mathematical integrity when inserting, deleting or moving rows, etc.
  - Ensure all illustrative data has been removed from each schedule being submitted.
  - Submit all completed schedules in a single work book.

  - Identify the business unit when naming the work book.

Schedule 1: Charges to Other Business Units

- Prepare a separate schedule for each year 2011 through 2014
- Expense Type 7 – Redirected Expenses
  - Expenditures incurred by your business unit, but reflected in another business unit's budget.
- Include the following:
  - product or service provided
  - business unit receiving product or service
  - payroll and non-payroll amounts
- The annual total for each Schedule 1 should tie to the Expense Type 7 annual total in the corresponding SEM/SAP Original Budget folder

Schedule 2: Charges to Affiliates

- Prepare a separate schedule for each year 2011 through 2014
- Expense Type G – Inter-Company Expenses
  - Expenditures to be direct-charged to each subsidiary through the FPL financial system
  - Include the following:
    - ◊ product or service provided
    - ◊ entity receiving the product or service
    - ◊ payroll and non-payroll amounts
  - Note: Next-Era typically accepts only payroll charges through FPL's financial system. However, certain recurring transactions, such as insurance premiums, customarily charged to Next-Era via Expense Type G should be budgeted on Schedule 2.
  - The annual Expense Type G total for each Schedule 2 should tie to the Expense Type G annual total in the corresponding SEM/SAP Original Budget folder
- Service Agreement Fees
  - This category applies only to Energy, Markets & Trading; Information Management, the Power Generation Division; and the Nuclear Division.
  - 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 Location 10.
  - Include the following detail:
    - ◊ product or service provided
    - ◊ entity receiving the product or service
    - ◊ payroll and non-payroll amounts
  - The annual Service Agreement Fee total for each Schedule 2 should tie to the debit side of the Service Fee detail budget in the corresponding SEM/SAP Original Budget folder. (In the detail

budget, service fees should be budgeted as Base O&M debits with offsetting credits, indicating full recovery of the expenditures.)

Schedule 3: Charges from Affiliates

- Prepare a separate schedule for each year 2011 through 2014
- Identify the fully loaded charges to be incurred from each affiliate
- Include the following:
  - product or service received
  - entity providing the product or service
  - payroll and non-payroll amounts
  - expense type to be charged
- The annual total for each Schedule 3 should tie to the appropriate detail budget in the corresponding SEM/SAP Original Budget folder

NEW

Completing the Explanation and Justification of Incremental Positions Schedule

- Prepare a separate schedule for each year 2011 through 2014
- Identify, explain and justify each incremental FPL position associated with changes in annual employment levels as follows
  - Forecasted 2011 increases above the authorized 2011 level
  - Forecasted 2012 increases above the forecasted 2011 level
  - Forecasted 2013 increases above the forecasted 2012 level
  - Forecasted 2014 increases above the forecasted 2013 level
- Provide the gross payroll associated with each incremental position
- Multiples of the same position may be aggregated into one entry
- For the purposes of this schedule, count part time positions as 1.0 each. Do not use the detail budgeting and reporting convention of counting part timers as 0.5 each.

Submitting Completed Supporting Data Schedules

- For the 2012 Planning and Budgeting Cycle, SharePoint will be used to collect all deliverables other than the on-line detail budgets
- Each business unit will have its own folder to deposit the required deliverables
- Further instructions for depositing deliverables are under development and will be included in a revision to this document

Five Year Capital Forecast

NEW

- The Five Year Capital Forecast folder, previously available in SEM/SAP, is no longer a deliverable of the annual planning process.
- The data elements previously provided by the Five Year Capital Forecast will be gathered from the capital detail budgets.
- See below for specific instruction on preparing capital budgets.

Capital Budgeting

General Requirements:

NEW

- Each business unit is required to provide five years of detail capital budgets
  - The Five Year Capital Forecast SEM/SAP folders will no longer be used for capital budgeting
  - The SEM/SAP Business Unit Budget folders will be used to forecast July-December 2011
  - The SEM/SAP Original Budget folders will be used to budget 2012 – 2016
  - See Section 2 – Page 11, "Detail Cash Flow and Work Force Budgeting" for additional information on detail budgeting

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 (2011 through 2016) of retirement
    - ◊ If none, submit notification indicating nothing to report
  - Asbestos Removal Activity
    - ◊ must be budgeted in a separate budget activity or sub-activity, and
    - ◊ the words Asbestos Removal must appear in the activity name and description
    - ◊ See Accounting Department memo of July 30, 2009 (Section 3 - Appendix)

Completing the Capital Budget

General

- Enter all required information in whole dollars.
- Enter monthly cash flows for all years.
  - For years 2015 and 2016.
    - ◊ Do not budget annual amounts in December
    - ◊ Minor projects may be budgeted using an even monthly spread if better information is not available
    - ◊ Major projects should be cash flowed monthly based on the best information available

Overview

- All capital expenditures are to be forecasted using a budget activity.
  - 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 and new power plant projects only)
    - ◊ 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 Canaveral Modernization project is BA 00506.
    - ◊ 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).
  - ◊ 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 at the end of this section).
    - ➢ **Caution:** In previous planning cycles, when the Five Year Capital Forecast was still in use, the grouping of numerous minor projects under a single BA/SA was a permitted, expedient means of forecasting capital requirements. When completing the detail capital budgets, the grouping of minor projects should be limited to facilitate active management of the business unit's capital resources.

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 and adequately 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).

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 Calendar Item 11)**:**
  - access the BA/SA Table using the Lotus Notes facility
  - find all of the forecasted capital BAs and SAs
  - 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 with the 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, H = ECRC, use Expense Type A for deferred debits to be capitalized after regulatory approval).
  - 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 on the following page. 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.

Listing of Plant Site Codes

Code	Plant Site	Code	Plant Site	Code	Plant Site
010	Cutler	131	Cape Canaveral Modernization	182	Martin #8
040	Riviera #1 & #2	140	Turkey Point Old	185	Martin Gas Pipeline
041	Riviera Modernization	141	Turkey Point #5	186	Martin #7
050	Putnam	146	Turkey Point #6	188	Martin Solar Energy Center
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	192	Desoto Solar Energy Center
090	Florida EnergySecure Pipeline	151	St. Lucie #1	193	NASA Solar Energy Center
110	Fort Myers Old #1 & #2	152	St. Lucie #2	500	SJRPP #1 & #2
112	Fort Myers Repowered #1 & #2	160	St. Lucie Wind	501	SJRPP Coal Car
113	Fort Myers Peaking Units	170	Manatee #1 and #2	502	SJRPP Switchyard
120	Port Everglades	171	Manatee #3	503	SJRPP Coal Terminal
130	Cape Canaveral	180	Martin #1, #2, #3 & #4	505	Scherer #4

Detail Cash Flow and Work Force Budgeting

REMINDER

General

- The 2012 planning cycle requires the following from each business unit.
- Complete on-line in SEM SAP 2011 Business Unit Budget folder
  - monthly detail cash flows, for all expense types, for the remainder of 2011 (July – December)
- Complete on-line in SEM SAP Original Budget folders 2012 through 2016
  - monthly detail cash flows, for all expense types, for 2012 through 2014
  - monthly detail cash flows, for capital expense types only, for 2015 and 2016
  - a monthly work force detail budget for 2012 through 2014

Cash Flow Detail Budgets

- Monthly detail cash flows will be loaded using the following SEM SAP budgeting elements:
  - Budget Responsibility Code (BRC)
  - Budget activity / Sub-activity (BASA)
  - Expenditure Analysis Code (EAC)
    - ◊ Avoid using EAC Groups to facilitate the conversion to IP SAP
  - Expense Type
- Monthly cash flows are required for all years. When budgeting capital, do not budget annual amounts in December for years 2015 and 2016 (see Capital Budgeting, Section 2 Page 8).
- Enter all expenditures in whole dollars.
- Expense type annual totals should tie to the resource levels approved at the Final Budget Review Meeting on August 17 (see Calendar Item 13).

Work Force Detail Budgets

- A work force detail budget must be prepared for 2012, 2013 and 2014.
- At a minimum, units must prepare the work force detail budget at the business unit level. Units are encouraged to prepare the detail work force budget at lower organization levels to provide adequate support for the 2012 rate case.
- 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
  - FEP - FPL Exempt Part-Time s (count as 0.5 each)
  - FNX - FPL Non- Exempt
  - FPT - FPL Non-Exempt Part-Time (count as 0.5 Each)
  - FBV - FPL Bargaining Unit Variable
  - FVP - FPL Bargaining Unit Variable Part-Time s (count as 0.5 Each)
  - FBF - FPL Bargaining Unit Fixed
  - FFP - FPL Bargaining Unit Fixed Part-Time (count as 0.5 Each)
  - The December month-end value for each FPL manpower type for each year should tie to resource levels approved at the Final Budget Review Meeting on August 17 (see Calendar Item 13).
- 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.)
  - FET - FPL Exempt Full-Time Temporary
  - FNT - FPL Non-Exempt Full-Time Temporary
  - FFT - FPL Bargaining Unit Fixed Full-Time Temporary
  - FVT - FPL Bargaining Unit Variable Full-Time Temporary
  - FOT - FPL Overtime Equivalent Employees

  - TMP - Temporary Non-employee
  - CON - Contractor Non-employee
  - FTE formula = (total hours to be worked in the month) ÷ (the number of workdays in the month x 8 hours)

REMINDER

- The workforce type monthly budget must have a meaningful relationship to the corresponding expenditure budget for that work force type (e.g. the monthly FEX - FPL Exempt Employees budget should correlate with the monthly EAC 803 cash flow budget).

Payroll

- **Gross Payroll**
  - A unit's gross payroll must be fully budgeted under the appropriate expense types and in the appropriate 800 or 300 level EACs.

NEW

- **Capitalized payroll**
  - 100% of a business unit's capitalized payroll must be budgeted using an 800 level payroll EAC, in one or more of the following expense types: A-Base, B-ECCR, H-ECRC, or M-Miscellaneous.
  - If the capitalized payroll cannot be associated with specific projects, it must be budgeted in generic BASAs that are defined with the appropriate FERC Functions (e.g. 1-Steam Production).

- **Redirected Payroll**
  - Use expense type 7-Redirected Expenses for payroll
    - ◊ allocated to capital through an engineering order,
    - ◊ "cleared" to another charge location within the same business unit, or
    - ◊ "cleared" to another business unit
  - Engineering Order (EO)
    - ◊ EO budgets must be isolated from all other uses of ET-7 to facilitate conversion to IP SAP.
    - ◊ Use dedicated BRCs and BASAs to budget EOs.
  - Payroll "Clearing" within a unit or between units
    - ◊ Use only 800 level payroll EACs in ET-7 for clearing.
    - ◊ Do not budget 400 level EAC offsets; they will be budgeted through programming at the end of the planning process.

REMINDER

    - ◊ ET-7 clearing budgets will not be converted to IP SAP. Therefore, ensure corresponding 300 level payroll EACs are budgeted in an operating or capital expense type at the clearing destination. Otherwise, total company payroll will be understated after conversion.
    - ◊ See also Transfer Out / Transfer In (Section 2 Page 16).

NEW

- **Payroll Overheads**
  - Do not budget for payroll overheads
  - Overheads will be applied programmatically after the conversion of budget details to IP SAP.
  - To ensure payroll overheads will be applied accurately at conversion, it is imperative that a unit's gross payroll is fully budgeted under the appropriate expense types and in the appropriate 800 or 300 level EACs.

NEW

- **Corporate Performance Incentives** (aka EAC 820, PERP or Bonus)
  - Do not budget for the March payout of corporate performance incentives
  - After the conversion of budget details to IP SAP, corporate performance incentives will be applied programmatically as a monthly overhead to all budgeted exempt payroll, EAC 803 and 303.
  - To ensure payroll overheads will be applied accurately at conversion, it is imperative that a unit's gross payroll is fully budgeted under the appropriate expense types and in the appropriate 800 or 300 level EACs.
  - Note: the actual payout of the incentive will be booked to a balance sheet account as a result of a change in accounting treatment; the payout will have no impact on business unit operating or capital budgets.

- **Other Forms of Compensation**
  - To differentiate the payroll associated with hours worked from other forms of compensation, use the following payroll EACs as appropriate:

REMINDER

    - ◊ 809 – Long Term Incentives and Deferred Compensation
    - ◊ 820 – Business Unit level recognition programs only; do not budget for corporate performance incentives
    - ◊ 821 – Payroll - Other Earnings, including employee vacation buys (credit budget)
    - ◊ 822 – Payroll - Lump Sum

NEW

- **Payroll Monthly Cash Flows**
  - Do not budget payroll based on the number of pay period closings per month
  - Budget payroll based on number of work days in each month.
  - A table of the number of work days in each month is included in the 2012 Planning Guideline, Section 3 – Appendix of Schedules and Deliverables
  - Note: the 2011 Planning Guideline discussed the unusual need to budget for a 27th pay period in 2012, one more than usual under the old budgeting scheme. Budgeting by work days per month eliminates this issue entirely.

NEW

Workers Compensation (EAC 760)

- Business units that normally budget for workers compensation premiums should continue to do so.
- At the conclusion of the budget process, when the SEM SAP budget is converted to IP SAP, each workers compensation budget will serve as a cost pool from which the unit's workers compensation premiums will be applied to the unit's payroll as an overhead. The overhead will be unit specific to reflect only the unit's annual premium.

NEW

Outside Counsel for Capital Projects (EAC 691)

- Charges to EAC 691 - Professional Service / Legal for use of outside legal counsel on capital projects will no longer be re-routed to the General Counsel business unit.
- Each business unit should budget for its own expected cost of outside legal counsel for capital projects.

REMINDER

Recruiting and Relocation Costs

- Business units are responsible for their own recruiting and relocation costs.
- Human Resources does not provide funding for these activities.

Expense Types

- Monthly detail cash flows must be prepared for each of the following expense types, as appropriate.
  - **Operating 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)
    - ◊ H-Capital ECRC (Environmental Cost Recovery Clause)
    - ◊ M-Miscellaneous (To be reclassified to A-Capital Base upon regulatory approval)
    - ◊ V-Revenue Enhancement Capital

- **Revenues**
  - ◊ R-Revenue Enhancement Revenue (budgeted as a credit)

- **Special Notes Regarding Expense Types:**
  - Use of **expense type N** is primarily for stores and materials handling 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 Engineering and Construction and the Energy Marketing and Trading business units. Business unit proposals for **new revenue enhancement programs** should be submitted to Accounting and Corporate Budgets prior to the commitment of any corporate resources, the implementation of the program, or the inclusion of required resources in the 2012 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, Section 2, Pages 19 and 20.)

- **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, Section 2, Pages 19 and 20.)
- **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, Section 2, Page 21.)

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 timing of this year's planning cycle runs in parallel with the final stages of the SAP One conversion effort. As such, the SAP Master Data Control Group may provide additional guidance and restrictions on establishing new BRCs during this year's planning cycle.

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. 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 (see Section 2 Page 7).
- The timing of this year's planning cycle runs in parallel with the final stages of the SAP One conversion effort. As such, the SAP Master Data Control Group may provide additional guidance and restrictions on establishing new BASAs during this year's planning cycle.

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, Information 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, Information 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 Information 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 Information Systems to generate an offsetting credit in expense type G.

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

Performance Measures

General:

REMINDER

- 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 on a pre-formatted Performance Measure Worksheet maintained by the business unit from year to year. The worksheet features 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 are able to add and delete performance measures per the instructions in the worksheet.

Completing the Performance Measure Worksheet:

- Your submittal should be in the prescribed format, using the pre-formatted Performance Measure Worksheet (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 2006 through 2010
  - Provide a year-end estimate versus your current 2011 targets.
  - Identify your proposed measures and targets for 2012 through 2014.
  - Note: your business unit's Budget Presentation will include a discussion of performance measures; however, the actual Performance Measure Work Sheet is not due until Wednesday, November 30 (see Calendar Item 16).
- In your final submittal:
  - Provide a year-end actual versus your current 2011 targets.
  - Include your approved measures and targets for 2012 through 2014.
  - Due date to be determined, tentatively end of first week in January

NEW

Submitting the Performance Measure Worksheet:

- For the 2012 Planning and Budgeting Cycle, SharePoint will be used to collect all deliverables other than the on-line detail budgets
- Each business unit will have its own folder to deposit the required deliverables
- Further instructions for depositing deliverables are under development and will be included in a revision to this document

Accessing Planning and Budgeting Deliverables from Previous Planning Cycles

REMINDER

General

- In previous planning cycles, a shared directory was used to collect planning and budgeting deliverables from the business units.
- Deliverables that were placed on the shared directory during the 2011 Planning and Budgeting Process are accessible on the path **\\GOXSF01\GOFIN$\BUDGETS\perf1011\unit**, where **unit** is the abbreviation for your business unit (e.g. **im** for Information Management).
- Similarly, deposited deliverables from the 2010 Planning and Budgeting Process may be accessed on the path **\\GOXSF01\GOFIN$\BUDGETS\perf0910\unit,** and so on.
- Do not place 2012 Planning and Budgeting Process deliverables in shared directories designated for previous planning cycles; use SharePoint (instructions under development).

Connecting to your shared directory

- To access your unit's shared directory, open **Windows Explorer**, click on **Tools,** and 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
  - Contact the Information Management Support Center (HELP Desk)
    - http://infpl/bunit/im/imsc/index.shtml, or
    - 305-552-4357 / 305-552-HELP
  - Request Read / Write access to the complete path. Example:
    - for Power Generation: \\GOXSF01\GOFIN$\BUDGETS**perf1011\PwrGen**
  - Provide the name of the individual, the SLID ID and the business unit to be accessed
  - The Information Management Support Center will contact Dan Reilly, Corporate Budgets Manager, for final approval
  - Once approved, the SLID will have access to all prior year folders for the unit
    - example: \\GOXSF01\GOFIN$\BUDGETS**perf0809\PwrGen**

Preparation of Selected Rate Case Deliverables

REMINDER

MFRs C-15 and C-16

- Preparation for the upcoming rate case will require the development of a set of schedules known as Minimum Filing Requirements (MFRs).
- Two MFRs in particular require data below the level of detail at which we budget.
  - MFR C-15 Industry Association Dues
    - ◊ requires the identification of entities to whom dues are paid
    - ◊ makes no distinction between O&M or Capital
    - ◊ does not include entities budgeted as Below the Line.
  - MFR C-16 Outside Professional Services
    - ◊ requires the identification of entities from whom services are received
    - ◊ requires a distinction between O&M or Capital
- Examples of both MFRs from the last rate case are provided at the end of the Appendix (see Excel file: FPL_2012_PlngProc_Sec3_Apndx.xls).
- Both of the MFRs need to be completed for the so called test year, which corresponds to the 2013 budget.
- In anticipation of needing to provide the level of detail shown in the examples, business units should gather the required level of detail while preparing their detail budgets. Because MFR C-16 has a high threshold for reporting, which cannot accurately be determined until the entire company operating budget is approved, units should use the $1,000,000 threshold, per the MFR's instructions.
- After the conclusion of the planning and budgeting process, Regulatory Affairs will be coordinating the development of these MFRs and will contact the units with more specific instructions regarding the submittal of the required information.

Florida Power & Light Company

2012 Planning Process

Guideline

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Section 3

Appendix
of
Schedules and References

Base O&M
Business Unit: ______________________
($millions) or ($thousands)

Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Performance Measure Impacted
Project / Activity 1								
Project / Activity 2								
Project / Activity 3								
Project / Activity 4								
Project / Activity 5								
Project / Activity 6								
Project / Activity 7								
Project / Activity 8								
Project / Activity 9								
Project / Activity 10								
Total Base O&M								

Below the Line
Business Unit: ______________________

($millions) or ($thousands)

Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Performance Measure Impacted
Project / Activity 1								
Project / Activity 2								
Project / Activity 3								
Project / Activity 4								
Project / Activity 5								
Project / Activity 6								
Project / Activity 7								
Project / Activity 8								
Project / Activity 9								
Project / Activity 10								
Total Below the Line O&M								

Total Capital

Business Unit: ____________________

($millions) or ($thousands)

Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Performance Measure Impacted
Base Capital								
Project / Activity 1								
Project / Activity 2								
Project / Activity 3								
Total Base Capital								
Conservation Clause								
Project / Activity 4								
Environmental Clause								
Project / Activity 5								
Total Clause Capital								
Total Capital								

BP-Capex

FPL Employees / Gross Payroll
Business Unit: ____________________

Project / Activity	2009 Actual	2010 Actual	2011 Budget	2011 Approved	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast
Full Time (excluding Temporaries)								
FPL Exempt								
FPL Non-Exempt								
FPL Bargaining Unit								
Total FPL Full Time Employees								
Part Time (count each as 1.0)								
FPL Exempt								
FPL Non-Exempt								
FPL Bargaining Unit								
Total FPL Part Time Employees								
Total FPL Employees (excluding Temporaries)								
Gross Payroll								
(Includes Regular, Overtime, Unit Recognition Progs,								
(Lump Sum, Other Earnings, and LTI / Deferred Comp)								

Affiliate Management Fee Pools
Business Unit: ________________________
($millions) or ($thousands)

Project / Activity	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Drivers
Project / Activity 1							
Project / Activity 2							
Project / Activity 3							
Project / Activity 4							
Project / Activity 5							
Total AMF Pools							

Service Fees and Direct Charges
Business Unit: ________________________

($millions) or ($thousands)

Project / Activity	2010 Actual	2011 Budget	2011 Forecast	2012 Request	2013 Forecast	2014 Forecast	Charged To (check box) NextEra Energy, Inc. (Corporate)	NextEra Energy Resources	Other (FiberNet, FPLES, etc)
Service Fees									
Project / Activity 1									
Project / Activity 2									
Total Service Fees									
Direct Charges									
Project / Activity 3									
Project / Activity 4									
Total Direct Charges									

Schedule 1 - Charges to Other Business Units
2011 Forecast
Business Unit: ____________________ **Prepared By:** ____________
Financial Data in Thousands

Business Unit to Incur Costs	Expense Type 7 Redirected Expenses Payroll	Non-payroll	Process / Activity
Corporate Financial			
Customer Service	$ 10,500	$ 5,300	Programming support for ...
Distribution	$ 20,350	$ 10,400	Programming support for ...
Energy Marketing and Trading			
Engineering, Construction & Corporate Svcs			
External Affairs			
FPL Financial			
General Counsel			
Governmental Affairs - Federal			
Governmental Affairs - State			
Human Resources			
Information Management			
Internal Audit			
Marketing & Communications			
Nuclear Division			
Power Generation Division			
Project Development			
Regulatory Affairs			
Resource Assessment & Planning			
Strategy & Policy			
Transmission			
Location - 10			
Total (must agree SEM/SAP Original Budget detail cash flows)	**$ 30,850**	**$ 15,700**	

Schedule 1 - Charges to Other Business Units
2012 Funds Request
Business Unit: ____________________ Prepared By: ____________
Financial Data in Thousands

Business Unit to Incur Costs	Expense Type 7 Redirected Expenses Payroll	Non-payroll	Process / Activity
Corporate Financial			
Customer Service	$ 10,500	$ 5,300	Programming support for ...
Distribution	$ 20,350	$ 10,400	Programming support for ...
Energy Marketing and Trading			
Engineering, Construction & Corporate Svcs			
External Affairs			
FPL Financial			
General Counsel			
Governmental Affairs - Federal			
Governmental Affairs - State			
Human Resources			
Information Management			
Internal Audit			
Marketing & Communications			
Nuclear Division			
Power Generation Division			
Project Development			
Regulatory Affairs			
Resource Assessment & Planning			
Strategy & Policy			
Transmission			
Location - 10			
Total (must agree SEM/SAP Original Budget detail cash flows)	**$ 30,850**	**$ 15,700**	

Schedule 1 - Charges to Other Business Units
2013 Funds Request
Business Unit: ____________________ **Prepared By:** ____________
Financial Data in Thousands

Business Unit to Incur Costs	**Expense Type 7 Redirected Expenses**		**Process / Activity**
	Payroll	**Non-payroll**	
Corporate Financial			
Customer Service	$ 10,500	$ 5,300	Programming support for ...
Distribution	$ 20,350	$ 10,400	Programming support for ...
Energy Marketing and Trading			
Engineering, Construction & Corporate Svcs			
External Affairs			
FPL Financial			
General Counsel			
Governmental Affairs - Federal			
Governmental Affairs - State			
Human Resources			
Information Management			
Internal Audit			
Marketing & Communications			
Nuclear Division			
Power Generation Division			
Project Development			
Regulatory Affairs			
Resource Assessment & Planning			
Strategy & Policy			
Transmission			
Location - 10			
Total (must agree SEM/SAP Original Budget detail cash flows)	**$ 30,850**	**$ 15,700**	

Schedule 1 - Charges to Other Business Units
2014 Funds Request
Business Unit: ____________________ Prepared By: ____________
Financial Data in Thousands

Business Unit to Incur Costs	Expense Type 7 Redirected Expenses Payroll	Non-payroll	Process / Activity
Corporate Financial			
Customer Service	$ 10,500	$ 5,300	Programming support for ...
Distribution	$ 20,350	$ 10,400	Programming support for ...
Energy Marketing and Trading			
Engineering, Construction & Corporate Svcs			
External Affairs			
FPL Financial			
General Counsel			
Governmental Affairs - Federal			
Governmental Affairs - State			
Human Resources			
Information Management			
Internal Audit			
Marketing & Communications			
Nuclear Division			
Power Generation Division			
Project Development			
Regulatory Affairs			
Resource Assessment & Planning			
Strategy & Policy			
Transmission			
Location - 10			
Total (must agree SEM/SAP Original Budget detail cash flows)	**$ 30,850**	**$ 15,700**	

Schedule 2 - Charges to Affiliates
2011 Forecast
Business Unit: ______________________ **Prepared By:** ___________________
Financial Data in Thousands

	Affiliate Receiving Charges																	
	Group Capital			NextEra 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]	**500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,000**	**300**	**2,300**
Service Agreement Fee [1] [3]	-	-	-	100	20	120	-	-	-	-	-	-	-	-	-	100	20	120
Total Non-Utility Support Provided	**1,500**	**300**	**1,800**	**600**	**20**	**620**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,100**	**320**	**2,420**

READ COMMENTS AND NOTES BELOW PRIOR TO COMPLETING SCHEDULE

COMMENTS-

Break out payroll and non-payroll items separately as loadings are only added to payroll and errors in the type of expense will result in incorrect loadings being budgeted.

If Business Unit interacts with NextEra nuclear plants, identify costs separately by plant by using the multiple item lines provided.

NOTES-

[1] Do not include ANY form of overheads & loadings (loadings will be calculated by Accounting using latest rates)

[2] Include charges to Seabrook, Duane Arnold, and Point Beach

[3] Service Agreement Fees apply to Nuclear, Pwr Gen, EMT, and IM only

Schedule 2 - Charges to Affiliates
2012 Funds Request
Business Unit: ______________________ Prepared By: ___________________
Financial Data in Thousands

Description of Product / Service Provided	Affiliate Receiving Charges																	
	Group Capital			NextEra Energy [2]			Fibernet			FPLES			Palms			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
Expense Type G - Direct Charge [1]																		
Item 1: Banking Services	-	300	300			-	-	-	-	-	-	-	-	-	-	-	300	300
Item 2: Executive Support	1,500	-	1,500	-		-	-	-	-	-	-	-	-	-	-	1,500	-	1,500
Item 3: Legal Services	-	-	-	500		500	-	-	-	-	-	-	-	-	-	500	-	500
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 Expense Type G - Direct Charges	**1,500**	**300**	**1,800**	**500**		**500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,000**	**300**	**2,300**
Service Agreement Fee [1] [3]	-	-	-	100	20	120	-	-	-	-	-	-	-	-	-	100	20	120
Total Non-Utility Support Provided	**1,500**	**300**	**1,800**	**600**	**20**	**620**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,100**	**320**	**2,420**

READ COMMENTS AND NOTES BELOW PRIOR TO COMPLETING SCHEDULE

COMMENTS-

Break out payroll and non-payroll items separately as loadings are only added to payroll and errors in the type of expense will result in incorrect loadings being budgeted.

If Business Unit interacts with NextEra nuclear plants, identify costs separately by plant by using the multiple item lines provided.

NOTES-

[1] Do not include ANY form of overheads & loadings (loadings will be calculated by Accounting using latest rates)

[2] Include charges to Seabrook, Duane Arnold, and Point Beach

[3] Service Agreement Fees apply to Nuclear, Pwr Gen, EMT, and IM only

Schedule 2 - Charges to Affiliates
2013 Funds Request
Business Unit: ______________________ **Prepared By:** __________________
Financial Data in Thousands

	Affiliate Receiving Charges																	
	Group Capital			NextEra 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]	**500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,000**	**300**	**2,300**
Service Agreement Fee [1] [3]	-	-	-	100	20	120	-	-	-	-	-	-	-	-	-	100	20	120
Total Non-Utility Support Provided	**1,500**	**300**	**1,800**	**600**	**20**	**620**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,100**	**320**	**2,420**

READ COMMENTS AND NOTES BELOW PRIOR TO COMPLETING SCHEDULE

COMMENTS-

Break out payroll and non-payroll items separately as loadings are only added to payroll and errors in the type of expense will result in incorrect loadings being budgeted.

If Business Unit interacts with NextEra nuclear plants, identify costs separately by plant by using the multiple item lines provided.

NOTES-

[1] Do not include ANY form of overheads & loadings (loadings will be calculated by Accounting using latest rates)

[2] Include charges to Seabrook, Duane Arnold, and Point Beach

[3] Service Agreement Fees apply to Nuclear, Pwr Gen, EMT, and IM only

Schedule 2 - Charges to Affiliates
2014 Funds Request
Business Unit: ______________________ Prepared By: ____________________
Financial Data in Thousands

Description of Product / Service Provided	Affiliate Receiving Charges																	
	Group Capital			NextEra Energy [2]			Fibernet			FPLES			Palms			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
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 [1] [3]	-	-	-	100	20	120	-	-	-	-	-	-	-	-	-	100	20	120
Total Non-Utility Support Provided	**1,500**	**300**	**1,800**	**600**	**20**	**620**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,100**	**320**	**2,420**

READ COMMENTS AND NOTES BELOW PRIOR TO COMPLETING SCHEDULE

COMMENTS-

Break out payroll and non-payroll items separately as loadings are only added to payroll and errors in the type of expense will result in incorrect loadings being budgeted.

If Business Unit interacts with NextEra nuclear plants, identify costs separately by plant by using the multiple item lines provided.

NOTES-

[1] Do not include ANY form of overheads & loadings (loadings will be calculated by Accounting using latest rates)

[2] Include charges to Seabrook, Duane Arnold, and Point Beach

[3] Service Agreement Fees apply to Nuclear, Pwr Gen, EMT, and IM only

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

		Affiliate Providing Products / Services [1]																	
		Group Capital			NextEra Energy [2]			Fibernet			FPLES			Palms			Total		
Description of Product / Service Provided	Expense Type	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**

READ COMMENTS AND NOTES BELOW PRIOR TO COMPLETING SCHEDULE

COMMENTS-

Break out payroll and non-payroll items separately as loadings are only added to payroll and errors in the type of expense will result in incorrect loadings being budgeted.

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NOTES-

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[2] Include charges from Seabrook, Duane Arnold, and Point Beach, if any.

Schedule 3 - Charges from Affiliates
2012 Funds Request
Business Unit: Prepared By:
Financial Data in Thousands

		Affiliate Providing Products / Services [1]																	
		Group Capital			NextEra Energy [2]			Fibernet			FPLES			Palms			Total		
Description of Product / Service Provided	Expense Type	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

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Schedule 3 - Charges from Affiliates
2013 Funds Request
Business Unit: Prepared By:
Financial Data in Thousands

		Affiliate Providing Products / Services [1]																	
		Group Capital			NextEra Energy [2]			Fibernet			FPLES			Palms			Total		
Description of Product / Service Provided	Expense Type	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

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2013 Funds Request
Business Unit: **Prepared By:**
Financial Data in Thousands

		Affiliate Providing Products / Services [1]																	
		Group Capital			NextEra Energy [2]			Fibernet			FPLES			Palms			Total		
Description of Product / Service Provided	Expense Type	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

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Explanation and Justification of Incremental Positions

Business Unit: ________________________ **Year:** ____________

	Type (1)	Position Title	Qty	Est. Gross Payroll ($000)	Explanation and Justification
1	FEX	Manager of …	1	$85,000	Management of …..
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

(1) Types (count all positions as 1.0 each, do not enter fractional amounts)

FEX - FPL Exempt
FEP - FPL Exempt Part-Time
FET - FPL Exempt Full-Time Temporary

FNX - FPL Non- Exempt
FPT - FPL Non-Exempt Part-Time
FNT - FPL Non-Exempt Full-Time Temporary

FBF - FPL Bargaining Unit Fixed
FFP - FPL Bargaining Unit Fixed Part-Time
FFT - FPL Bargaining Unit Fixed Full-Time Temporary

FBV - FPL Bargaining Unit Variable
FVP - FPL Bargaining Unit Variable Part-Time
FVT - FPL Bargaining Unit Variable Full-Time Temporary

2011 - 2012 FPL CORPORATE INCENTIVE PLAN PERFORMANCE MEASURES

BUSINESS UNIT NAME HERE

WGT '11	WGT '12	PERFORMANCE MEASURES	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	2011 YEAR END TARGET	2011 YEAR END ESTIMATE	1 ON TARGET YEAR END?	2 COMMENTS	TARGET 2012	FORECAST 2013	FORECAST 2014	3 ORG LEVEL	4 2012 STRETCH TARGET
75%	75%	**OPERATING MEASURES**														
		Base O&M ($MM)	$8.8	$9.0	$9.5	$10 0	$10.5	$10.0	$9.5	Better		$9.8	$9.6	$9 4	Corp	Yes
		Capital ($MM)	$15.0	$12.0	$11.0	$10.0	$10 0	$9.0	$10.0	Worse	unplanned expenditures	$8.8	$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	8	9	10	10	11	10	8	Better		8	8	8	Unit	
		Frequency of occurrences	7	5	5	6	4	4	5	Worse	ineffective measures	3	3	3	Unit	Yes
		MILESTONE MEASURES														
		Completion of work on project "A" by year end						12/06	11/06	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 2011: Corp or Unit.
NOTE 4: indicate "Yes" if this a stretch target for 2012

SAMPLE ONLY
DO NOT SUBMIT - UPDATE PRE-FORMATTED SHEET FROM LAST YEAR

	Number of Working Days Per Month												Total Days
	January	February	March	April	May	June	July	August	September	October	November	December	
2011	21	20	23	21	22	22	21	23	22	21	22	22	260
2012	22	21	22	21	23	21	22	23	20	23	22	21	261
2013	23	20	21	22	23	20	23	22	21	23	21	22	261
2014	23	20	21	22	22	21	23	21	22	23	20	23	261
2015	22	20	22	22	21	22	23	21	22	22	21	23	261
2016	21	21	23	21	22	22	21	23	22	21	22	22	261

Number of Working Days Per Month						
	2011	2012	2013	2014	2015	2016
January	21	22	23	23	22	21
February	20	21	20	20	20	21
March	23	22	21	21	22	23
April	21	21	22	22	22	21
May	22	23	23	22	21	22
June	22	21	20	21	22	22
July	21	22	23	23	23	21
August	23	23	22	21	21	23
September	22	20	21	22	22	22
October	21	23	23	23	22	21
November	22	22	21	20	21	22
December	22	21	22	23	23	22
Total Days	260	261	261	261	261	261

TO: FPL Business Units

DATE: 7/30/09

FROM: Accounting Department

LOCATION: ACG/JB

SUBJECT: Accounting Process for Asbestos Removal Activities

COPIES TO: Dave Huss, Don Moss, Laura Fowler, Dan Reilly, Melissa Linton, Martin Garmendia, Ken Huff

Purpose:
The purpose of this memo is to document the process that FPL's Business Units should follow to budget and account for asbestos removal activities. This process is effective January 1, 2010.

Background
Implementation of FIN 47:
In 2005, FPL adopted FIN 47, *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143* (FIN 47), which required asbestos removal activities to be accounted for as asset retirement obligations (AROs). Previously, amounts related to asbestos removal activities were included in the dismantlement reserve, and the current portion was included in the environmental liability reserve (ELR). Upon adoption of FIN 47, FPL reclassified approximately $2.6 million (currently less than $100K) of estimated asbestos removal costs from the ELR to an ARO account 230.205 (i.e., "Historical ARO"). This amount was transferred to the ARO based on the current estimated cost of removal rather than a fair value measurement, since the asbestos was expected to be removed within a short time period (1-2 years). In addition to the $2.6M reclassified from the ELR, PGD Environmental Services identified asbestos removal costs at the fossil plants that are expected to occur when dismantlement occurs, at the end of plant life, which are also included in the ARO. As required by FAS 143, this amount was recorded at fair value (i.e., current removal costs were inflated to the date the dollars were expected to be expended, and then discounted back to 2005, using a credit-adjusted risk free rate).

Current Responsibilities:
Each FPL Business Unit (BU) is responsible for tracking and recording costs related to ARO activities. BUCs work orders are used to record the actual costs incurred to remove the asbestos, and they are specific to the plant location and unit. These work orders currently translate to the ARO account for Fossil (230.291), Distribution (230.294), or Nuclear (230.293). No costs incurred to remove the asbestos are being charged to operations and maintenance expense by the BUs.

Currently, Regulatory Accounting is responsible for ensuring that the asbestos removal charges made against the ARO accounts by the BUs are properly reflected in the ARO liability for GAAP reporting purposes each reporting period. Additionally, Regulatory Accounting ensures that these charges are properly reflected as reductions in the dismantlement and/or cost of removal. Environmental Services no longer has budget responsibility for the reserve related to AROs.

New Accounting Process:
Responsibility of Business Units:
Beginning on 1/1/2010, FPL BUs will be required to follow a new process to account for costs related to asbestos removal activities. This process requires that the BUs charge all asbestos removal activities related to both Capital and O&M projects to Account 108.332 – removal cost dismantlement (Fossil Plants) or 108.300 – removal cost (Nuclear Plants and others) as applicable. Use of accounts 230.291, 230.293, and 230.294 should be discontinued effective 1/1/2010. The BUs will be responsible to ensure that the work order used for an asbestos removal project translates to account 108.332 or 108.300, as applicable. Like the current process (prior to 1/1/2010), the BUs will not charge O&M expense for costs incurred to remove the asbestos.

Responsibility of Forecasting and Budgeting:
In August 2009, *Corporate Budgets* will distribute 2010 budget instructions to the BUs regarding the proper budgeting for all asbestos removal activities. Based on these instructions, the BUs will be responsible to account for the cost of asbestos removal in their capital budgets.

Responsibility of Environmental Services:
Environmental Services (ES) will have no budget or accounting responsibility related to the removal of asbestos. However, because asbestos removal is an environmental issue, ES will still need to be involved at the appropriate level on these types of projects.

Responsibility of PGD Environmental Service:
PGD Environmental Services will continue to be responsible for providing to accounting the total remaining exposure by plant on a quarterly basis.

Responsibility of Regulatory Accounting:
Regulatory Accounting will continue to be responsible for ensuring that the asbestos removal charges made to Account 108.332 and 108.300 by the BUs are properly reflected in the ARO liability, as well as the Asset Retirement Cost. Additionally, Regulatory

Accounting will be responsible for determining whether these charges are consistent with the total ARO estimate provided by PGD Environmental Services each reporting period (see above).

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 080677-EI

EXPLANATION: Provide the following information regarding the use of outside professional services during the test year. Segregate the services by types such as accounting, financial, engineering, legal or other. If a projected test period is used, provide on both a projected and a historical basis for services exceeding the greater of $1,000,000 or .5% (.005) of operation and maintenance expenses.

Type of Data Shown:
__X__ Projected Test Year Ended _1
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/
Witness: J.A. Stall, Christopher A. Ber

Line No.	Type of Service or Vendor	Description of Service(s)	Account(s) Charged	Test Year Costs (000)	
1					
2					
3	**Accounting**				
4	None over the threshold				
5					
6					
7	**Financial**				
8	None over the threshold				
9					
10	**Engineering**				
11	AREVA Total	Engineering Services, Outage Services	Various Capital & O&M (1)	$25,708	
12	Guidant Total	Engineering Services	Various Capital & O&M (1)	$25,400	
13	TBD Total	Alloy 600 repair services	Various Capital & O&M (1)	$24,900	
14	TBD Total	Independent Fuel Storage Site Work, Fire Protection Project,	Various Capital & O&M (1)	$15,592	
15		Engineering & Construction Support			
16	Williams Total	Engineering & Construction Support	Various Capital & O&M (1)	$8,120	
17					
18	**Legal**				
19	None over the threshold				
20					
21	**Other (specify)**				
22	Regulated Security Solutions (RSS)	Security Services	524	$16,538	
23	Day & Zimmerman NPS Total	Construction Support	Various Capital & O&M (1)	$89,441	
24	IBM CORPORATION	FENA Program Professional Services	Mostly Capital	$2,470	
25	IBM CORPORATION	Mainframe/Servers SW & HW Maint. and Support Services	O&M	$7,600	
26	TBD	Professional Services for CISIII Implementation	Various Capital & O&M	$10,000	
27					
28	**Uprate Project included Nuclear Cost Recovery Docket**				
29	Siemens	Engineering & Construction Support	Various Capital	$122,467	
30	Tei	Engineering & Construction Support	Various Capital	$19,129	
31	Bechtel	Engineering, Procurement & Construction	Various Capital	$85,416	
32					
33					
34					
35					---------------
36	**Total Outside Professional Services**				$452,781
37					=========
38	(1) Amounts include other contractor labor costs. Outside professional service costs cannot be separately identified for this vendor in the test period.				

Supporting Schedules: Recap Schedules: C-12

Docket No. 120015-EI
Planning Process Guidelines
Exhibit REB-2, Page 65 of 67

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO.: 080677-EI

EXPLANATION: Provide a schedule of industry association dues included in cost of service by organization for the test year and the most recent historical year. Indicate the nature of each organization. Individual dues less than $10,000 may be aggregated.

Type of Data Shown:
_X_ Projected Test Year Ended 12/31/10
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___
Witness: Robert E. Barrett Jr., J.A. Stall, Kathleen Slattery, Michael G. Spoor, James A. Keener, Dr. Rosemary Morley, Marlene M. Santos

Line No.	[1] Name and Nature of Organization	[2] Electric Utility ($000's)	[3] Jurisdictional Factor	[4] Jurisdictional Amount ($000's)
1	Business Roundtable (Professional)	80	0.99175	79
2	(EEI) Edison Electric Institute (Professional)	1,910	0.99175	1,894
3	(FGG) Florida Electric Power Coordination Group (Professional)	77	0.99175	76
4	(FRCC) Florida Reliability Coordinating Council (Professional)	1,270	0.99175	1,259
5	(NERC) North American Elec. Reliab. Coord. Council (Professional)	2,821	0.99175	2,798
6	(SEE) Southeastern Electric Exchange (Professional)	63	0.99175	62
7	Investment Enterprise (Technical/Professional)	52	0.99175	52
8	Center for Energy Workforce Development (General Management)	26	0.99175	26
9	William J Clinton Foundation (Community Development)	26	0.99175	26
10	United States Climate Action Partnership (USCAP) (National Policy Development)	125	0.99175	25
11	The Conference Board (General Management)	54	0.99175	54
12	Florida Chamber of Commerce (Community Development)	38	0.99175	38
13	US Chamber Annual Education Fund (Community Development)	84	0.99175	83
14	HR Policy (Professional)	16	0.99175	16
15	Utility water Activities Group (UWAG) (Professional)	142	0.99175	141
16	Utility Solid Waste Act Group (USWAG) (Professional)	130	0.99175	129
17	MJ Bradley (Clean Energy Group) (Professional)	64	0.99175	63
18	Citation Publishing (Professional)	65	0.99175	64
19	Customer Contact Council (Professional)	35	0.99175	35
20	Food Marketing Institute (General Management)	12	0.99175	12
21	Saratoga Institute (Technical/Professional)	20	0.99175	20
22	Central Florida Health Care Coalition (Professional)	10	0.99175	10
23	National Business Group on Health (Professional)	12	0.99175	12
24	Equal Employment Advisory Council	11	0.99175	11
25	National Energy Regulatory Commission (Professional)	40	0.99175	40
26	NEETRAC Georgia Tech Research (Professional)	26	0.99175	26
27	Center for Energy Advancement through Technological Innovation (CEATI) (Professional)	34	0.99175	34
28	(INPO) Institute of Nuclear Power Operations	3,414	0.99175	3,386
29	(NEI) Nuclear Energy Institute (Technical/Professional)	1,201	0.99175	1,191
30	(EUCG) Electric Utility Cost Group (Professional)	14	0.99175	14
31	(EPRI) Electric Power Research Institute (Professional)	2,458	0.99175	2,438
32	Curtis Wright / Readily Accessible Parts & Inventory Database (RAPID) memb. Fee (Professional)	55	0.99175	55
33	International Stds. & Spec. Database (HIS) memb. Fee (Professional)	11	0.99175	11

Supporting Schedules: F-8 Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO.: 080677-EI

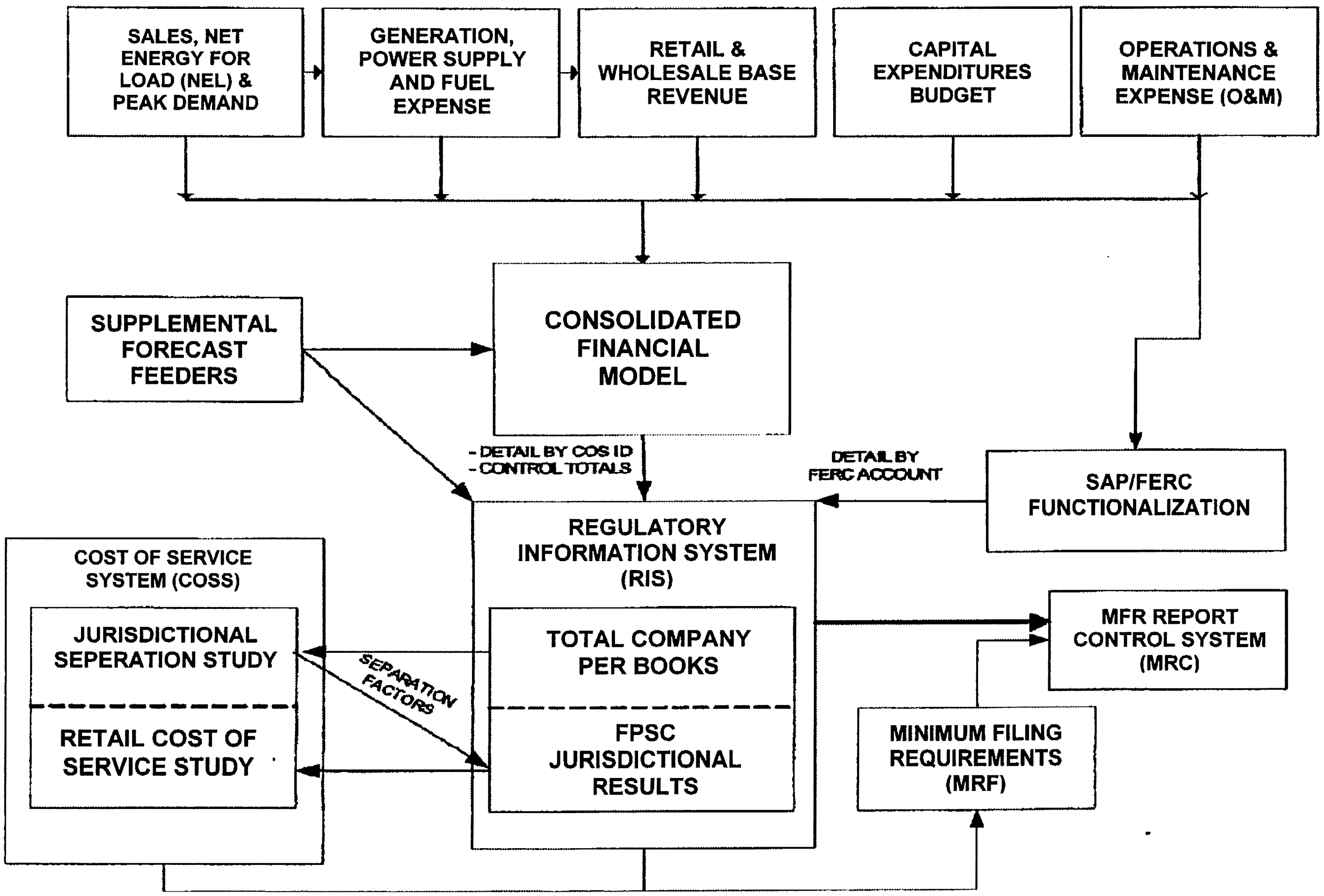
EXPLANATION: Provide a schedule of industry association dues included in cost of service by organization for the test year and the most recent historical year. Indicate the nature of each organization. Individual dues less than $10,000 may be aggregated.

Type of Data Shown:
_X_ Projected Test Year Ended 12/31/10
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___
Witness: Robert E. Barrett Jr., J.A. Stall, Kathleen Slattery, Michael G. Spoor, James A. Keener, Dr. Rosemary Morley, Marlene M. Santos

Line No.	[1] Name and Nature of Organization	[2] Electric Utility ($000's)	[3] Jurisdictional Factor	[4] Jurisdictional Amount ($000's)
1	Esource (Technical/Professional)	68	0.99175	67
2	Electrical Council of Florida (Technical/Professional)	14	0.99175	14
3	Greater Miami Chamber of Commerce (Business Organization)	32	0.99175	32
4	Miami Dade Beacon Council (Business Organization)	17	0.99175	17
5	Greater Fort Lauderdale Chamber of Commerce (Business Organization)	22	0.99175	22
6	The Chamber of Southwest Florida (Business Organization)	14	0.99175	14
7	The Center for Corporate Citizenship (Business Organization)	10	0.99175	10
8	Miami Beach Chamber of Commerce (Business Organization)	10	0.99175	10
9	Latin Chamber of Commerce (Business Organization)	10	0.99175	10
10	Business Development (Business Organization)	10	0.99175	10
11	CIO Executive Board Membership (Professional)	46	0.99175	46
12	United Telecomm Company (Professional)	13	0.99175	13
13	UNITE Utility Consortium (Professional)	54	0.99175	54
14				
15	**Dues Less Than $10,000 Aggregate:**	407	0.99175	404
16				
17	**Total Industry Association Dues:**	15,123		14,873
18				
19	**Average Number of Customers:**	4,548,763		4,548,759
20				
21	**Dues Per Customer:**	$3.32		$3.27
22				
23	**Lobby Expenses:**	$0.00		$0.00
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				

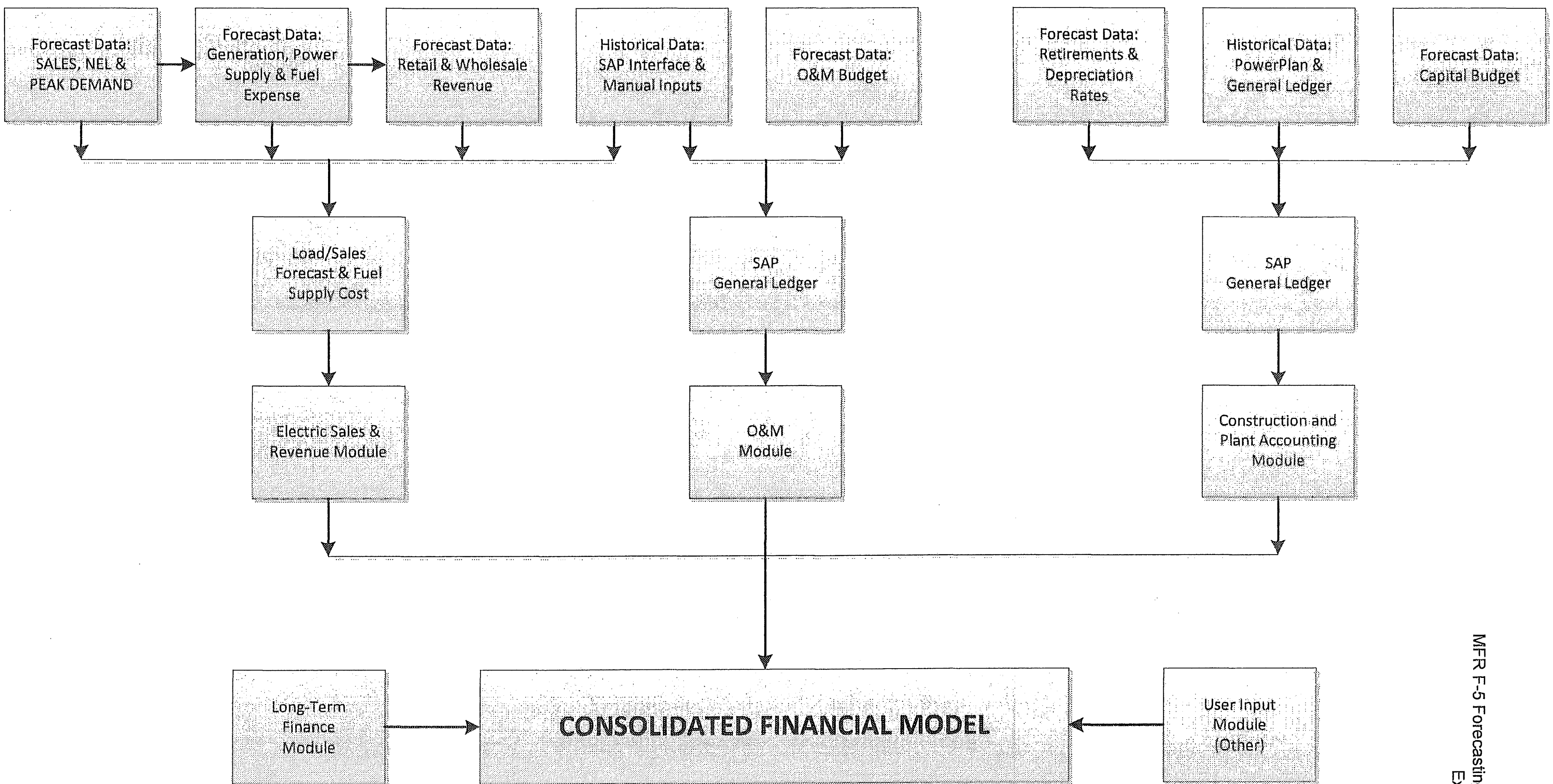
Supporting Schedules: F-8 Recap Schedules:

FLORIDA POWER & LIGHT COMPANY
FORECASTING PROCESS OVERVIEW



Docket No. 120015-EI
MFR F-5 Forecasting Flowcharts and Models
Exhibit REB-3, Page 1 of 2

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED FINANCIAL MODEL (CFM)



FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 120015-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 12/31/13
___ Prior Year Ended __/__/__
___ Historical Test Year Ended __/__/__

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

Line No. (1) (2) (3) (4) (5) (6) (7) (8) (9)

I. SALES, CUSTOMERS, NET ENERGY FOR LOAD

GENERAL ASSUMPTIONS	2013
A. Population (Florida)	19,214,917
B. Florida Real Per Capital Income (Base 2005) (000's of Dollars)	36.4
C. Florida Non-Agricultural Employment (000)	7,535.6
D. FPL Service Territory Cooling Degree Hours (Base 72 Degree Temperature)	1,958
E. FPL Service Territory Winter Heating Degree Days (Base 66 Degree Temperature)	265
F. FPL Service Territory Heating Degree Days (Base 45 Degree Temperature)	0.65
G. Weather Sensitive Mandated Energy Efficiency per Customer (MWH)	0.66
H. CPI for Energy	256.0
I. Inactive Ratio	5.42%

J. 2013 Sales by Revenue Class - Most likely (in Million KWH)

Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	Sales for Resale	Total [1]
53,056	46,543	3,021	461	28	93	103,200	2,210	105,411

K. 2013 Customers by Revenue Class

Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	Sales for Resale	Total [1]
4,084,980	527,238	9,174	3,540	187	26	4,625,145	4	4,625,149

L. 2013 Net Change in Customers by Revenue Class

Residential	Commercial	Industrial	Street and Highway Lighting	Other	Railroads	Total Retail	Sales for Resale	Total [2]
36,190	9,344	361	83	-2	0	45,976	-1	45,975

[1] Totals may not add-up due to rounding.
[2] Average 2013 customers - average 2012 customers.

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

Docket No. 120015-EI
MFR F-8 Major Forecast Assumptions
Exhibit REB-4, Page 1 of 13

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 120015-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 12/31/13
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/__

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

Line No.			(1)	(2)	
1	**I.**	**M.**	**Most Likely Forecast of Monthly Net Energy for Load (Million KWH)**		
2				**2013**	
3			**January**	8,409	
4			**February**	7,528	
5			**March**	8,420	
6			**April**	8,574	
7			**May**	9,876	
8			**June**	10,253	
9			**July**	11,167	
10			**August**	11,144	
11			**September**	10,353	
12			**October**	9,769	
13			**November**	8,220	
14			**December**	8,488	
15				112,201	
16					
17		**N.**	**Most Likely Forecast of System Monthly Peaks (Megawatts)**		
18				**2013**	
19			**January**	21,101	
20			**February**	17,137	
21			**March**	17,137	
22			**April**	17,524	
23			**May**	19,570	
24			**June**	19,851	
25			**July**	20,471	
26			**August**	21,931	
27			**September**	20,347	
28			**October**	19,076	
29			**November**	18,317	
30			**December**	18,332	
31					
32	**II.**	**INFLATION RATE FORECAST**			
33			**Most Likely Annual**		
34			**Rates of Change**		
35			**2013**		
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.

Docket No. 120015-EI
MFR F-8 Major Forecast Assumptions
Exhibit REB-4, Page 2 of 13

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 120015-EI

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

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 investor sources of capitalization is projected to be approximately 59.6% equity and approximately 40.4% debt.

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 0.875%.

Interest Rate Assumptions

	2013
D. Long Term Debt	5.1%
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	0.6%

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

Docket No. 120015-EI
MFR F-8 Major Forecast Assumptions
Exhibit REB-4, Page 3 of 13

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 120015-EI

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

IV. IN SERVICE DATES OF MAJOR PROJECTS

A.

(1) BUDGET ITEM #	(2) PROJECT DESCRIPTION	(3) IN SERVICE DATE*	
	Nuclear Generation Projects		
UNUC00000052	Turkey Point Unit 4 Extended Power Uprate Project**	03/2013	
Various	St Lucie EDG Generator and Radiator Replacement	2013-2015	(Multiple Projects with Various In-Service Dates)
Various	St Lucie Reactor Coolant Pump (RCP) Motor Refurbishments	2013-2016	(Multiple Projects with Various In-Service Dates)
	Steam Generation Projects		
UENC00000048	Manatee ESP U1**	10/2013	
UENC00000050	Martin ESP U1**	07/2014	
UENC00000051	Martin ESP U2**	04/2015	
	Other Generation Projects		
UENC00000004	Cape Canaveral Modernization	06/2013	
UENC00000003	Riviera Modernization	06/2014	
UENC00000065	Port Everglades Modernization	06/2016	
	Transmission Projects		
UENC00000004	Cape Canaveral Modernization-Transmission	06/2013	
UENC00000003	Riviera Modernization-Transmission	06/2014	
	Intangible & General Plant Projects		
UIMS000000198	FENA Phase 2 Project	12/2013	
UCUS000000100	AMI Software	12/2013	
UENC000000025	Corporate Data Center	12/2013	
UTRN000000015	SCC EMS Project	12/2013	

* Projects which have a foreseeable monetary impact in fiscal year 2013.
** Projects which are recovered, or partially recovered, through other mechanisms.

FLORIDA PUBLIC SERVICE COMMISSION

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DOCKET NO.: 120015-EI

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

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					

Line No.	Unit	2013 Outage Period	2013 Outage Description
5		**2013**	**2013**
6	**Unit**	**Outage Period**	**Outage Description**
7	St. Lucie Unit 1	9/5/2013 - 10/13/2013	Refueling, Extended Power Uprate Project
8	Turkey Point Unit 3	10/21/2013 - 11/28/2013	Refueling, Steam Generator Eddy Current Testing, 10 year Reactor Vessel Internal Inspection
9	Turkey Point Unit 4	1/1/2013 - 3/5/2013	Refueling, Extended Power Uprate (Outage begins 11/5/2012)
10			
11	**B. Fossil Units Outage Schedule (including outage period and reason)**		
12			

Line No.	Unit	2013 Outage Start	2013 Outage End	2013 Outage Description
13		**2013**	**2013**	**2013**
14	**Unit**	**Outage Start**	**Outage End**	**Outage Description**
15	CAPE CANAVERAL 3	11/1/13	11/10/13	3A, 3B, 3C COMBUSTION TURBINE & STEAM TURBINE WARRANTY OUTAGE
16	FT. MYERS 2	10/5/13	12/6/13	HP/IP STEAM TURBINE, STEAM TURBINE GENERATOR, P91
17	FT. MYERS 2	10/5/13	10/11/13	A HRSG INSPECTION
18	FT. MYERS 2	10/5/13	10/11/13	B HRSG INSPECTION
19	FT. MYERS 2	10/12/13	10/18/13	C HRSG INSPECTION
20	FT. MYERS 2	10/12/13	10/18/13	D HRSG INSPECTION
21	FT. MYERS 2	10/19/13	10/25/13	E HRSG INSPECTION
22	FT. MYERS 2	10/19/13	10/25/13	F HRSG INSPECTION
23	FT. MYERS 3	9/2/13	9/22/13	A HGP, OVATION UPGRADE
24	FT. MYERS 3	7/13/13	8/2/13	B HGP, OVATION UPGRADE
25	LAUDERDALE 4	4/4/13	4/14/13	A COMBUSTOR INSPECTION
26	LAUDERDALE 4	10/19/13	11/1/13	BALANCE OF PLANT (PRIMARY STEAM PIPING)
27	LAUDERDALE 4	4/4/13	4/24/13	B HGP
28	LAUDERDALE 5	2/23/13	3/15/13	A COMBUSTOR INSPECTION
29	LAUDERDALE 5	2/23/13	3/5/13	B COMBUSTOR INSPECTION
30	LAUDERDALE 5	2/23/13	3/8/13	BALANCE OF PLANT (FEEDWATER SYSTEM)
31	MANATEE 1	1/1/13	7/24/13	ESP, LP1 LP2 TURBINE, MINOR BOILER
32	MANATEE 2	2/2/13	2/22/13	MAJOR BOILER
33	MANATEE 3	2/16/13	2/22/13	A HRSG INSPECTION
34	MANATEE 3	2/23/13	3/1/13	B HRSG INSPECTION
35				
36				

FLORIDA PUBLIC SERVICE COMMISSION

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DOCKET NO.: 120015-EI

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Type of Data Shown:
_X_ Projected Test Year Ended 12/31/13
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

Line No.	(1)	(2)	(3)	(4)	(5)
1	V. B.	2013	2013		2013
2	Unit	Outage Start	Outage End		Outage Description
3	MARTIN 8	12/14/13	12/20/13		A COMBUSTOR INSPECTION
4	MARTIN 8	12/14/13	12/20/13		B HRSG INSPECTION
5	MARTIN 8	3/2/13	3/8/13		C HRSG INSPECTION
6	MARTIN 8	3/9/13	3/15/13		D HRSG INSPECTION
7	MARTIN 1	6/20/13	12/31/13		ESP, MINOR BOILER, TURBINE VALVES
8	MARTIN 3	10/19/13	10/25/13		A COMBUSTOR INSPECTION, HRSG INSPECTION
9	MARTIN 3	10/25/13	12/7/13		B HGP, REPLACE COMPRESSOR DISCHARGE CASING
10	MARTIN 4	2/23/13	3/1/13		B COMBUSTOR INSPECTION
11	MARTIN 4	3/2/13	4/14/13		A MAJOR, REPLACE COMPRESSOR DISCHARGE CASING, HRSG & GENERATOR INSPECTION
12	PUTNAM	3/16/13	3/25/13		COOLING TOWER FAN
13	PUTNAM 1	10/19/13	12/20/13		1GT2 MAJOR COMBUSTION TURBINE & GENERATOR, HRSG INSPECTION
14	PUTNAM 2	3/16/13	3/29/13		2GT1 HGP, REPLACE CONTROL WIRE, HRSG INSPECTION
15	SANFORD 4	8/6/13	8/12/13		A HRSG INSPECTION
16	SANFORD 4	4/13/13	4/19/13		B HRSG INSPECTION
17	SANFORD 4	1/11/13	1/24/13		C HGP, HRSG & GENERATOR INSPECTION
18	SANFORD 4	3/16/13	3/29/13		D HGP, HRSG & GENERATOR INSPECTION
19	SANFORD 4	3/16/13	5/24/13		HP/IP STEAM TURBINE, STEAM TURBINE GENERATOR, LP EVAPORATOR MODULES
20	SANFORD 5	4/21/13	4/27/13		A HRSG INSPECTION
21	SANFORD 5	9/9/13	9/22/13		B HGP, HRSG INSPECTION
22	SANFORD 5	3/2/13	3/15/13		C HGP, HRSG INSPECTION
23	SANFORD 5	3/2/13	3/8/13		D HRSG INSPECTION
24	ST. JOHNS RIVER POWER PARK 1	3/9/13	4/7/13		MINOR BOILER, FUEL GAS DESULFURIZATION, BOILER FEED PUMP TURBINE
25	TURKEY POINT 5	11/2/13	11/27/13		A HGP & HRSG, S14-S16 BLADES
26	TURKEY POINT 5	8/10/13	9/4/13		B HGP & HRSG, S14-S16 BLADES
27	TURKEY POINT 5	11/2/13	11/27/13		C HGP & HRSG, S14-S16 BLADES
28	TURKEY POINT 5	9/5/13	9/30/13		D HGP & HRSG, S14-S16 BLADES
29	TURKEY POINT 5	11/2/13	11/24/13		STEAM TURBINE VALVES & STEAM TURBINE GENERATOR INSPECTION
30	TURKEY POINT 1	4/28/13	6/11/13		MAJOR BOILER, LP STEAM TURBINE, STEAM TURBINE VALVES & GENERATOR
31	TURKEY POINT 2	3/30/13	4/28/13		SYNCHRONOUS CONDENSER MAINTENANCE
32	WEST COUNTY ENERGY CENTER 1	3/2/13	3/17/13		A COMBUSTOR INSPECTION
33	WEST COUNTY ENERGY CENTER 1	3/19/13	4/3/13		B COMBUSTOR INSPECTION
34	WEST COUNTY ENERGY CENTER 1	4/5/13	4/20/13		C COMBUSTOR INSPECTION
35	WEST COUNTY ENERGY CENTER 2	11/23/13	12/8/13		A COMBUSTOR INSPECTION
36	WEST COUNTY ENERGY CENTER 2	12/8/13	12/23/13		B COMBUSTOR INSPECTION
37	WEST COUNTY ENERGY CENTER 2	11/23/13	12/8/13		C COMBUSTOR INSPECTION
38	WEST COUNTY ENERGY CENTER 3	11/22/13	12/17/13		A HGP, HRSG, GENERATOR INSPECTION
39	WEST COUNTY ENERGY CENTER 3	11/2/13	11/27/13		B HGP, HRSG, GENERATOR INSPECTION
40	WEST COUNTY ENERGY CENTER 3	11/22/13	12/17/13		C HGP, HRSG, GENERATOR INSPECTION
41	WEST COUNTY ENERGY CENTER 3	11/22/13	12/11/13		STEAM TURBINE GENERATOR INSPECTION
42					
43					

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

DOCKET NO.: 120015-EI

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____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

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:

(1)	(2)
2012	953
2013	953

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

c. Energy costs are recovered through the Fuel Cost Recovery Clause (FCRC) and capacity costs are recovered through the 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 the CCRC. Energy costs are recovered through the FCRC.

FLORIDA PUBLIC SERVICE COMMISSION

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Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

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

3. Power Sold and Economy Energy Purchases (Schedule "OS")

a. Schedule OS sales are based upon projected market prices and expected available generation relative to FPL's projected incremental cost of sales (generation and transmission)

b. Schedule OS purchases are based upon FPL's projected incremental generation cost relative to projected market prices plus incremental costs and transmission costs.

c. Energy & transmission costs of OS purchases are recovered through the FCRC. For OS sales, the FCRC is credited for incremental generation cost, the CCRC is credited for FPL transmission costs incurred to make the sale, Base is credited for the incremental costs of running gas turbines, if applicable, and the FCRC is credited for the gain on a sale.

4. Interchange related to St Lucie Unit 2 Reliability Exchange Agreement

a. Based on P-MArea projection for PSL 1 and PSL 2 output as applied to the contract formula.

5. Schedule of New and Expiring Interchange/Purchase Power Contracts for the period.

a. DeSoto County Generating Company, LLC entered into in 2011 expires December 31, 2012.

b. Oleander Power Project, L.P. entered into in 2002 expires May 31, 2012.

c. Seminole Electric Cooperative, Inc. entered into in 2011 expires on May 31, 2012. - contract executed after 11/14/2011 forecast

d. Tampa Electric Company entered into in 2011 expires on December 31, 2012. - contract executed after 11/14/2011 forecast

6. Purchased Power from Qualifying Facilities:

		Capacity (MW)	Energy (MWH)
a. Firm			
	2012	645	2,722,502
	2013	645	2,722,502
b. As Available			
	2012	n/a	975,980
	2013	n/a	975,980

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES

DOCKET NO.: 120015-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 12/31/13
____ Prior Year Ended ___/___/___
____ Historical Test Year Ended ___/___/___

Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

Line No.			(1)	(2)	(3)
1	**VI.**	**7.**	**Schedule of Sales and Purchased Power Contracts for the Period (contracts impact 2012 and 2013)**		
2				**a. Sales:**	City of Blountstown, Florida full requirements ~10 MW (5/1/2012 to 12/31/2013) - contract executed after 11/14/2011 forecast
3					Florida Keys Electric Cooperative Association, Inc. full requirements ~143 MW (1/1/2012 to 12/31/2013)
4					Utility Board of the City of Key West, Florida 45 MW RTC capacity and energy (1/1/12 to 5/31/13)
5					Lee County Electric Cooperative, Inc. partial requirements up to 300 MW (1/1/12 to 12/31/13)
6					City of Wauchula, Florida full requirements capacity and energy ~15 MW (1/1/12 to 12/31/13)
7				**b. Purchases:**	DeSoto County Generating Company, LLC dated October 24, 2011 (1/1/2012 to 12/31/2012)
8					Oleander Power Project, L.P. dated April 30, 2001 (6/1/2002 to 5/31/2012)
9					Seminole Electric Cooperative, Inc. dated January 5, 2012 (4/1/2012 to 5/31/2012) - contract executed after 11/14/2011 forecast
10					Tampa Electric Company dated December 11, 2011 (1/1/2012 to 12/31/2012) - contract executed after 11/14/2011 forecast
11	**VII.**		**FUEL ASSUMPTIONS**		
12		**A.**	**Fuel Related Assumptions**		
13		**1.**	**Fossil Fuel**		
14			The current real and nominal fuel price forecast for light and heavy fuel oil, natural gas, coal,		
15			and petroleum coke, and the projection for the availability of natural gas to the FPL system		
16			for 2012 and 2013 was issued on November 14, 2011 and was based on current and projected		
17			market conditions, and existing supply and transportation contracts. This forecast was		
18			used as input into the P-MArea production costing model for development of forecasted information.		
19		**2.**	**Nuclear Fuel**		
20			The Nuclear Fuel Forecast model was used to project fuel costs. The 2013 Fuel Cost Projections used in the impending rate case filing		
21			are consistent with the Approved Operating Schedule dated June 22, 2011.		
22					
23					
24					
25					
26					

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES DOCKET NO.: 120015-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.

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(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

3%

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 6.41% as approved by the Florida Public Service Commission in Order No. PSC-10-0470-PAA-EI, in Docket No. 100133-EI issued on July 23, 2010.

D. AFUDC Debt/Equity Split - FPSC and FERC

	FPSC Ratio	FERC Ratio
1. Debt %	27.31%	31.04%
2. Equity %	72.69%	68.96%

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES

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

IX. E. Depreciation Rates

1. For the 2013 test year, depreciation expense is based on depreciation rates approved by the Florida Public Service Commission in Docket Nos. 080677-EI / 090130-EI, Order No. PSC-10-0153-FOF-EI issued on March 17, 2010. The Company is required to file its next depreciation study no later than March 2013.
2. For the 2013 test year, dismantlement accruals for the fossil-fueled generating stations are based on the dismantlement accruals approved by the Florida Public Service Commission in Docket Nos. 080677-EI / 090130-EI, Order No. PSC-10-0153-FOF-EI issued on March 17, 2010. The Company is required to file its next dismantlement study no later than March 2013.

F. Total Line Losses **2013** **of Net Energy for Load**
5.88%

G. Company Usage **2013** **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.

Supporting Schedules: E-18 Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES DOCKET NO.: 120015-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 12/31/13 ___ Prior Year Ended __/__/__ ___ Historical Test Year Ended __/__/__ Witness: Dr. Rosemary Morley, Robert E. Barrett, Jr., Kim Ousdahl, J.A. Stall, Roxane R. Kennedy

	(1)	(2)
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**
	4.73%	**2012**
	4.76%	**2013**
		Percentage represents composite rate.
M.	**PRIOR YEAR**	
		Year 2012 Forecast
N.	**TEST YEAR**	
		Year 2013 Forecast
O.	**HISTORICAL YEAR**	
		Year 2011
P.	**LAST MONTH OF HISTORICAL DATA**	
		September 2011
Q.	**MILLAGE RATE FOR PROPERTY TAXES**	
		The overall millage rate used for historical, prior and test year are as follows:
		2011 1.8486000%
		2012 1.8757000%
		2013 1.8910000%

Supporting Schedules: E-18

Recap Schedules: E-10, C-40

FLORIDA PUBLIC SERVICE COMMISSION

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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		6.192%	is the blended forecasted rate, based on 2007 actual payments.
4			
5	S.	**FEDERAL AND STATE UNEMPLOYMENT TAX RATES**	
6		0.6%	FUTA on the first $7,000 of wage base per employee
7		2.25%	SUTA on the first $7,000 of wage base per employee
8			
9	T.	**FICA TAX RATES**	
10		6.2%	Social Security Tax on $110,100 wage base for 2011 and on $110,700 wage base for 2012 and $114,900 wage base for 2013.
11		1.45%	Medicare tax on total compensation.
12			
13	U.	**Extended Power Uprate (EPU) Assumptions**	
14		1. EPU capital projections as of 9/30/2011. These estimates are subject to continuing review and adjustment and actual capital expenditures are subject to change from these estimates.	
15			
16			
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Supporting Schedules: E-18

Recap Schedules: E-10, C-40

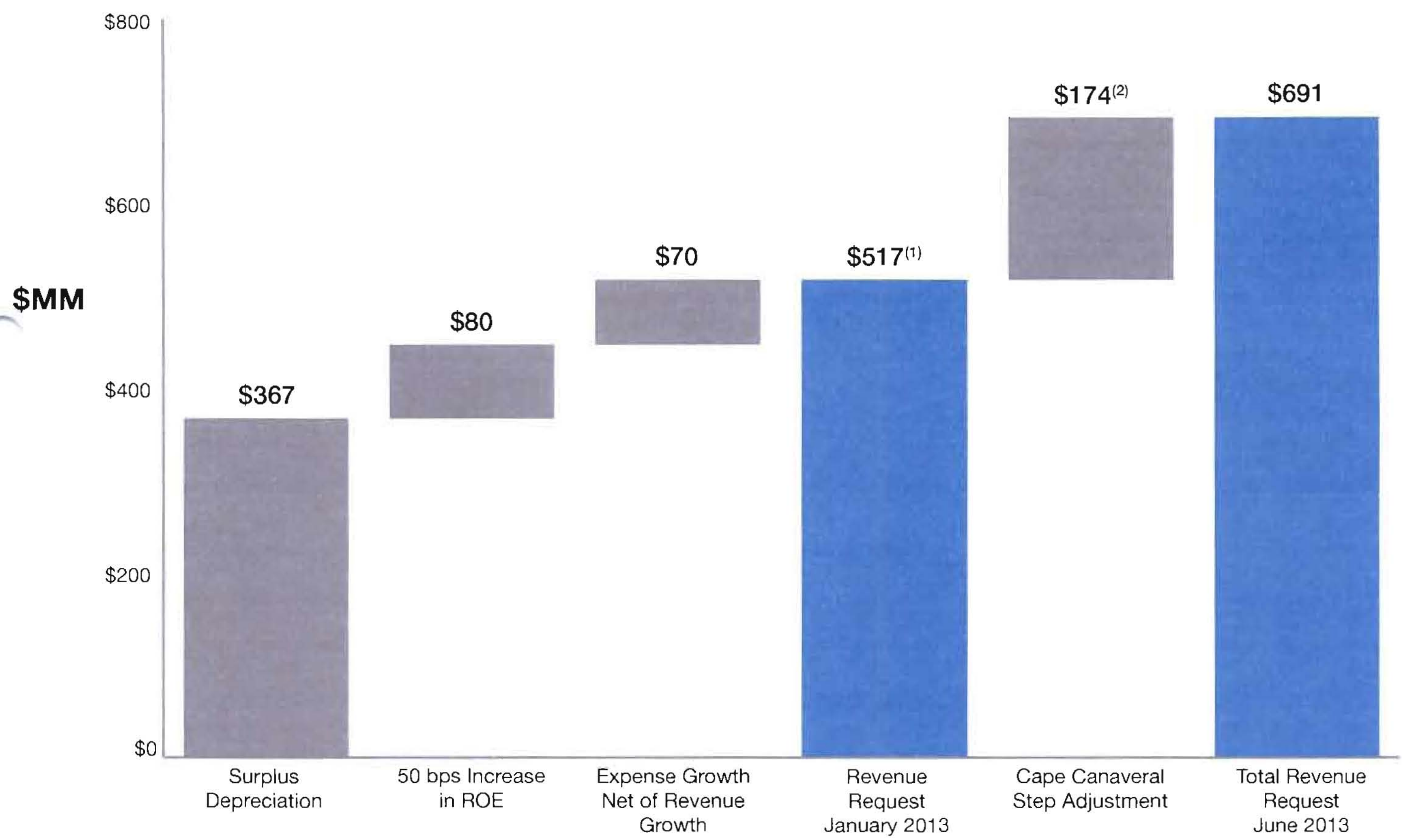
Docket No. 120015-EI
MFR F-8 Major Forecast Assumptions
Exhibit REB-4, Page 13 of 13

BUDGET AND ACTUAL NET INCOME 2004-2011

$millions	Budget Net Income		Actual Net Income		Percent Change
2004	$773	(1)	$763	(3)	-1.3%
2005	$748	(1)	$748	(2)	0.0%
2006	$829	(1)	$829	(4)	0.0%
2007	$838	(1)	$836	(2)	-0.2%
2008	$875	(1)	$789	(2)	-9.8%
2009	$790	(1)	$831	(2)	5.2%
2010	$930	(1)	$945	(2)	1.6%
2011	$1,080	(1)	$1,068	(2)	-1.1%
Average 2004-2011					**-0.7%**
Average 2004-2011, excluding 2008 and 2009					**-0.2%**

(1) Source: Company records
(2) Source: NextEra Energy, Inc. Form 10-K
(3) Source: NextEra Energy, Inc. Form 10-K; excludes impact of hurricanes and settlement of shareholder lawsuit
(4) Source: NextEra Energy, Inc. Form 10-K; excludes $27 million of after tax disallowed storm costs

FPL's Revenue Request – 2013 vs. 2012

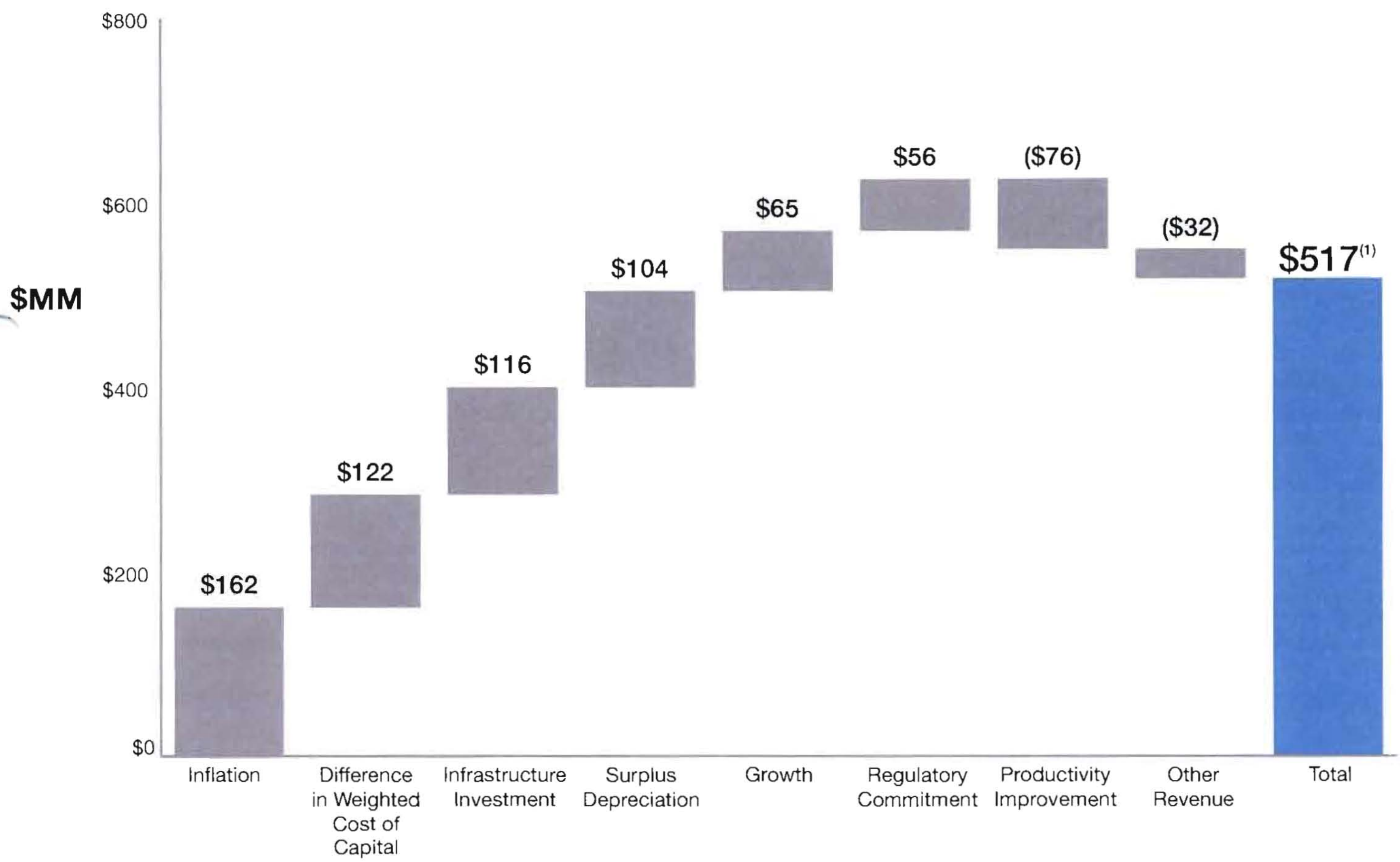


Surplus depreciation and the Cape Canaveral plant account for 78% of the total request

(1) Rounded from $516.5 MM

(2) Rounded from $173.9 MM

Drivers of the Increase in Revenue Requirements for 2010-2013



(1) Rounded from $516.5 MM

Impact of Amortization of Surplus Depreciation on 2013 Revenue Requirements
(in millions)

I. Rate Base Impact of Reserve Surplus in 2013

	2010 Rate Case		2013 Rate Case							
	2010		2010		2011		2012		2013	
	Monthly Amort	Rate Base	Monthly Amort	Rate Base	Monthly Amort	Rate Base	Monthly Amort	Rate Base	Monthly Amort	Rate Base
Jan	$ (19)	$ 19	$ (19)	$ 19	$ (55)	$ 59	$ (67)	$ 245	$ (16)	$ 719
Feb	$ (19)	$ 37	$ (19)	$ 37	$ (14)	$ 73	$ (28)	$ 273	$ (16)	$ 735
Mar	$ (19)	$ 56	$ 2	$ 35	$ (31)	$ 103	$ (73)	$ 346	$ (16)	$ 751
Apr	$ (19)	$ 75	$ (12)	$ 47	$ 31	$ 73	$ (35)	$ 381	$ (16)	$ 767
May	$ (19)	$ 93	$ (33)	$ 79	$ (38)	$ 110	$ (81)	$ 462	$ (16)	$ 783
Jun	$ (19)	$ 112	$ -	$ 79	$ (24)	$ 134	$ (72)	$ 533	$ (16)	$ 799
Jul	$ (19)	$ 130	$ -	$ 79	$ 15	$ 119	$ (46)	$ 579	$ (16)	$ 815
Aug	$ (19)	$ 149	$ -	$ 79	$ (38)	$ 157	$ (64)	$ 644	$ (16)	$ 831
Sep	$ (19)	$ 168	$ 79	$ (0)	$ 70	$ 88	$ 18	$ 626	$ (16)	$ 847
Oct	$ (19)	$ 186	$ -	$ (0)	$ (22)	$ 110	$ (20)	$ 646	$ (16)	$ 863
Nov	$ (19)	$ 205	$ (13)	$ 12	$ (36)	$ 146	$ (63)	$ 709	$ (16)	$ 879
Dec	$ (19)	$ 224	$ 9	$ 4	$ (32)	$ 178	$ 6	$ 704	$ (16)	$ 894
TOTAL	$ (224)		$ (4)		$ (174)		$ (526)		$ (191)	
13-mo Avg Rate base		**$ 112**		$ 36		$ 104		$ 487		**$ 799**

2010 Rate Base impact of Reserve Surplus in Current Rates	$ 112	
2013 Rate Base impact of Reserve Surplus in Test Year	$ 799	
Increase in Rate Base due to Reserve Surplus Amortization	**$ 687**	
Pre-tax return rate	10.3%	@ 11.5% ROE
	$71	

II. Amortization of Reserve Surplus in 2013 versus 2010

	2010	2011		2012	2013	Total
Amortization used for setting rates in 2010	($224)	($224)		($224)	($224)	($895)
Amortization used per 2010 Rate Settlement Agreement	($4)	($174)	(A)	($526)	($191)	($895)
Increase in Revenue Requirements due to lower credit in 2013					**$33**	

III. Total Base Revenue Requirement due to Change in Rate Base

Need for rate increase in 2013 impacted in two ways:	
1) Pre-tax return and depreciation required on rate base	$71
2) Drop in depreciation credit from approved 2010 to 2013 forecast	$33
Total Revenue Requirment Impact of Amortization of Surplus Depreciation	**$104**

(A) 2011 surplus is the forecasted surplus amortization, and does not represent actuals.