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

COM	5
APA	1
ECR	10
GCL	1
RAD	1
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TESTIMONY & EXHIBITS OF:

RENAE B. DEATON

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF RENAE B. DEATON

DOCKET NO. 120015-EI

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Renae B. Deaton. 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 the Rate Development Manager in the Rates & Tariffs Department.

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

A. I am responsible for developing electric rates at both the retail and wholesale levels. At the retail level, I am responsible for developing the appropriate rate design for all electric rates and charges. I am also responsible for proposing and administering the tariff language needed to implement those rates and charges.

Q. Please describe your educational background and professional experience.

A. I hold a Bachelor of Science in Business Administration and a Master's of Business Administration from Charleston Southern University. Since joining FPL in 1998, I have held various positions in the rates and regulatory areas. Prior to this, I was employed at South Carolina Public Service Authority (d/b/a Santee Cooper) for fourteen years, where I held a variety of positions in

the Corporate Forecasting, Rates, and Marketing Department and in generation plant operations.

Q. Are you sponsoring an exhibit in this case?

A. Yes. I am sponsoring nine exhibits which are attached to my direct testimony. They are as follows:

- RBD-1 MFRs and Schedules Sponsored or Co-sponsored by Renae Deaton
- RBD-2 FPL Bill Comparisons – January 2012 to January 2013 and June 2013
- RBD-3 Florida Utility Bill Comparisons
- RBD-4 Change in the Consumer Price Index versus FPL Bills
- RBD-5 Parity of Major Rate Classes Current and Proposed
- RBD-6 Summary of Proposed Rates
- RBD-7 Bill Calculation under Proposed RTR
- RBD-8 FPL Proposed ROE Performance Adder

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

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

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support FPL's proposed base rates and service charges that will produce revenues sufficient to recover the Company's jurisdictional revenue requirements in the 2013 Test Year.

Q. Please summarize your testimony.

A. My testimony addresses four general areas:

1) The forecast of base revenues from the sale of electricity;

2) The development of the proposed service charges;

3) The development of FPL's proposed target revenues by rate class; and

4) The proposed rate design for achieving the target revenues by rate class.

FPL's jurisdictional revenue requirements for the test year ending December 31, 2013, requires an increase in base revenues of 11.7% or $516.5 million in January 2013 and an additional step increase of 3.5% or $173.9 million in June 2013 for the Cape Canaveral Next Generation Energy Center ("Canaveral Modernization Project").

As reflected in Exhibit RBD-2, page 1, the base component of the typical residential (1,000 kilowatt-hours) bill would increase from $43.26 in December 2012 to $48.49 in January 2013 and then to $50.23 in June 2013. This is an increase of $5.23 in January 2013 and an additional increase of $1.74 in June 2013 for a total impact of $6.97 or 23 cents per day. Based on fuel efficiency savings, current projections of fuel prices and other expected changes to base rates and clauses in 2013, the net impact on the total typical residential bill is projected to be about $2.48 per month or 8 cents per day. Exhibit RBD-3, pages 1-2, show that FPL's typical residential bill at proposed rates is expected to remain the lowest in the state as compared to the other 55

Florida Utilities' typical residential bills at current rates. Exhibit RBD-3, page 5, shows that FPL's Commercial and Industrial ("CI") bills are also among the lowest in the state of Florida and below the state average (as compared to the 34 companies reported by the Florida Municipal Electric Authority ("FMEA")).

The CI rate classes will see varying increases in January 2013 depending on the current rate of return as compared to the system average rate of return, i.e., parity index, for their respective classes. As part of a base rate case, Florida Public Service Commission ("FPSC" or "Commission") practice has been to adjust rates and charges in a manner that improves parity among the rate classes. FPL's filing proposes adjustments to rates and charges to more closely reflect the projected cost of service for the various rate classes, and thus address the parity issue, while following the Commission's practice of limiting rate increases to 1.5 times the system average increase in total class operating revenue as well as not allowing any rate decreases. MFR E-8 shows that the base increase for most CI customers' bills, i.e., those on the General Service Non-Demand ("GS-1") and General Service Demand ("GSD-1") rates, is between 4 and 16 percent. For a small number of larger CI customers, increases range from 10 to 30 percent. However, due to fuel efficiency savings, current projections of fuel prices, and other expected changes to base rates and clauses in 2013, the net impact on total bills is estimated to range from a decrease of 3 percent to an increase of 4 percent.

Exhibit RBD-4 demonstrates that since 2006, FPL's total bills have decreased while the Consumer Price Index ("CPI") has increased. FPL's total typical residential bill has decreased by 13 percent since 2006, while inflation has increased by 14 percent. Even though the base portion of the bill will increase by about 16 percent from January 2012 to June 2013, the total bill will increase by only 3 percent resulting in a net decrease in the total bill of 10 percent from 2006 to 2013. Similarly, CI bills have decreased, on average, about 14 percent from 2006 to today.

II. OVERVIEW OF BASE REVENUE AND RATE STRUCTURES

Q. What is meant by "base revenue" from the sale of electricity?

A. Base revenue represents FPL's total revenues from the sale of electricity less revenues generated from adjustment clauses, storm charge, gross receipts taxes, and franchise fees. See MFR C-5.

Q. How is base revenue from the sale of electricity determined?

A. Base revenue from the sale of electricity is determined by applying the applicable base rate tariff charges, excluding the cost recovery adjustment clause factors and the storm charge, to the appropriate billing determinants.

As described in Exhibit RBD-6, FPL has more than 40 retail rate schedules, each with its own set of tariff charges and billing determinants.

Q. What is meant by billing determinants?

A. Billing determinants are the parameters used for billing customers. The applicable billing determinants reflect the rate structure established for a given rate schedule. Customer, demand, and energy charges are each associated with their own set of billing determinants. The annual customer billing determinants are expressed in terms of the number of accounts billed by month in a year. Demand billing determinants are expressed in terms of the sum of the kilowatts ("kW") of customer monthly demand during a year, while energy billing determinants are expressed in terms of kilowatt-hours ("kWh"). Some rate schedules are limited to customer and energy billing determinants only. For example, customers in the small general service rate schedule (GS-1) are charged a customer charge in addition to a cents-per-kWh energy charge. GS-1 customers represent the smallest of the commercial/industrial electric customers, whose demands are 20 kW or less, and whose rate does not include a demand charge. Larger commercial/industrial customers, on the other hand, are charged on the basis of their demand, i.e., the maximum electric usage in a given time period, and energy consumed. Thus, the rate structure for the general service demand rate schedules, e.g., GSD-1, includes a customer charge, a cents-per-kWh energy charge and a dollar-per-kW demand charge.

Q. What are the proposed rate structures for the major rate schedules?

A. Exhibit RBD-6 provides a narrative explanation of the proposed rate structures of FPL's major rate schedules.

III. FORECAST OF BASE REVENUE

Q. What were the major inputs used to produce the forecasts of retail base revenues from the sale of electricity for the 2013 Test Year?

A. The major inputs used were the customer and energy (kWh) sales forecasts by revenue class produced by FPL witness Morley, the existing tariff charges, and the cost of service data produced by FPL witness Ender.

Q. What is the difference between revenue classes and rate schedules?

A. Revenue classes represent general categories of customers and are used for financial reporting purposes. There are six retail revenue classes: residential, commercial, industrial, street and highway lighting, railroads and other. The revenue classes are a combination of different rate schedules with the exception of the railroads revenue class. This class is the only class that is specific to a particular rate schedule: the Metropolitan Transit Service ("MET") rate schedule. To provide the level of detail required in MFR E-13, the forecasts of sales and customers by revenue class were converted into forecasts of sales and customers by rate schedule.

Q. What is the difference between rate classes and rate schedules?

A. Rate classes are groups of individual rate schedules with like billing attributes (customer type and load size) and rate design relationships, and are therefore treated for rate design purposes on a combined basis. As a result, one or more rate schedules may be combined into a single rate class. For example, general

service, Rate Schedule GS-1, and general service time-of-use ("TOU"), Rate Schedule GST-1, are combined together into the GS(T)-1 rate class

Q. Please describe the steps for developing the forecasts of base revenues.

A. First, the billing determinant forecast for customers, kWh sales, and kW demand is developed by rate schedule. Next, these billing determinants are applied to the currently applicable rates, adjusted to include the West County Energy Center Unit 3 ("WCEC3") capacity factors as discussed below, to provide the base revenue forecast at present rates. The customer, demand, and energy rates are then adjusted as discussed in Section VI, Proposed Changes to Existing Rates, and applied to the forecasted billing determinants to provide the base revenue at proposed rates.

Q. Why does your forecast of base revenue at present rates include revenue associated with WCEC3?

A. The Settlement Agreement approved in FPSC Order No. PSC-11-0089-S-EI provides for recovery of WCEC3 costs through the Capacity Cost Recovery Clause until WCEC3 costs are included in base rates. As described by FPL witness Ousdahl, the WCEC3 costs are included as part of base revenue requirements for surveillance reporting purposes and therefore the revenue associated with WCEC3 recovered through the capacity clause is classified as base revenue in order to appropriately match costs and revenues. To be consistent with this approach the forecast of base revenue at present rates properly includes revenue for WCEC3 that would continue to be recovered through the capacity clause but be classified as base revenue.

Q. How were the currently effective rates adjusted to include the WCEC3 factors?

A. The estimated 2013 capacity clause factors for WCEC3 were added to the currently effective rates. The WCEC3 2013 capacity clause factors were developed consistent with the methodology approved in the 2012 Capacity Clause Projection Filing, Docket No. 110001-EI. These adjustments are detailed in Attachment 4 to MFR E-14.

Q. Do the proposed base rates also reflect recovery of WCEC3?

A. Yes. The jurisdictional revenue requirement for WCEC3 is included in the cost of service study. The proposed base rates are designed to recover the total jurisdictional revenue requirement, including WCEC3.

Q. How is the billing determinant forecast developed?

A. The customer and sales forecast is provided by FPL witness Morley for the appropriate time period. This forecast is developed on a revenue class basis by FPL witness Morley and must be allocated to the rate schedule level for use in the revenue forecast.

The allocation of customers and kWh sales by rate schedule is developed based on the historical relationship between the number of customers and sales by rate schedule, and customers and sales by revenue class. Historical percentages are applied to the forecast of customers and sales by revenue class. The result is an estimate of sales and customers by retail rate schedule for the appropriate time period, which in this case is the 2013 Test Year.

Finally, additional derivations are made to complete the estimate of customer and energy billing determinants by rate schedule. For example, the kWh sales for RS-1 are segmented to reflect the inverted rates described in Exhibit RBD-6. Likewise, for TOU rate schedules, total sales are segmented between on-peak and off-peak sales based on historical patterns. In addition, for demand-metered rate schedules, billing demands are developed based on the historical relationship between billing demand and billed sales by rate schedule.

Q. Are there any exceptions to the process as described?

A. Yes. If a rate class is closed or there is no customer growth, then the number of customers under those rate schedules is based on their actual values during the last 12 months ending September 2011. These exceptions are limited to a small number of customers (less than 0.5%).

Q. Which MFRs provide detail on the retail base revenue forecast described above?

A. MFR A-3 lists the currently-approved base tariff charges adjusted to include WCEC3 factors. MFR E-15 provides a description of how the billing determinants were developed. MFR E-13c provides the results of applying the base tariff charges to the billing determinants and MFR E-13d provides additional detail on the base revenue forecast for the lighting rate schedules.

IV. TARGET REVENUES BY RATE CLASS

Q. How is the target revenue by rate class shown on MFR E-8 determined?

A. In a rate case proceeding where an adjustment in rates is proposed, the cost of service provides a guide for evaluating any proposed changes to the level of revenues by rate class. More specifically, the allocation of any revenue increase should be assessed in terms of its impact on the parity index for the respective rate class. FPL has set the target revenue by rate class to improve parity among the rate classes to the greatest extent possible while following the Commission practice of limiting the increase to each rate class to 1.5 times the system average increase in revenue, including adjustment clauses, and not allowing any class to receive a decrease. In general, FPL has followed the Commission practice regarding parity adjustments with the exception of allowing a decrease to the traffic signal, SL-2, rate. The cost of service indicates that the per unit energy charge for traffic signals is less than the current charge. FPL has established the SL-2 rate at the per unit energy charge to be consistent with the energy rates for Street Lighting, ("SL-1"), and Outdoor Lighting, ("OL-1"). The net impact is an increase for all lighting classes that is below the maximum allowed 1.5 times the system average increase.

Q. What does FPL's cost of service study show regarding the system average Rate of Return ("ROR") and the parity indices by rate class?

A. As explained by FPL witness Ender, FPL's cost of service study shows a system average earned ROR of 5.5% for the 2013 Test Year. This is consistent with the retail ROR reported in MFR A-1. The cost of service study indicates that the parity indices vary by rate class, with some class indices well above parity while others fall well below parity. When a rate class is under parity, its ROR is less than the overall FPL ROR and, as a result, that class is being subsidized by other rate classes. An important goal in setting rates is that all classes should be as close to the FPL ROR as possible.

Q. What impact would FPL's target revenues by rate class have on parity?

A. As shown in Exhibit RBD-5, under FPL's proposed target revenues by rate class, the parity of most rate classes is improved. As shown in MFR E-8, the proposed rates results in 14 of the 17 rate classes being within 10.0% of parity.

Q. How does FPL propose to achieve these target revenues by rate class?

A. FPL proposes to achieve these target revenues through changes to existing rates along with revisions to service charges. Each element of FPL's proposal is outlined below.

V. SERVICE CHARGES

Q. Is FPL proposing any changes to its service charges?

A. Yes. FPL is proposing to modify its returned payment charge, the late payment charge, and the temporary construction service rates. The returned payment charge is being modified to reflect the governing Florida Statute. FPL currently charges $23.24, or 5.0% of the amount of the payment, whichever is greater, per returned payment. Section 68.065, Florida Statutes, however, specifies a tiered fee structure based on the returned payment amount. Consistent with Section 68.065, FPL's proposed return payment charge is as follows:

- $25 if the payment amount does not exceed $50;
- $30 if the payment amount exceeds $50 but does not exceed $300; or
- $40 if the payment amount exceeds $300 or 5% of the payment amount, whichever is greater.

This proposed change would also be consistent with the Commission-approved return check charge for Tampa Electric Company, Progress Energy Florida, Gulf Power Company and Florida Public Utilities Company.

In addition, FPL currently charges 1.5% for late payments, but is proposing to charge the greater of 1.5% or $5 to encourage timely payment. The requested Late Payment Charge is consistent with the amount charged by Tampa

Electric Company, Progress Energy Florida, and Florida Public Utilities Company.

Finally, FPL is proposing to update the temporary construction service rates to reflect the cost of performing this service.

Q. Has the revenue impact from adjusting service charges been taken into account in calculating the revenue increase that is necessary to meet the target revenue by rate class for the 2013 Test Year?

A. Yes. As shown in MFR E-8, the increase in service charge revenue is taken into account in calculating the revenue increase needed to meet the target revenue by rate class. In effect, the increase in service charge revenue helps offset the needed increase in revenue from the sale of electricity for each rate class.

VI. PROPOSED CHANGES TO EXISTING BASE RATES

Q. Please explain FPL's objective for the proposed changes to existing rates.

A. The objective of the proposed changes to existing base rates and charges is to achieve the target revenues by rate class outlined above. The changes to existing rates are consistent with the objectives of providing rates that are cost-based, send appropriate price signals, and are understandable to customers.

Q. Please describe in general terms the methodology you used in developing the proposed changes to FPL's existing base rates.

A. Generally speaking, the inputs include the target revenues by rate class presented in MFR E-8, the unit costs at the required ROR presented in MFR E-6b and the projected revenues and billing determinants by rate schedule presented in MFR E-13c and MFR E-13d. As appropriate, the unit costs in MFR E-6b are used as a starting point and then adjustments are made to achieve the target revenue by rate class outlined above.

Q. FPL witness Ender discusses aggregation of the optional rate schedules in the cost of service study in this rate case. How does that affect rate design for the optional rates?

A. There is no effect on rate design. The optional rates for the High Load Factor TOU ("HLFT") rates, Seasonal Demand TOU riders ("SDTR"), and the Curtailable Service rates are combined with the standard or "parent" rate for cost of service purposes just as the optional TOU rates were and continue to be combined with the parent rate. These optional rates are designed to be revenue neutral, i.e., they are set to yield the same revenue as the parent rate at the class average load profile. Separate cost allocation studies for the optional rates are not necessary when using a revenue neutral rate design methodology. For example, customer and demand rates for the TOU and HLFT rate schedules are set based on the parent rate classes' unit costs, and adjusted as needed for rate design purposes. The off-peak energy rate is set to the parent rate classes' unit energy cost, and the on-peak rate is adjusted to achieve

revenue neutrality with the parent rate class. Since the optional rates and the resulting revenue are a function of the parent rate, the costs and revenues from the parent rate and all the optional rates and riders must be considered as a whole, i.e., at the parent rate class level.

Q. Which MFR outlines how the specific changes FPL is proposing to its existing rates were developed?

A. Attachment 2 of MFR E-14 provides work papers outlining the derivation of the proposed changes to FPL's existing rates. In addition, Exhibit RBD-6 provides a narrative explanation of the proposed rate structures and rate design.

Q. How does FPL propose to recover its target revenue from the lighting rate classes?

A. Attachment 3 to MFR E-14 provides the estimated cost of installing and maintaining new street lighting fixtures, poles and conductors. These figures suggest that the cost of installing and maintaining new poles and conductors substantially exceeds the charges under the current tariff. The target revenue increases for street light and outdoor light rate classes, SL-1 and OL-1, are achieved primarily through increases in the pole and conductor charges, with other adjustments as needed to achieve the classes' target revenues. In addition, the base energy charges for SL-1, SL-2, and OL-1 are based on the energy unit cost in MFR E-6b.

Q. Which MFRs provide additional information on the proposed changes to existing rates that you have outlined?

A. MFR A-2 presents the impact of the proposed rate changes to the typical bills. MFR A-3 provides a summary of those proposed rate changes. The applicable proposed tariff sheets are presented in Attachment 1 of MFR E-14.

The revenue impact from the proposed changes to existing rates is shown in MFRs E-12, E-13a, E-13c and E-13d, and the parity indices under proposed rates are shown in MFR E-8.

Q. Is FPL proposing any other tariff rate modifications?

A. Yes. FPL proposes to close the existing Residential TOU rate schedule ("RST-1") to new customers effective January 1, 2013, and replace it with a Residential TOU Rider ("RTR-1"). Additionally, FPL plans to add a provision to rate schedules SL-1 and OL-1 that allows for credits to the fuel charges on affected customers' bills when those customers are required to keep outside lights off during turtle nesting season.

Q. Why is FPL proposing changes to the RST-1 rate?

A. The RST-1 rate is designed to offer savings to customers who use less energy on peak than the class average. However, due to the inverted nature of the standard RS-1 rate, in which customers pay two cents per kWh more for usage above 1,000 kWh than is paid for usage under 1,000 kWh, some high usage customers may save under the RST-1 rate without making any behavior changes to reduce the amount of energy used on-peak. Exhibit RBD-7, page

1, illustrates the savings a high use customer can realize on the RST-1 rate without reducing on-peak usage. The purpose of a time of use rate is to encourage such shifting of usage from on-peak to off-peak. Although FPL currently has very few customers on the RST-1 rate and could close this loophole by simply closing the rate offering to new customers, FPL felt it was important to maintain the TOU alternative for residential customers who may wish to take advantage of the available Advanced Metering Infrastructure ("AMI") data to monitor and control their usage. Also, customers may wish to take advantage of the TOU rate for charging electric vehicles during off-peak periods.

Q. Please explain how charges under the RTR-1 rider will be determined.

A. First, the energy portion of the RTR-1 customer's bill will be calculated as if they are taking service under the standard residential rate, RS-1. Additional charges for on-peak usage and credits for off-peak usage will be added to the energy portion of the standard residential bill amount. Consistent with Commission precedent, RTR-1 is designed to be revenue neutral to the RS-1 rate. A customer taking service on the RTR-1 must use less energy during the on-peak hours than the class average to realize savings. An example of the bill calculation under the RTR-1 rider with on-peak usage below and above the residential class average is provided in Exhibit RBD-7, page 2. The exhibit illustrates that a customer benefits from the RTR-1 rider when on-peak usage is below the class average.

Q. How will customers under the existing RST-1 rate be affected?

A. Currently, there are less than 200 RST-1 customers. If approved, FPL will begin making the necessary system changes to bill customers under the new RTR-1 rider. Existing customers under the RST-1 rate will be notified of the change in rate structure and the plan to transfer them to the new RTR-1 rider. If an existing RST-1 customer does not wish to be transferred to the new RTR-1, they may elect to take service under the normal RS-1 rate rather than the new RTR-1 rider. Once all billing system changes are complete and all existing RST-1 customers who wish to transfer to the RS-1 rate are migrated, FPL will request to cancel the RST-1 rate, make the RTR-1 rider effective, and transfer the remaining RST-1 customers to the RTR-1 rider.

VII. PROPOSED RATES FOR CAPE CANAVERAL STEP INCREASE

Q. How does FPL propose to recover the revenue requirements for the Canaveral Modernization Project?

A. FPL proposes to implement new rates to recover the annualized revenue requirements associated with the Canaveral Modernization concurrent with the in-service date, which is scheduled for June 1, 2013. FPL also plans to propose that the corresponding fuel savings associated with the Canaveral Modernization Project be reflected in the fuel factors effective June 1, 2013. Implementing the fuel factors reflecting those savings concurrent with the step base rate increase better aligns costs with the fuel savings benefits. Current

forecasts indicate that the first twelve months of fuel savings are estimated to be $104 million, and as discussed by FPL witness Barrett, the Canaveral share of the projected savings presented in the need proceeding is approximately $600 million.

Canaveral Step Increase Schedule A-1, which is sponsored by FPL witness Ousdahl, shows that the first 12 months of revenue requirements associated with the Canaveral Modernization Project is $173.9 million. Those revenue requirements are allocated to customer classes based on the cost of service data in MFR E-6b equalized at proposed rates for the 2013 Test Year. Canaveral Step Increase Schedule E-8 outlines the cost allocation and the resulting energy factors by rate class. Canaveral Step Increase Schedule A-3 shows the proposed rates for January 1, 2013, the proposed increase for the Canaveral Modernization Project, and the proposed rates to be effective on the in-service date, expected to be June 1, 2013. Schedule E-12 summarizes the increase allocated to each rate schedule. Typical bill calculations with the proposed step increase are provided in Schedule A-2.

VIII. ROE PERFORMANCE ADDER

Q. Please describe the ROE Performance Adder proposed by FPL.

A. As discussed by FPL witness Dewhurst, FPL requests a 0.25% ROE performance adder, contingent on continuing to maintain the lowest typical

residential bill in the state. As shown on exhibit RBD-3 pages 2-4, FPL has had the lowest residential bill of all 55 utilities in Florida on a 12-month average basis since 2009.

Exhibit RBD-8 reflects the rate impact of the incremental revenue requirements associated with FPL's proposed ROE Performance Adder. The incremental revenue requirements of $41.6 million, as shown on FPL witness Ousdahl's Exhibit KO-8, equate to a rate impact of 0.040¢ per kWh.

Q. What happens if FPL does not maintain the lowest typical residential bill in the state going forward?

A. Should FPL not maintain the lowest typical residential bill in the state, based on a 12 month average, FPL proposes to reduce rates to remove the ROE performance adder on a prospective basis until FPL's bill is once again the lowest. Each September, in conjunction with FPL's annual fuel filing, FPL will prepare and submit to the Commission a comparison of its typical residential bill to the other Florida utilities for the prior 12 months. The comparison will be based on publicly available data from the Commission web site, the FMEA bill survey, the JEA bill survey, and the Reedy Creek Improvement district web site.

If the comparison shows that FPL's typical residential bill is not the lowest on average over the past 12 months, FPL will propose to reduce rates by 0.040¢ per kWh effective January 1 of the following year. If, in subsequent years,

FPL's typical residential bill is again the lowest on average for the prior 12 months, FPL would propose to reinstate the ROE Performance adder and increase rates by 0.040¢ per kWh effective January 1 of the following year.

IX. CONCLUSION

Q. What impact will FPL's rate proposal have on the major rate classes?

A. MFR E-8 summarizes the proposed base revenue changes for FPL overall and by rate class. Overall, the total change in base revenue in January 2013 is 5.9%. In the case of RS-1, the total change in base revenue, including revenue from electric service, unbilled revenues and service charges, is approximately 6.0% of total revenues including adjustment clauses. For CI customers in the GS-1 rate class, which represents the majority of CI customers, the total change in base revenue is approximately 0.6% of total revenues. The increase for the GSD-1 rate class is 5.2%, and the increase for the GSLD-1 and GSLD-2 rate classes is approximately 8.8% of total revenues. Other rate classes will see varying increases depending on the parity index for their respective rate classes, although in no case is the increase greater than 8.8% of a class's current revenue.

MFR A-2 presents the typical bill impacts for the major rate schedules. The typical bill calculations in this MFR are based on the proposed changes to base rates and 2013 clause factor estimates, and include the effects of

Company proposed adjustments as discussed by FPL witness Ousdahl. Exhibit RBD-2 outlines the estimated changes customers will see in total bills from 2012 to 2013. In the case of RS-1, the change in the typical bill from 2012 to 2013 is $1.71 in January 2013, and an additional 77 cents in June 2013, for a total impact of $2.48 or 8 cents per day. For CI customers in the GS-1 rate class, which represents the majority of CI customers, the net change in typical bills from January 2012 to June 2013 is estimated to be a decrease of $3.62 or -3.0%. The net change for the GSD-1 rate class is estimated to be 27 cents or less than 1%. For the GSLD-1, and GSLD-2 rate classes, the net change in typical bills is estimated to be $789 or 4% and $3,206 or 4% respectively.

Q. If the requested base rate relief is granted, how will FPL's typical residential bill compare to other utilities in Florida?

A. As shown on RBD-2, the typical residential bill is $94.62 in January 2012, and is estimated to be $96.33 in January 2013 and $97.10 in June 2013, which includes the impact of all expected changes to base rates and clauses in 2013. FPL's typical bill is currently the lowest in the state and has been the lowest, on average, for the past three years. With the full requested increase and other known changes, FPL's typical residential bill at proposed rates is expected to remain the lowest in the state as compared to the other Florida Utilities' typical residential bills at current rates as shown in page 2 of Exhibit RBD-3.

Q. Should the Commission approve FPL's rate proposals?

A. Yes. FPL's rate proposals as presented in this testimony are reasonable, cost-based, produce the revenues required, and send the appropriate price signals to customers.

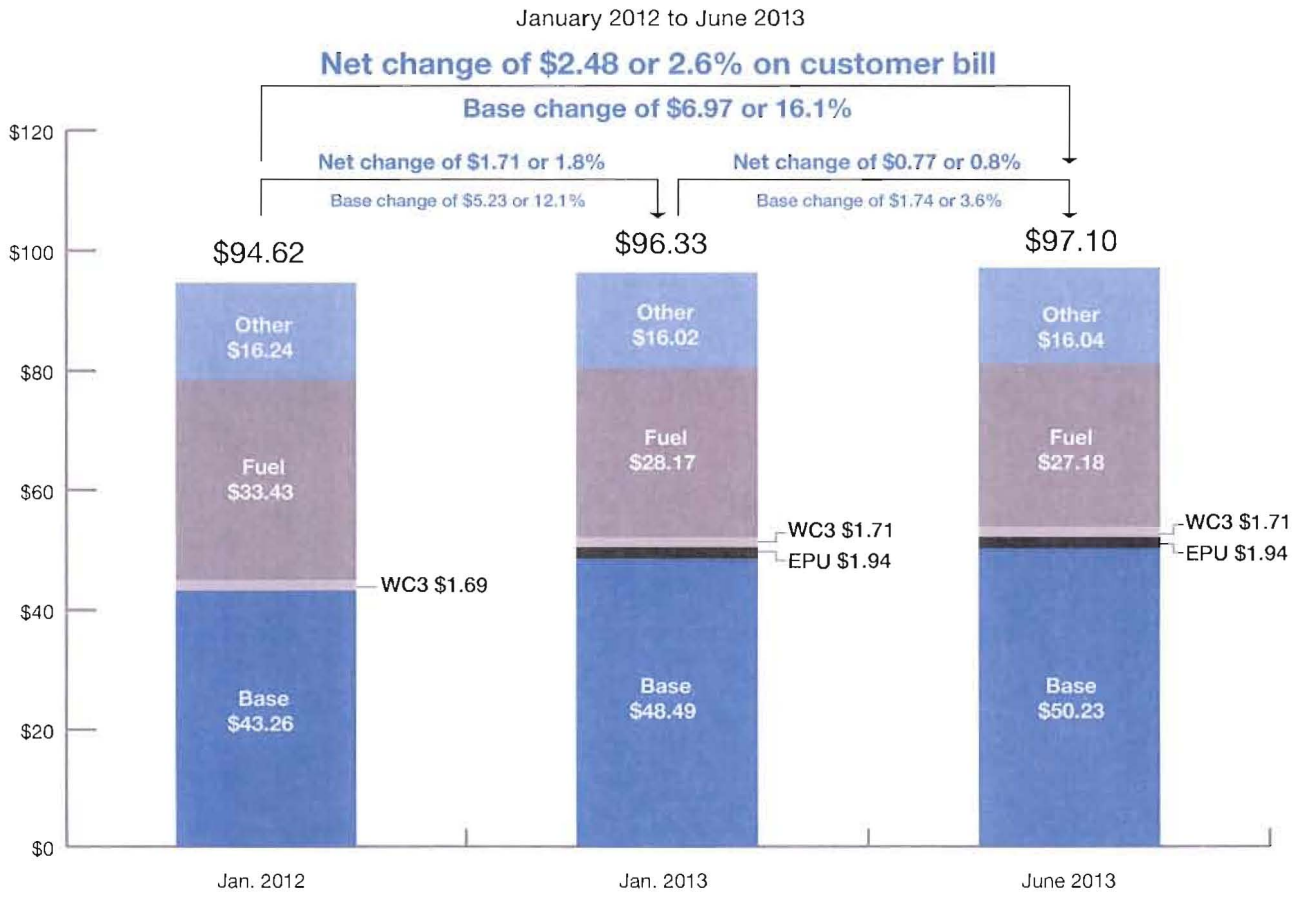
Q. Does this conclude your direct testimony?

A. Yes.

MFRs AND SCHEDULES SPONSORED OR CO-SPONSORED BY RENAE B. DEATON

MFR #	PERIOD	TITLE
SOLE SPONSORSHIP:		
A-2	Test	Full Revenue Requirements Bill Comparison - Typical Monthly Bills
A-2	Canaveral	Full Revenue Requirements Bill Comparison - Typical Monthly Bills
A-3	Test	Summary of Tariffs
A-3	Canaveral	Summary of Tariffs
E-5	Test	Source and Amount of Revenues
E-5	Canaveral	Source and Amount of Revenues
E-7	Test	Development of Service Charges
E-8	Test	Company-Proposed Allocation of the Rate Increase by Rate Class
E-8	Canaveral	Company-Proposed Allocation of the Rate Increase by Rate Class
E-12	Test	Adjustment to Test Year Revenue
E-13a	Test	Revenue from Sale of Electricity by Rate Schedule
E-13a	Canaveral	Revenue from Sale of Electricity by Rate Schedule
E-13b	Test	Revenue from Sale of Electricity by Rate Schedule - Service Charges
E-13c	Test	Base Revenue by Rate Schedule - Calculations
E-13d	Test	Revenue by Rate Schedule - Lighting Schedule Calculation
E-14	Canaveral	Proposed Tariff Sheets and Support for Charges
E-14	Canaveral	Proposed Tariff Sheets and Support for Charges
E-15	Test	Projected Billing Determinants
JOINT OR CO-SPONSORSHIP:		
E-1	Test	Cost of Service Studies
E-9	Test	Cost of Service - Load Data
C-5	Test	Operating Revenues Detail
F-5	Test	Forecasting Models

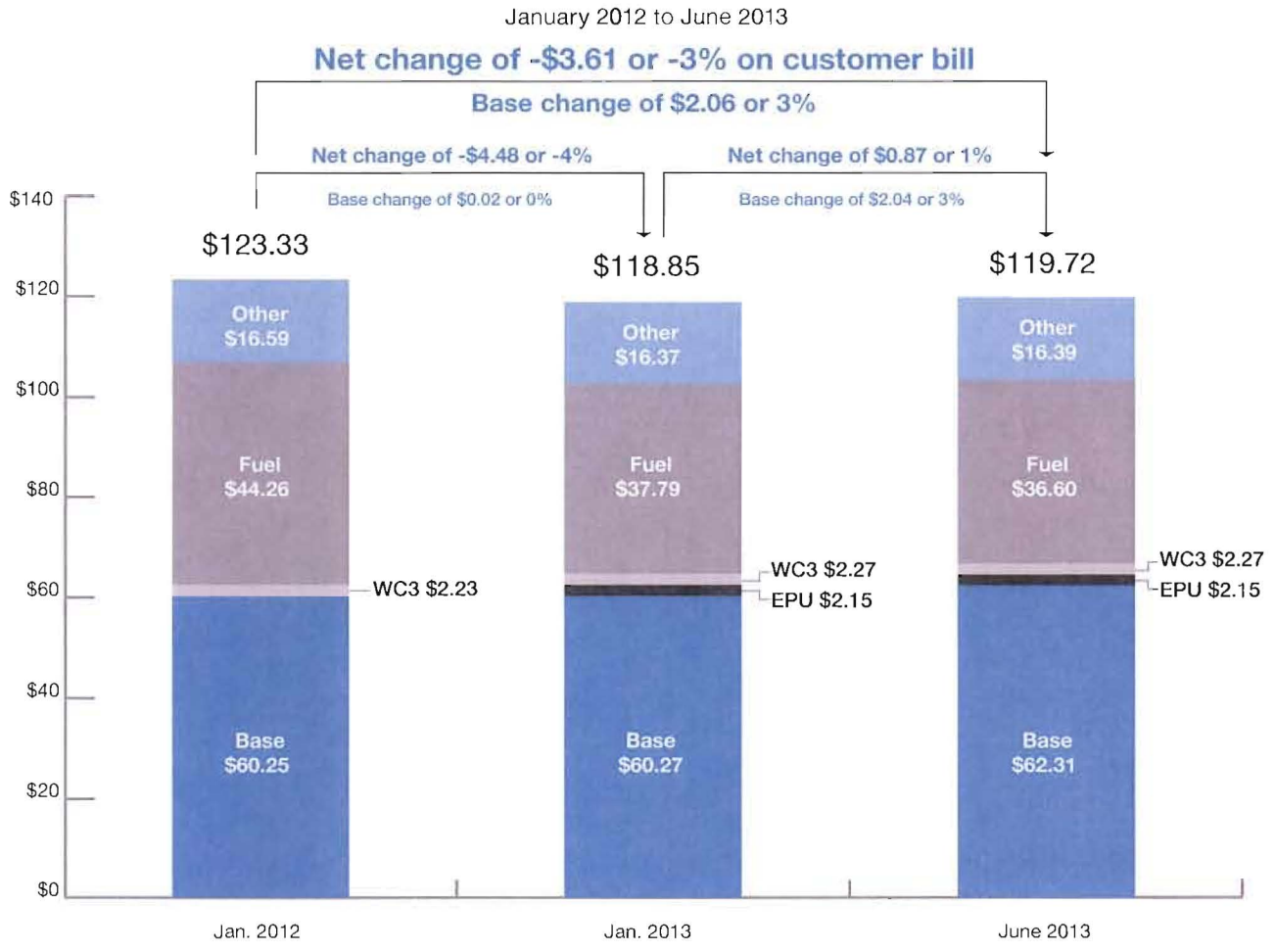
Typical 1,000-kWh Residential Customer Bill Comparison



"Fuel" is based on fuel curves as of Feb. 6, 2012. "Other" includes clauses other than fuel, such as energy conservation, and gross receipts tax. "EPU" is estimated base increase for the Extended Power Uprate (to be filed in a separate docket in the third quarter of 2012). "WC3" are West County 3 costs, which are classified as base revenue consistent with FPL's 2010 rate settlement approved in Commission Order No. PSC-11-0089-S-EI.

1,200-kWh Commercial Customer Bill Comparison (non-demand)

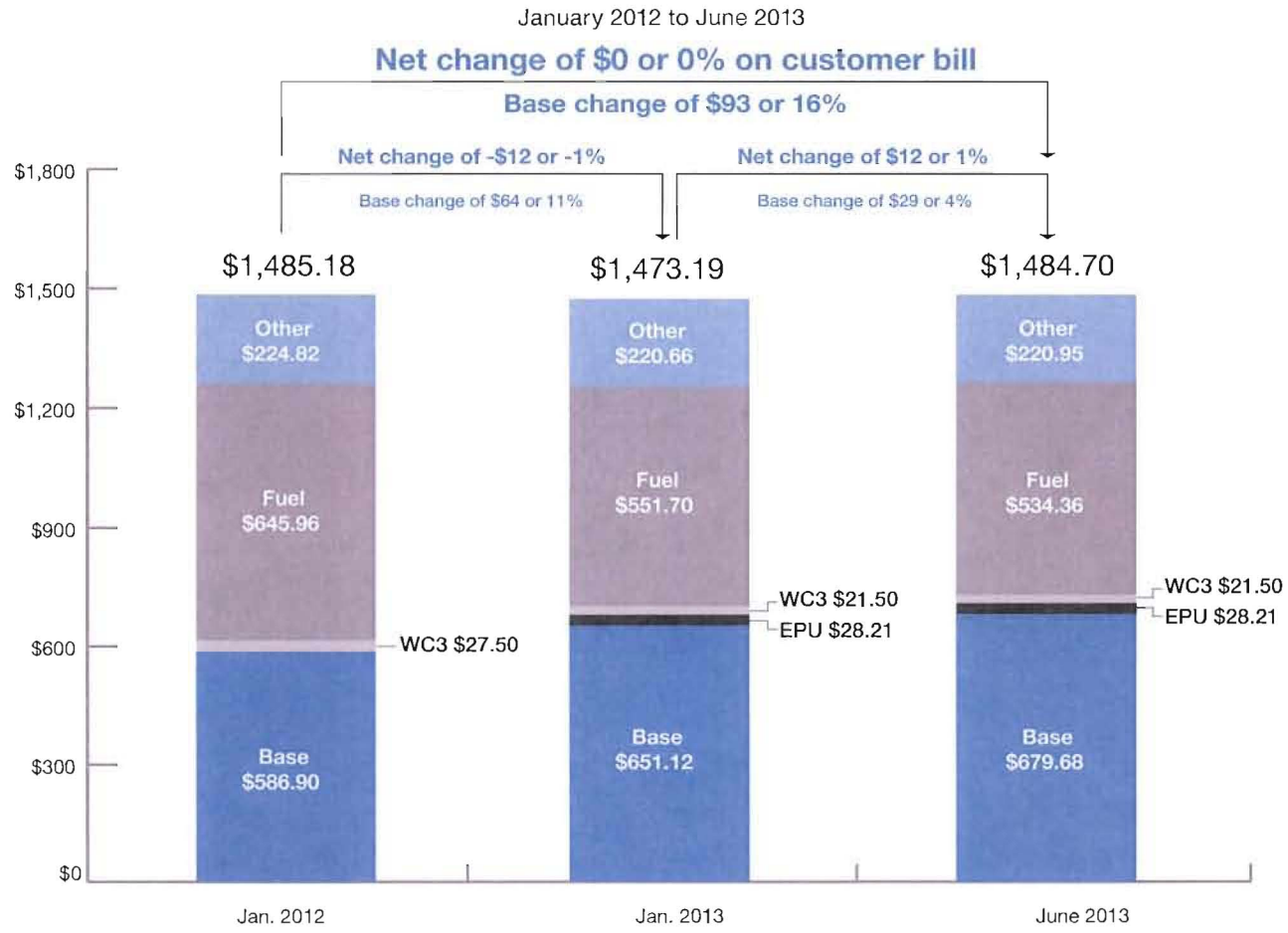
The General Service Non-Demand ("GS-1") rate class comprises more than 391,000 customer accounts, or approximately 77% of FPL's business customer accounts. These customers are typically small businesses.



"Fuel" is based on fuel curves as of Feb. 6, 2012. "Other" includes clauses other than fuel, such as energy conservation, and gross receipts tax. "EPU" is estimated base increase for the Extended Power Uprate (to be filed in a separate docket in the third quarter of 2012). "WC3" are West County 3 costs, which are classified as base revenue consistent with FPL's 2010 rate settlement approved in Commission Order No. PSC-11-0089-S-EI.

17,520-kWh Commercial Customer Bill Comparison

GSD-1 Rate 50 kW, 48% load factor



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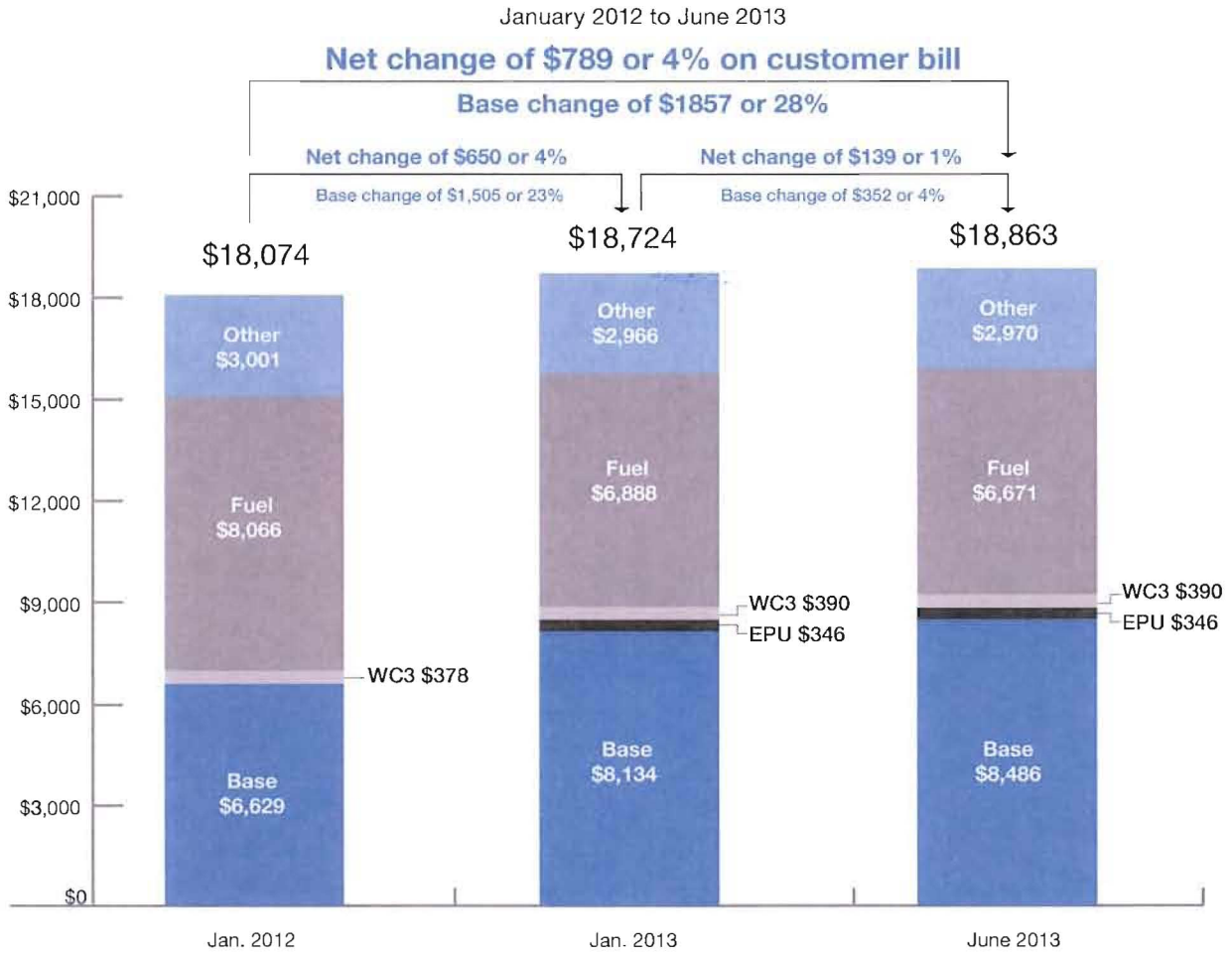
219,000-kWh Commercial Customer Bill Comparison

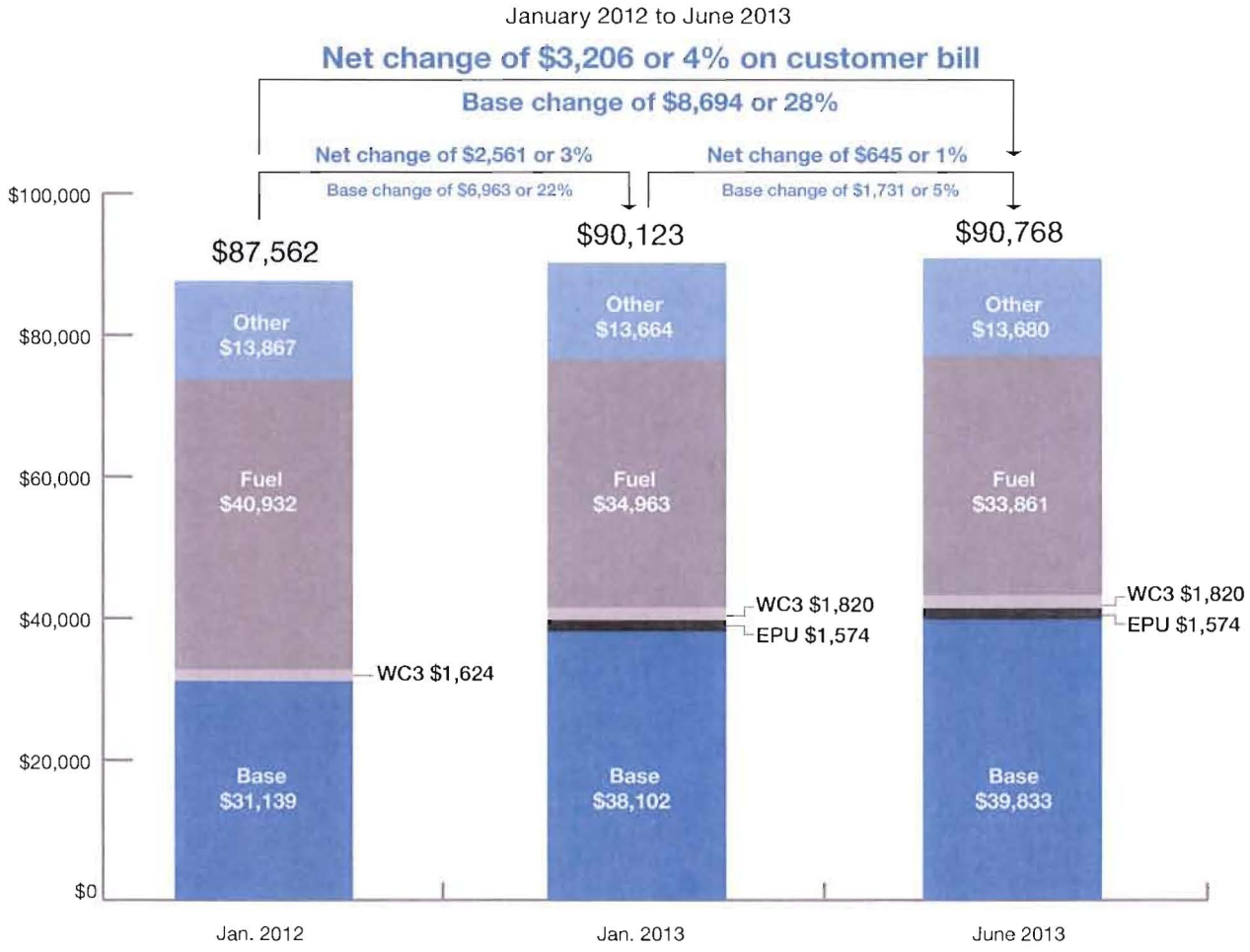
GSLD-1 Rate 600 kW, 50% load factor



"Fuel" is based on fuel curves as of Feb. 6, 2012. "Other" includes clauses other than fuel, such as energy conservation, and gross receipts tax. "EPU" is estimated base increase for the Extended Power Uprate (to be filed in a separate docket in the third quarter of 2012). "WC3" are West County 3 costs, which are classified as base revenue consistent with FPL's 2010 rate settlement approved in Commission Order No. PSC-11-0089-S-EI.

1,124,200-kWh Commercial Customer Bill Comparison

GSLD-2 Rate 2,800 kW, 55% load factor



"Fuel" is based on fuel curves as of Feb. 6, 2012. "Other" includes clauses other than fuel, such as energy conservation, and gross receipts tax. "EPU" is estimated base increase for the Extended Power Uprate (to be filed in a separate docket in the third quarter of 2012). "WC3" are West County 3 costs, which are classified as base revenue consistent with FPL's 2010 rate settlement approved in Commission Order No. PSC-11-0089-S-EI.

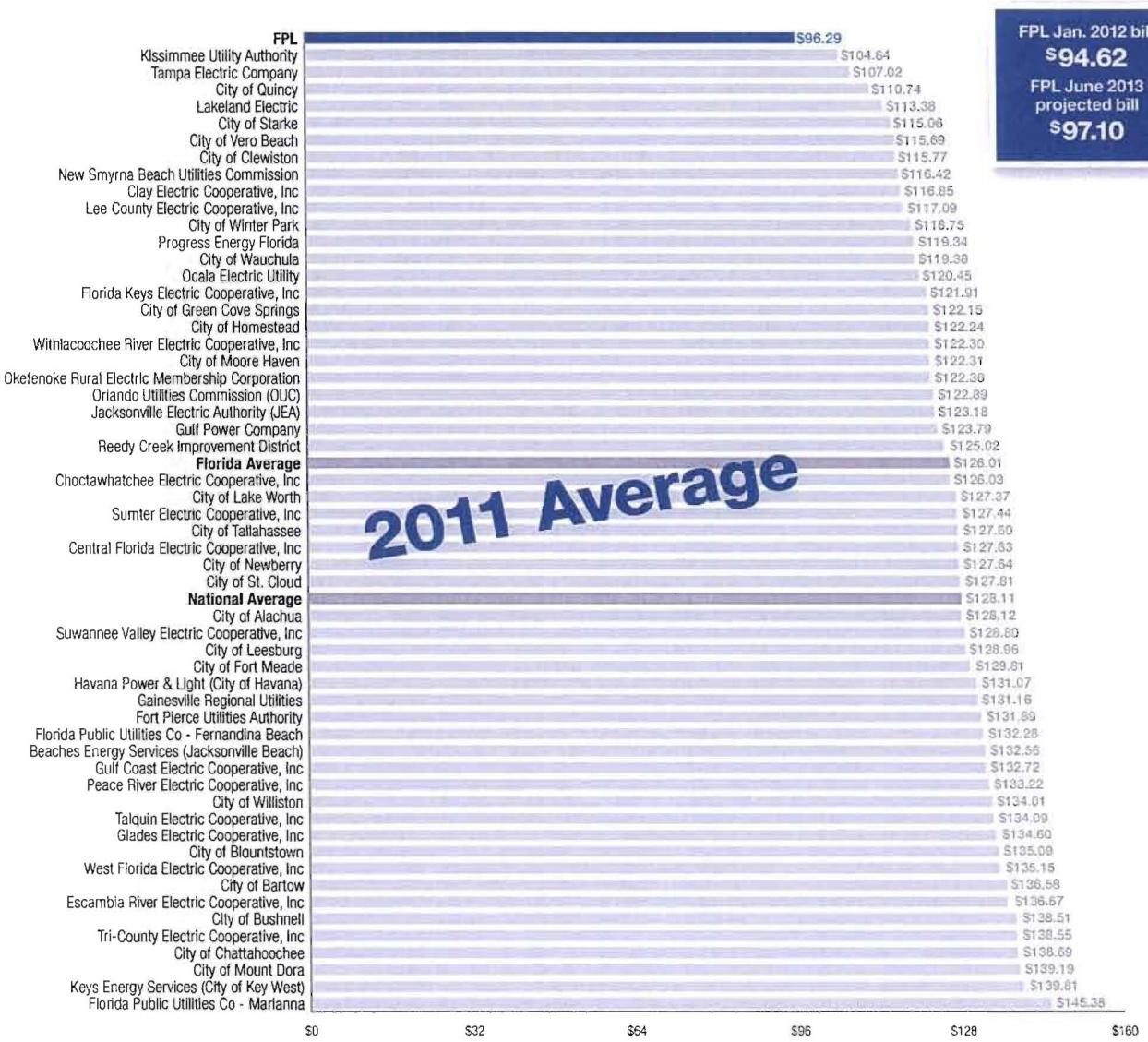
Florida IOU 1,000-kWh Residential Bills

January 2012, and FPL January and June 2013 projected

Residential 1,000 kWh monthly bill for rates effective January 2012 and projected for January 2013 & June 2013

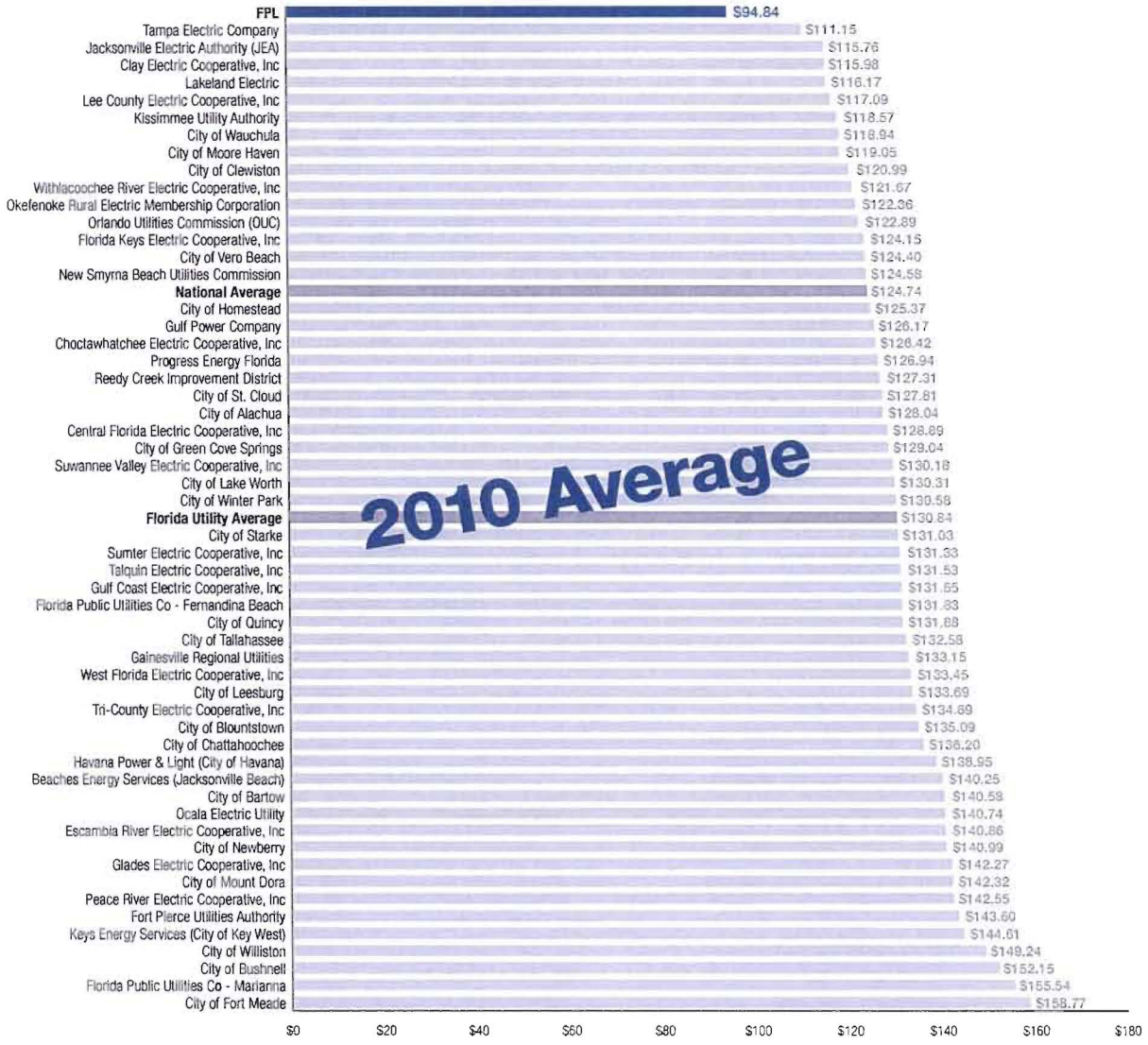
"Fuel" is based on fuel curves as of Feb. 6, 2012. "Other" includes clauses other than fuel, such as energy conservation, and gross receipts tax. "EPU" is estimated base increase for the Extended Power Uprate (to be filed in a separate docket in the third quarter of 2012). "WC3" are West County 3 costs, which are classified as base revenue consistent with FPL's 2010 rate settlement approved in Commission Order No. PSC-11-0089-S-EI.

Florida Utility Typical 1,000-kWh Residential Bills



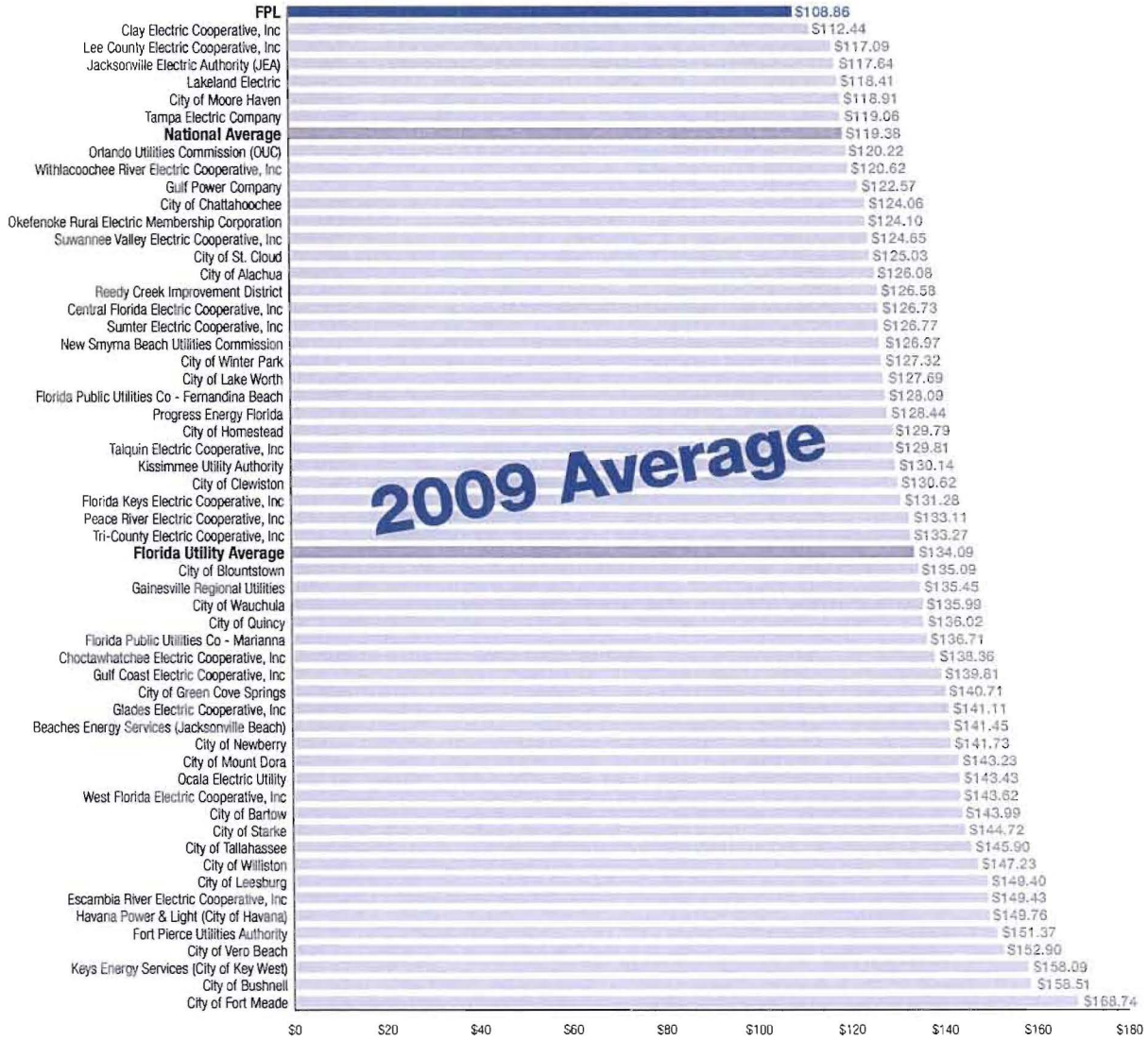
Electric bills as reported by the Florida Public Service Commission, Florida Municipal Electric Association (FMEA), Reedy Creek Improvement District and JEA, adjusted to include Florida gross receipts tax of 2.5%. "Florida Utility Average" is the calculated average of all Florida electric utility bills for 2011. The national average as reported in the Edison Electric Institute (EEI) Typical Bills and Average Rates Report for Summer 2011. FPL 2012 rates (January 2012). FPL 2013 are proposed rates for June 2013 include current forecast of fuel, other clauses and estimated base increase of $1.94 for the Extended Power Uprate (to be filed in a separate docket in the 3rd quarter of 2012).

Florida Utility Typical 1,000-kWh Residential Bills



Electric bills as reported by the Florida Public Service Commission, Florida Municipal Electric Association (FMEA), Reedy Creek Improvement District and JEA, adjusted to include Florida gross receipts tax of 2.5%. "Florida Utility Average" is the calculated average of all Florida electric utility bills for 2010. The national average as reported in the Edison Electric Institute (EEI) Typical Bills and Average Rates Report for Summer 2010.

Florida Utility Typical 1,000-kWh Residential Bills



Electric bills as reported by the Florida Public Service Commission, Florida Municipal Electric Association (FMEA), Reedy Creek Improvement District and JEA, adjusted to include Florida gross receipts tax of 2.5%. "Florida Utility Average" is the calculated average of all Florida electric utility bills for 2009. The national average as reported in the Edison Electric Institute (EEI) Typical Bills and Average Rates Report for Summer 2009.

Typical Commercial and Industrial Bills – Florida Utility Comparison

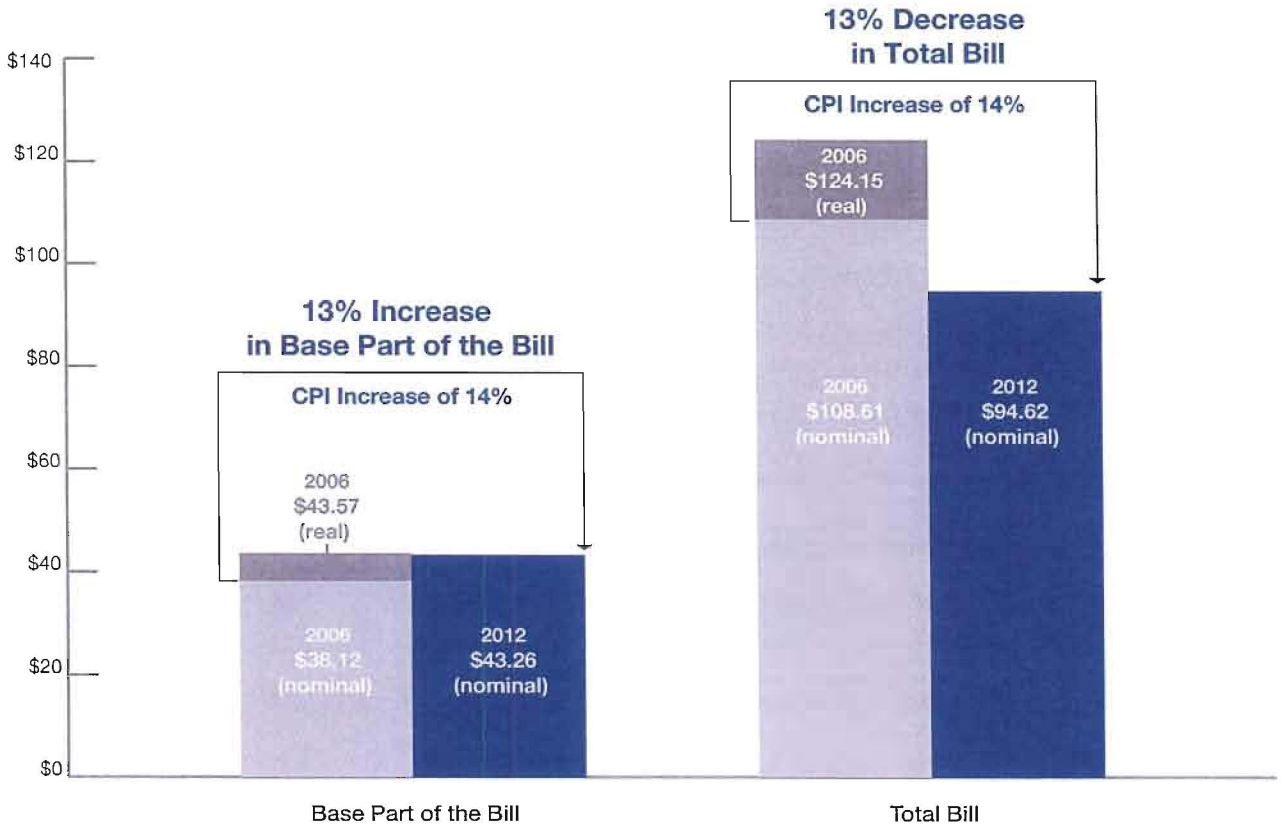
2011 Average

FMEA Commercial Bill Comparison				
Load Factor and Monthly Usage	2011 FPL Bill	% Lower FPL vs. Florida Average	2011 Florida Average	FPL Rank in 2011 FMEA Survey
Non-Demand - 750 kWh	$82.53	-21.0%	$104.53	Lowest
Non-Demand - 1,500 kWh	$158.00	-20.2%	$198.06	Lowest
30 kW - 6,000 kWh	$664.28	-15.9%	$789.63	5th Lowest
40 kW - 10,000 kWh	$998.61	-19.9%	$1,246.22	Lowest
75 kW - 15,000 kWh	$1,635.41	-17.4%	$1,979.70	3rd Lowest
75 kW - 30,000 kWh	$2,524.98	-25.3%	$3,380.88	Lowest
150 kW - 30,000 kWh	$3,253.97	-17.5%	$3,944.65	3rd Lowest
150 kW - 60,000 kWh	$5,031.73	-25.1%	$6,714.67	Lowest
300 kW - 60,000 kWh	$6,491.07	-16.4%	$7,769.02	2nd Lowest
300 kW - 120,000 kWh	$10,046.92	-24.8%	$13,367.49	Lowest
500 kW - 100,000 kWh	$11,290.56	-13.3%	$13,021.85	5th Lowest
500 kW - 200,000 kWh	$16,713.89	-24.6%	$22,157.30	Lowest

Bill comparisons as reported by Florida Municipal Electric Association (FMEA) (does not include the Florida Cooperative or Florida Public Utilities Company). Rates for investor-owned utilities do not include franchise fee payments. Rates include gross receipts tax. "Florida Utility Average" is the calculated average of the reporting utility bills for 2011.

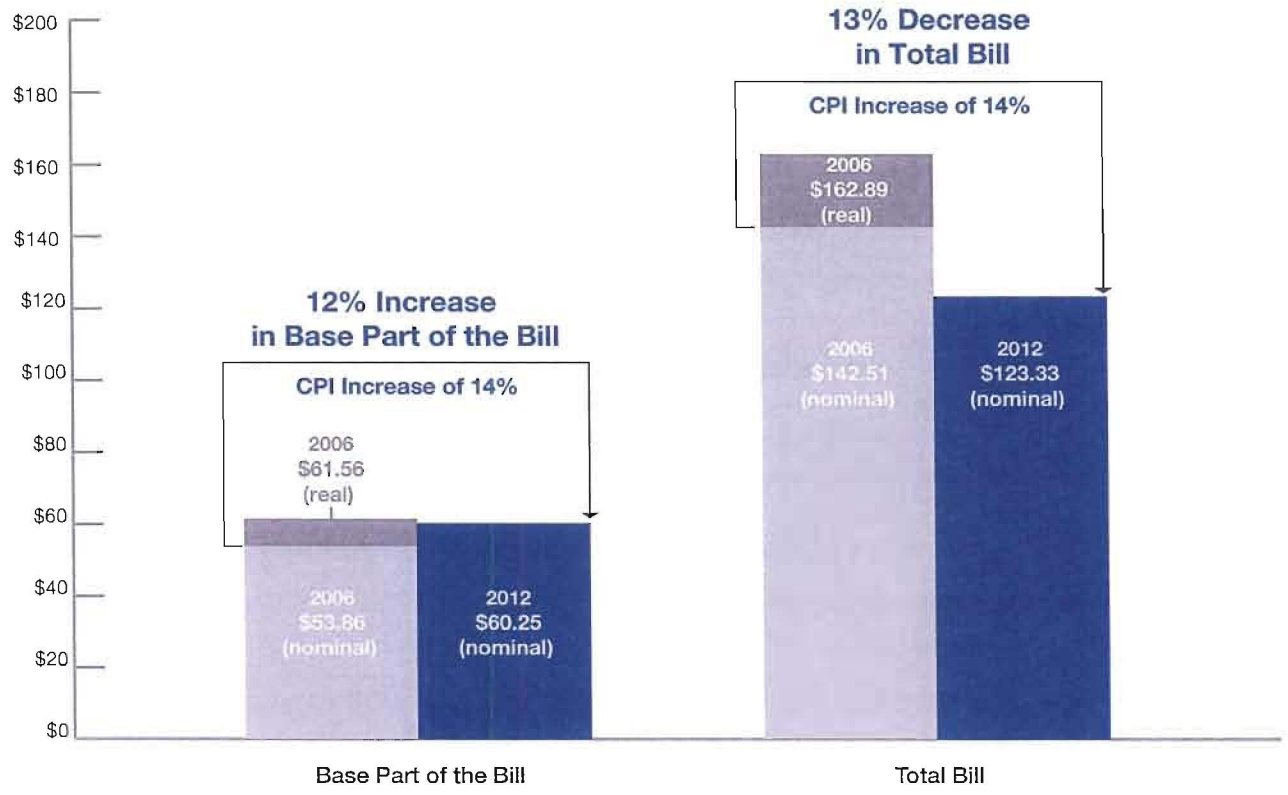
Change in CPI versus typical 1,000-kWh Residential Customer Bill

January 2006 to January 2012



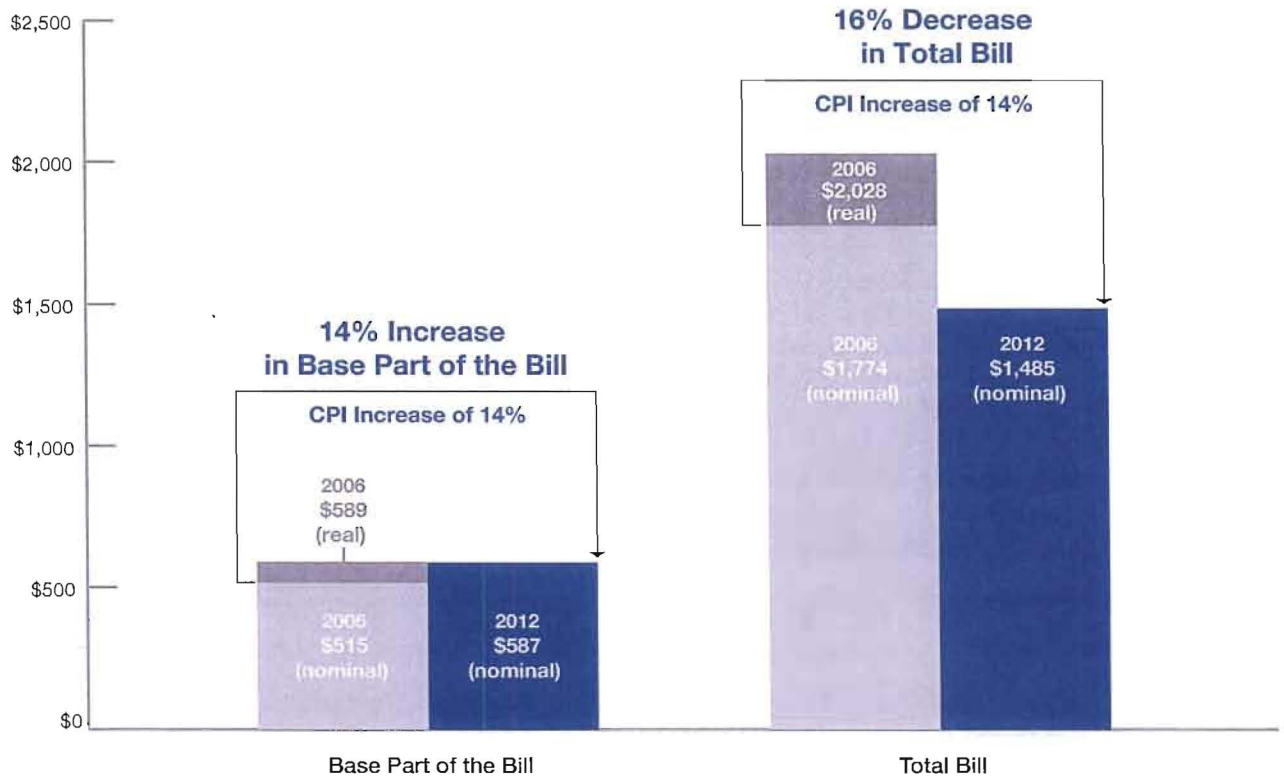
Change in CPI versus 1,200-kWh GS-1 Commercial Customer Bill (non-demand)

January 2006 to January 2012



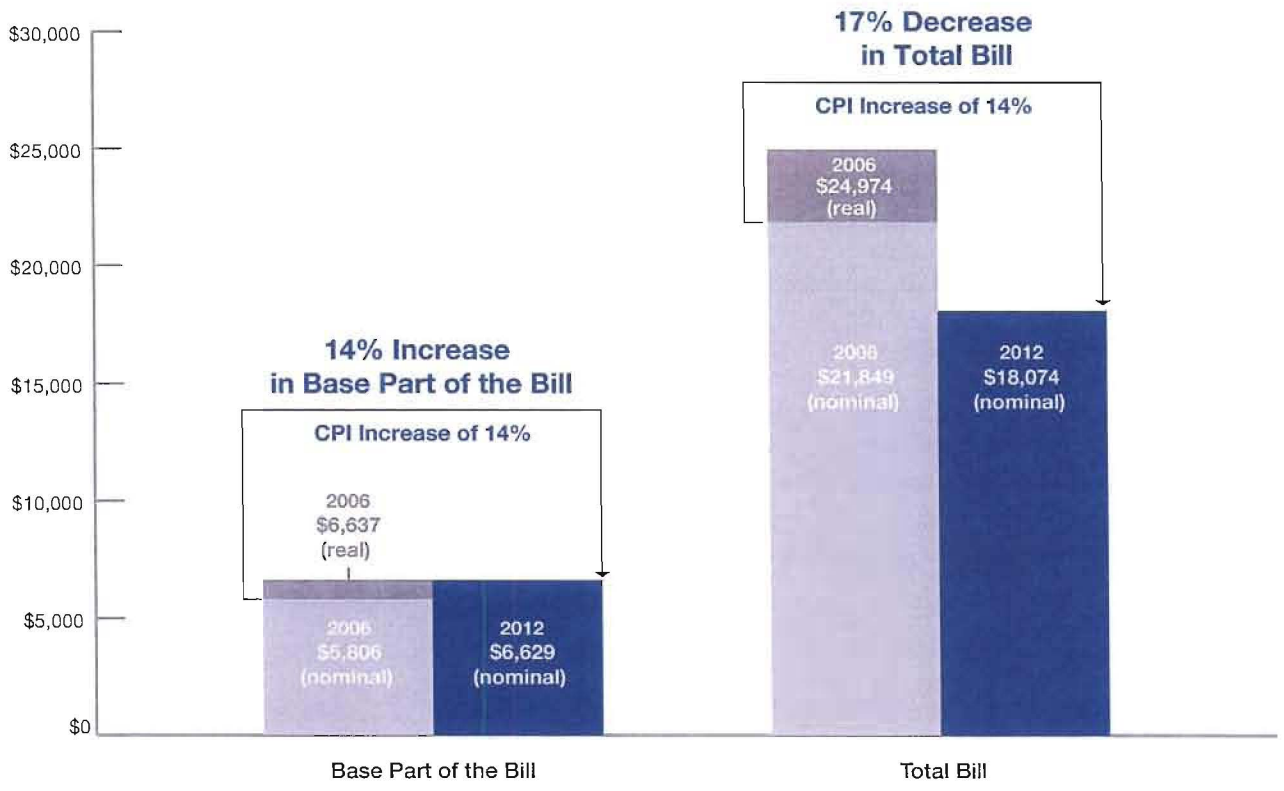
Change in CPI versus 17,520-kWh GSD-1 Commercial Customer Bill

January 2006 to January 2012



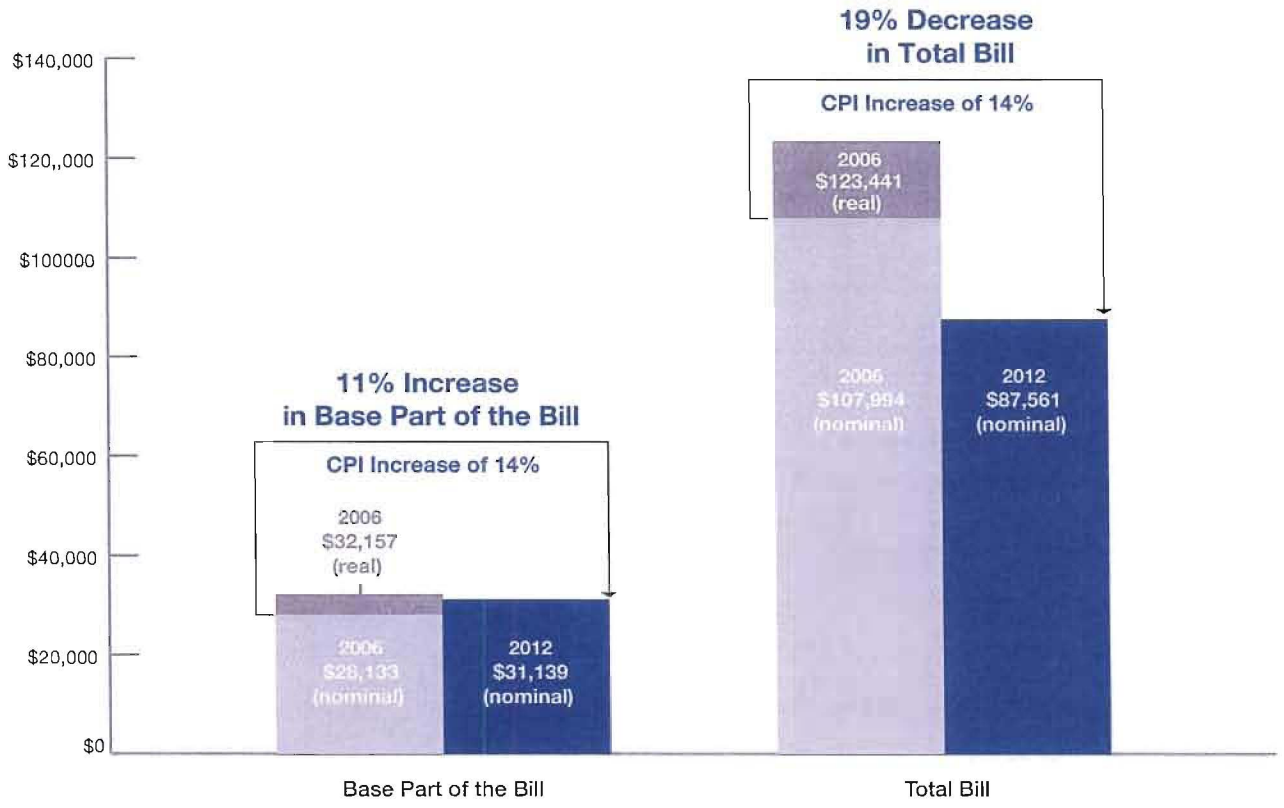
Change in CPI versus 219,000-kWh GSLD-1 Commercial Customer Bill

January 2006 to January 2012



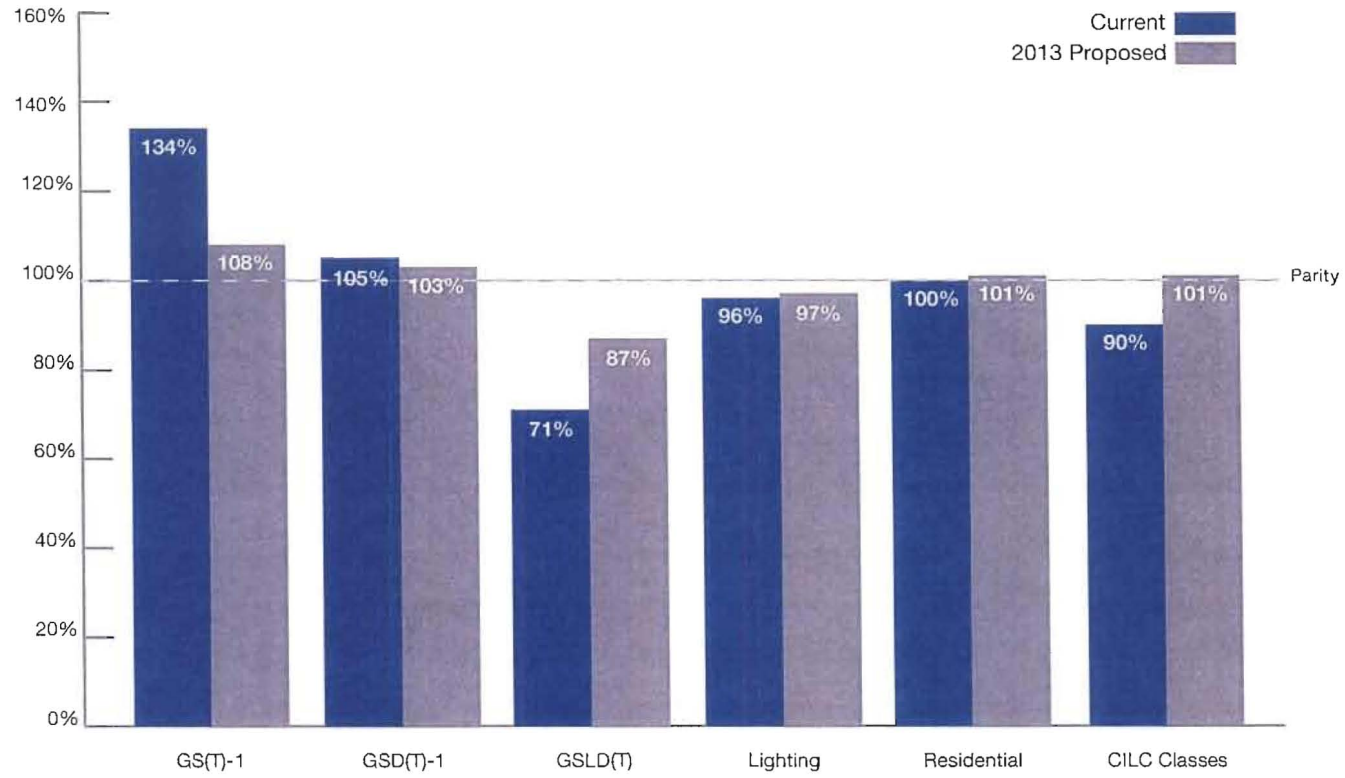
Change in CPI versus 1,124,200-kWh GSLD-2 Commercial Customer Bill

January 2006 to January 2012



Parity of Major Rate Classes

Current and Proposed



GSLD(T) includes GSLD(T)-1, GSLD(T)-2 and GSLD(T)-3

SUMMARY OF PROPOSED RATES

FOR MAJOR RATE SCHEDULES

RATE SCHEDULE	DESCRIPTION
RS-1	Residential Service
RTR-1	Residential Service – Time of Use Rider
GS-1	General Service – Non Demand (0-20 kW)
GSCU	General Service Constant Usage
GSD-1	General Service Demand (21-499 kW)
GSLD-1	General Service Large Demand (500-1,999 kW)
GSLD-2	General Service Large Demand (2,000 kW+)
GSLD-3	General Service Large Demand – Transmission (2,000 kW+)
GST-1	General Service – Non Demand – Time of Use (0-20kW)
GSDT-1	General Service Demand – Time of Use (21-499 kW)
GSLDT-1	General Service Large Demand – Time of Use (500-1,999 kW)
GSLDT-2	General Service Large Demand – Time of Use (2,000 kW+)
GSLDT-3	General Service Large Demand – Time of Use (2,000 kW+)
CS-1	Curtailable Service (500-1999 kW)
CS-2	Curtailable Service (2,000 kW +)
CS-3	Curtailable Service – Transmission (2,000 kW+)
CST-1	Curtailable Service – Time of Use (500-1,999 kW)
CST-2	Curtailable Service – Time of Use (2,000 kW +)

CST-3	Curtailable Service – Time of Use (2,000 kW +)
HLFT	High Load Factor-Time of Use
SDTR	Seasonal Demand-Time of Use Rider
CILC-1	Commercial/Industrial Load Control Program
CDR	Commercial/Industrial Demand Reduction Rider
SST-1	Standby and Supplemental Service
ISST-1	Interruptible Standby and Supplemental Service
MET	Metropolitan Transit Service
OS-2	Sports Field Service
SL-1	Street Lighting
OL-1	Outdoor Lighting
PL-1	Premium Lighting
SL-2	Traffic Signal Service

Major Rate Schedules Available to Residential and Non-Demand Metered Commercial/Industrial ("CI") Customers

Residential Service

Standard residential service is provided under the Residential Service ("RS-1") rate schedule. RS-1 has a customer charge and an inverted or increasing energy charge for usage above 1,000 kilowatt-hours ("kWh"). A proposed customer charge of $7.00 is derived from the customer unit cost in MFR E-6b rounded to the nearest dollar. The RS-1 rate has an inversion point of 1,000 kWh that was established in January 2006 in Docket No.050045-EI in order to encourage conservation. The energy charge for usage above 1,000 kWh is set at 1¢ per kWh higher than the charge for usage below 1,000 kWh. The under-1,000 kWh charge is adjusted to achieve the rate class target revenues. FPL proposes an energy charge of 4.320 cents/kWh for the first 1,000 kWh and an energy charge of 5.320 cents/kWh for all additional kWh to be effective January 1, 2013 and an energy charge of 4.494 cents/kWh for the first 1,000 kWh and 5.494 cents/kWh for all additional kWh to be effective June 1, 2013 for the Canaveral Step Increase.

Residential Time-of-Use Service

FPL offers optional Time of Use ("TOU") service to residential customers under the Residential Service TOU ("RST-1") rate schedule. FPL proposes to close RST-1 to new customers effective January 1, 2013, and replace it with a Residential TOU Rider

("RTR-1"). A full description of FPL's TOU rate structure is provided under the demand metered CI customer section.

Under the proposed RTR-1 rider, a customer's energy charge is based on the standard energy charges under RS-1 with additional energy and fuel adders for on-peak usage and credits for off-peak usage. The additional adders and credits are calculated to be revenue neutral with the levelized residential rate at the class average on-peak usage. A customer taking service under the RTR-1 rider will benefit from the rider if on-peak usage is less than the residential class average.

FPL is proposing a customer charge of $11.00 for the RTR-1 to reflect the additional cost of time-of-use metering. The proposed energy adder is 9.043 cents/kWh during on-peak periods and the proposed credit is 3.940 cents/kWh during off-peak periods.

General Service

Standard service to non-demand metered CI customers is provided under the General Service ("GS-1") rate schedule. GS-1 includes an energy charge and a customer charge. The proposed customer charge of $10.00 is derived from the customer unit costs provided in MFR E-6b, rounded to the nearest dollar. The proposed $5.00 discount for unmetered service is based on the meter-related expenses included in the customer unit costs. An energy charge of 4.378 cents/kWh, effective January 1 2013,

is proposed to achieve the rate class' target revenues. An energy charge of 4.548 cents/kWh is proposed to be effective June 1, 2013, for the Canaveral Step Increase.

General Service TOU

FPL offers non-demand metered CI customers optional TOU pricing under the General Service TOU ("GST-1") rate schedule. FPL is proposing a customer charge of $13.00 for GST-1 to reflect the additional cost of TOU metering. The off-peak energy charge is set based on the energy unit costs provided in MFR E-6b. The on-peak energy charge is adjusted in order to provide revenue neutrality with the GS-1 energy rate at the class average on-peak usage. The proposed energy charges are 12.684 cents/kWh for on-peak usage and 0.715 cents/kWh for off-peak usage, effective January 1 2013. Energy charges of 12.854 cents/kWh for on-peak usage and 0.885 cents/kWh for off-peak usage are proposed to be effective June 1, 2013, for the Canaveral Step Increase.

Constant Usage Service

Service to CI customers with a constant usage is provided under the General Service Constant Use ("GSCU") rate schedule. This rate schedule includes a customer charge and an energy charge. A proposed customer charge of $12.00 is derived from the customer unit cost in MFR E-6b rounded to the nearest dollar. The energy charge is adjusted to achieve the target revenues for the rate class. The proposed energy charge

is 2.808 cents/kWh, effective January 1 2013. An energy charge of 2.962 cents/kWh is proposed to be effective June 1, 2013, for the Canaveral Step Increase.

Major Rate Schedules Available to Demand Metered CI Customers

Standard General Service Demand Rate Offerings

The standard rate schedules available for general service demand metered customers are the General Service Demand ("GSD-1") rate schedule, and three General Service Large Demand rate schedules ("GSLD-1"), ("GSLD-2"), and ('GSLD-3"). The structures for these rate schedules include demand, energy, and customer charges. There are separate rate schedules for customers with demands between 21 and 499 kW (GSD), 500 kW and 1,999 kW (GSLD-1), 2,000 kW and above (GSLD-2), and for customers at or above 2,000 kW served directly from the transmission system (GSLD-3).

The charges for these rate schedules are developed based on unit costs from MFR E-6B. The customer charge for each rate is set based on the class customer unit cost rounded to the nearest $25 increment. Next, unit demand and energy costs are determined and initial adjustments are made to help meet target revenues and achieve revenue neutrality for the corresponding TOU rates. Once the initial adjustments are complete, the energy rate is adjusted to achieve target revenues within the class, taking into consideration the revenues from the corresponding optional TOU, High

Load Factor TOU ("HLFT"), Seasonal Demand TOU rider ("SDTR"), and Curtailable Service ("CS") and CS TOU ("CST") rates.

Optional Services

General Service Demand TOU Service

Optional TOU service is available for the demand metered CI customers under the General Service Demand/Large Demand TOU rate schedules ("GSDT-1"), ("GSLDT-1"), ("GSLDT-2"), and ("GSLDT-3"). The current TOU options for these customers generally reflect the otherwise applicable standard rate schedule structure, with the addition of providing time-differentiated energy charges. Separate energy charges are applicable to the on-peak and off-peak periods. In addition, the demand charges are applicable only during the on-peak period. All of FPL's General Service Demand/Large Demand TOU, HLFT, and CST, as well as the RST-1/RTR-1 and the GST-1 rate schedules share the same on-peak and off-peak rating periods, as shown below.

TOU Rating Periods

On-Peak: November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. to 10 a.m. and 6 p.m. to l0 p.m. excluding Thanksgiving Day, Christmas Day, and New Year's Day. April 1 through October 31: Mondays through Fridays during the hours from 12 noon to 9 p.m. excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak: All other hours.

Energy charges for the TOU rates are designed to be revenue neutral to the standard energy rate. The off-peak energy charge is set at the energy unit cost from MFR E-6b and the on-peak charge is set to be revenue neutral with the standard rate at the class average on-peak usage.

Curtailable Service

Curtailable Service available under rate schedules ("CS-1"), ("CS-2"), and ("CS-3") provides a credit for each kW demand of curtailable load. The curtailable demand and energy rates mirror the rate structures of the otherwise applicable GSLD rate schedule. The customer charge is set at the applicable GSLD rate schedule plus $25 to cover the additional administrative costs associated with these customers. No changes are proposed for the curtailable credit.

Curtailable TOU Service

CST service available under rate schedules ("CST-1"), ("CST-2"), and ("CST-3") provides a credit for each kW of curtailable load. The curtailable demand and energy rates mirror the rate structures of the otherwise applicable GSLDT rate schedule. The customer charge is set at the applicable GSLDT rate schedule plus $25 to cover the additional administrative costs associated with these customers. No changes are proposed for the curtailable credit.

High Load Factor TOU

HLFT is designed for the higher load factor customers while also providing a time-differentiated price signal. There are three separate HLFT categories; HLFT-1 is applicable to customers with demands between 21-499 kW, HLFT-2 is applicable to customers with demands between 500-1,999 kW, and HLFT-3 is applicable to customers with demands 2,000 kW and above. Each rate schedule includes a customer charge, an on-peak firm demand charge, a maximum demand charge applicable to highest demand in the month, regardless of time of day, an on-peak energy charge, and an off-peak energy charge.

The HLFT on-peak demand rates are based on the production, transmission, and one half of the distribution per unit cost from MFR E6B. The maximum demand charge is equal to one half the distribution per unit cost. The off-peak energy charge is set at the per unit energy cost, and the on-peak charge is adjusted to achieve revenue neutrality with the applicable standard rate based on a 70% load factor.

Seasonal Demand TOU Rider

SDTR is available for customers who have the ability to shift demand and reduce their energy usage during a narrow on-peak window during the months of June through September. In addition to traditional time differentiated energy rates during the non-summer months that provide incentives for customers to use less energy

during on-peak periods, the STDR rate sends stronger price signals during the summer months.

The on-peak period under the SDTR is limited to 3 p.m. to 6 p.m. weekdays (excluding holidays) in June through September. Customers can elect to receive service under either a non-time differentiated (Option A) or time differentiated (Option B) rate during the non-seasonal period of January through May and October through December. For customers who elect a time differentiated rate during the non-seasonal period, the standard TOU rating periods would apply, as reflected above. There are three separate SDTR categories; SDTR-1 is applicable to customers with demands between 21-499 kW, SDTR-2 is applicable to customers with demands between 500-1,999 kW, and SDTR-3 is applicable to customers with demands 2,000 kW and above.

The SDTR rates include a customer charge, a seasonal demand charge, a non-seasonal demand charge, seasonal energy charge, and a non-seasonal energy charge. Each charge is a function of the parent rate schedule charges, with the summer charges adjusted based on the class summer usage as compared to the non-summer usage.

The proposed rates for the major rate schedules discussed above are outlined below.

GSD-1, GSLD-1, GSLD-2, and GSLD-3

	GSD-1	GSLD-1	GSLD-2	GSLD-3
Customer	$25.00	$25.00	$100.00	$1,500.00
Demand	$7.70	$10.50	$9.40	$6.50
Energy (1/1/13)	1.499¢	1.004¢	1.201¢	1.064¢
Energy (6/1/13)	1.662¢	1.165¢	1.355¢	1.215¢

GSDT-1, GSLDT-1, GSLDT-2, and GSLDT-3

	GSDT-1	GSLDT-1	GSLDT-2	GSLDT-3
Customer	$25.00	$25.00	$100.00	$1,500.00
Demand	$7.70	$10.50	$9.40	$6.50
On-Peak Energy (1/1/13)	3.394¢	1.717¢	2.602¢	2.155¢
Off-Peak Energy (1/1/13)	0.710¢	0.704¢	0.697¢	0.682¢
On-Peak Energy (6/1/13)	3.557¢	1.878¢	2.756¢	2.306¢
Off-Peak Energy (6/1/13)	0.873¢	0.865¢	0.851¢	0.833¢

CS-1, CS-2, and CS-3

	CS-1	CS-2	CS-3
Customer	$50.00	$125.00	$1,525.00
Demand	$10.50	$9.40	$6.50
Energy (1/1/13)	1.004¢	1.201¢	1.064¢
Energy (6/1/13)	1.165¢	1.355¢	1.215¢

CST-1, CST-2, and CST-3

	CST-1	CST-2	CST-3
Customer	$50.00	$125.00	$1,525.00
Demand	$10.50	$9.40	$6.50
On-Peak Energy (1/1/13)	1.717¢	2.602¢	2.155¢
Off-Peak Energy (1/1/13)	0.704¢	0.697¢	0.682¢
On-Peak Energy (6/1/13)	1.878¢	2.756¢	2.306¢
Off-Peak Energy (6/1/13)	0.865¢	0.851¢	0.833¢

HLFT-1, HLFT-2, and HLFT-3

	HLFT-1	HLFT-2	HLFT-3
Customer	$25.00	$25.00	$100.00
On-Peak Demand	$8.80	$10.30	$9.60
Demand (Max)	$1.80	$2.10	$1.80
On-Peak Energy (1/1/13)	1.481¢	0.631¢	1.128¢
Off-Peak Energy (1/1/13)	0.710¢	0.631¢	0.697¢
On-Peak Energy (6/1/13)	1.644¢	0.792¢	1.282¢
Off-Peak Energy (6/1/13)	0.873¢	0.792¢	0.851¢

SDTR-1, SDTR-2, and SDTR-3 Option A

	SDTR-1	SDTR-2	SDTR-3
Customer	$25.00	$25.00	$100.00
Seasonal On-Peak Demand	$9.10	$11.60	$10.40
Non-Seasonal Demand	$7.30	$10.20	$9.20
Seasonal On-Peak Energy (1/1/13)	6.250¢	4.057¢	4.592¢
Seasonal Off-Peak Energy (1/1/13)	0.999¢	0.669¢	0.800¢
Non-Seasonal Energy (1/1/13)	1.499¢	1.004¢	1.201¢
Seasonal On-Peak Energy (6/1/13)	6.413¢	4.218¢	4.746¢
Seasonal Off-Peak Energy (6/1/13)	1.162¢	0.830¢	0.954¢
Non-Seasonal Energy (6/1/13)	1.662¢	1.165¢	1.355¢

SDTR-1, SDTR-2, and SDTR-3 Option B

	SDTR-1	SDTR-2	SDTR-3
Customer	$25.00	$25.00	$100.00
Seasonal On-Peak Demand	$9.10	$11.60	$10.40
Non-Seasonal Demand	$7.30	$10.20	$9.20
Seasonal On-Peak Energy (1/1/13)	6.250¢	4.057¢	4.592¢
Seasonal Off-Peak Energy (1/1/13)	0.999¢	0.669¢	0.800¢
Non-Seasonal On-Peak Energy (1/1/13)	3.230¢	2.086¢	2.541¢
Non-Seasonal Off-Peak Energy (1/1/13)	0.999¢	0.669¢	0.800¢
Seasonal On-Peak Energy (6/1/13)	6.413¢	4.218¢	4.746¢
Seasonal Off-Peak Energy (6/1/13)	1.162¢	0.830¢	0.954¢
Non-Seasonal On-Peak Energy (6/1/13)	3.393¢	2.247¢	2.695¢
Non-Seasonal Off-Peak Energy (6/1/13)	1.162¢	0.830¢	0.954¢

Optional Interruptible Rate Schedules

Commercial/Industrial Load Control Service (Closed)

Commercial/Industrial Load Control ("CILC-1") rates are designed to provide applicable customers with lower rates in exchange for allowing the Company to interrupt the customers' load during periods of capacity constraint. This rate schedule has been closed to new customers since 1996. There are three separate CILC-1 categories: ("CILC-1G") is applicable to customers with demands between 200-499 kW, ("CILC-1D") is applicable to customers with demands of 500 kW and above, and ("CILC-1T") is applicable to customers served directly from the transmission system. The CILC-1 rate schedule includes a customer charge, an on-peak firm demand charge, an on-peak interruptible demand charge, an on-peak energy charge, and an off-peak energy charge. In addition, customers served from the distribution system are also charged a maximum demand based on their highest demand, regardless of time of day, over the last 24 months.

The proposed customer charges for CILC-1G, CILC-1D, and CILC-1T of, $100.00, $150.00, and $1,975.00 respectively are based on the customer unit costs in MFR E-6b rounded to the nearest $25. The load control on-peak kW charge for CILC-1G, CILC-1D, and CILC-1T of $1.30, is based on the classes' average transmission demand unit cost. The firm on-peak kW charges for CILC-1G, CILC-1D, and CILC-1T of $8.00, $7.80 and $8.00, respectively are based on the classes' average production and transmission demand unit cost. The maximum kW charge for CILC-

1G and CILC-1D, of $3.40 and $3.10, respectively are based on the distribution demand revenue requirements divided by the billing demands. The proposed off-peak energy charges are based on each rate classes' energy unit cost presented in MFR E-6b. The on-peak energy charges are adjusted to achieve the rate class target revenues.

The proposed energy rates are outlined below:

CILC-1G, CILC-1D, and CILC-1T

	CILC-1G	CILC-1D	CILC-1T
On-Peak Energy (1/1/13)	3.479¢	2.719¢	2.337¢
Off-Peak Energy (1/1/13)	0.710¢	0.700¢	0.680¢
On-Peak Energy (6/1/13)	3.635¢	2.872¢	2.484¢
Off-Peak Energy (6/1/13)	0.866¢	0.853¢	0.827¢

CI Demand Reduction

The CI Demand Reduction Rider ("CDR") is the replacement for CILC-1 and provides customers with a credit in exchange for allowing the Company to interrupt the customers' load during periods of capacity constraint. The level of the credit is set in the Demand Side Management docket, and is not addressed in base rate proceedings. The CDR also includes an administrative adder to recover the additional administrative and system costs associated with this program. The proposed CDR administrative adders are based on the customer unit costs reported in MFR E-6b. Specifically, the proposed administrative adder by rate schedule is based

on the difference between the customer charge costs under the applicable CILC-1 rate schedule and that of the standard applicable rate schedule.

Standby and Supplemental Service Rate Schedules

Firm Standby and Supplemental Service

Standby and Supplemental Service ("SST") is applicable to customers whose electric service requirements are supplied or supplemented from the customer's generation equipment at the point of service. Standby Service is electric energy or capacity supplied by the Company to replace energy or capacity ordinarily generated by the Customer's own generation equipment during periods of either scheduled (maintenance) or unscheduled (backup) outages of all or a portion of the Customer's generation. Supplemental Service is electric energy or capacity supplied by the Company in addition to that which is normally provided by the Customer's own generation equipment. A customer is required to take service under SST if the customer's total generation capacity is more than 20% of the customer's total electrical load and the customer's generator(s) is (are) not for emergency purposes only.

The terms and conditions under FPL's SST tariff established in Order No. 17159 in Docket No. 850673-EU ("Standby Order") outlined the rate structure appropriate for standby service, including the use of daily demand charges and reservation demand charges. As a result, FPL's SST tariff incorporates a daily demand charge based on

the daily maximum on-peak demand and a reservation demand charge. SST customers are charged the greater of the sum of the daily demand charges or the reservation demand charge times the maximum on-peak standby demand actually registered during the month, plus the reservation demand charge times the difference between the contract standby demand and the maximum on-peak standby demand actually registered during the month. Supplemental Service charges are applicable for the total power supplied by the Company minus the Standby Service supplied by the Company during the same metering period. Supplemental Service charges are calculated by applying the applicable standard rate schedule excluding the customer charge.

FPL has four separate SST rate schedules: ("SST-1(D1)") serves customers with demands below 500 kW; ("SST-1(D2)") is applicable to customers with demands between 500 kW and 1,999 kW; ("SST-1(D3)") applies to customers with demands of 2,000 kW and above; and ("SST-1(T)") applies to customers served directly from the transmission system.

Consistent with the Standby Order, the reservation demand charge is based on an assumed 10% outage rate and the production and transmission demand revenue requirements divided by the 12 CP adjusted for losses. The daily demand charge is based on the production and transmission demand revenue requirements divided by the 12 CP adjusted for losses and divided by the number of on-peak days in an

average month. The maximum demand charges for the SST distribution rates are based on the rate class' demand distribution revenue requirements adjustmented to achieve the target revenues by rate class. The energy charge is based on the average unit energy costs adjusted for losses. The customer charge is based on the customer unit cost rounded to the nearest $25.

Interruptible Standby and Supplemental Service

Interruptible Standby and Supplemental Service is available under the ("ISST-1") rate schedule. FPL did not forecast any customers under ISST-1 for the Test Year. However, in the interests of maintaining these rates for future customers, FPL proposes firm and interruptible customer, demand, and energy charges under ISST-1 based on the applicable distribution or transmission level SST rate schedules, with the interruptible reservation charges based on the transmission revenue requirement.

The proposed rates for the SST and ISST rate schedules discussed above are outlined below:

SST-1(D1), SST-1(D2), SST-1(D3), SST-1(T)

	SST-1(D1)	SST-1(D2)	SST-1(D3)	SST-1(T)
Customer	$100.00	$100.00	$375.00	$1,475.00
Distribution Demand	$2.70	$2.70	$2.70	NA
Reservation Demand	$1.07	$1.07	$1.07	$1.02
Daily Demand	$0.52	$0.52	$0.52	$0.51
On-Peak Energy (1/1/13)	0.714¢	0.714¢	0.714¢	0.733¢
Off-Peak Energy (1/1/13)	0.714¢	0.714¢	0.714¢	0.733¢
On-Peak Energy (6/1/13)	0.858¢	0.858¢	0.858¢	0.894¢
Off-Peak Energy (6/1/13)	0.858¢	0.858¢	0.858¢	0.894¢

ISST-1(D), ISST-1(T)

	ISST-1(D)	ISST-1(T)
Customer	$375.00	$1,475.00
Distribution Demand	$2.70	NA
Reservation Demand (Interruptible)	$0.16	$0.17
Reservation Demand (Firm)	$1.07	$1.02
Daily Demand On-Peak (Firm Standby)	$0.52	$0.51
Daily Demand On-Peak (Interruptible Standby)	$0.08	$0.08
On-Peak Energy (1/1/13)	0.714¢	0.733¢
Off-Peak Energy (1/1/13)	0.714¢	0.733¢
On-Peak Energy (6/1/13)	0.858¢	0.894¢
Off-Peak Energy (6/1/13)	0.858¢	0.894¢

Rate Schedules Available to Other Customer Classes

Metropolitan Transit Service

Service to the Miami-Dade County Electric Transit System is provided under the Metropolitan Transit Service ("MET") rate schedule. The rate structure for MET includes customer, energy and demand charges.

The proposed customer charge of $400.00 is based on the rate class's customer unit cost in MFR E-6b. The demand charge of $10.60 /kW is based on the rate class's demand unit cost. An energy charge of 1.248 cents/kWh, effective January 1 2013, is proposed to achieve the rate class' target revenues. An energy charge of 1.411 cents/kWh, is proposed to be effective June 1, 2013, for the Canaveral Step Increase.

Lighting Services

Lighting Services are available under the Street Lighting ("SL-1") Outdoor Lighting ("OL-1"), Premium Lighting ("PL-1"), and Traffic Signal (SL-2) rate schedules. Additionally, Sports Field Service ("OS-2") is a closed rate schedule available to existing customers. Each is described below.

Sports Field Service (Closed)

The OS-2 rate schedule has been closed to new customers since 1982. The rate schedule includes a customer and an energy charge.

The proposed customer charge of $103.00 is based on the rate class's customer unit cost in MFR E-6b. An energy charge of 5.928 cents/kWh, effective January 1 2013, is proposed to achieve the rate class's target revenues. An energy charge of 6.079 cents/kWh, is proposed to be effective June 1, 2013, for the Canaveral Step Increase.

Street, Outdoor, and Premium Lighting Service

SL-1 and OL-1 customers who do not own their own lighting facilities are assessed a bundled monthly charge which includes fixture, maintenance, and non-fuel energy components. These monthly charges vary by wattage level, type of fixture and level of service provided. Customers owning their own lighting facilities may receive either energy only or energy and relamping service. The charges for all other SL-1 and OL-1 customers are based on the cost of Company-owned fixtures. SL-1 and OL-1 customers are also charged a flat monthly fee for any poles, down-guys or conductors dedicated to lighting service. Where FPL installs special decorative lighting facilities at the customer's option, service is provided under PL-1. Under PL-1, customers are charged based on the actual project costs incurred in installing lighting facilities. Customers are required to pay for facilities in a lump-sum in advance of construction. A Present Value Revenue Requirements ("PVRR") multiplier is applied to the total work order cost of the project to determine the lump-sum amount. The 10 year and 20 year payment options were discontinued as of March 1, 2010. The termination factors for existing customers under the 10 and 20

year payment option have been updated for current economic assumptions, including the requested return on equity.

The replacement cost for lighting facilities is provided in the Lighting Cost of Service in Attachment 3 to MFR E-14. The Cost of Service indicates that the charges for Poles and Conductor for both SL-1 and OL-1 are significantly below costs. Therefore, most of the increase allocated to these classes has been used to increase Pole and Conductor charges in order to more accurately reflect the replacement cost of these facilities. Maintenance charges have also been revised based on current costs. The non-fuel energy charge has been lowered based on the unit costs reported in MFR E-6b.

For PL-1, the Present Value Revenue Requirement ("PVRR") multiplier has been updated to 1.2057 for current economic assumptions, including the requested return on equity. The non-fuel energy charge is based on the unit costs reported in MFR E-6b for SL-1. A provision has been added to rate schedules SL-1, OL-1, and PL-1 that provides a credit equal to the fuel charge associated with the fixtures that are turned off during sea turtle nesting season.

Traffic Signal Service

The SL-2 proposed energy charge of 2.916 cents/kWh to be effective January 1, 2013 has been decreased to the class unit cost from MFR E-6b. The SL-2 proposed energy

charge to be effective June 1, 2013 for the Canaveral Step Increase is 3.074 cents/kWh.

2,500 kWh Bill Comparison RS-1 vs. RST-1
Assumes class average On-Peak usage (30%)

RS-1		Rate		
Customer Charge		$5.90	$	5.90
Base Energy Charge	< 1,000 kWh	3.736	$	37.36
Base Energy Charge	> 1,000 kWh	4.736	$	71.04
Fuel Clause	< 1,000 kWh	3.343	$	33.43
Fuel Clause	> 1,000 kWh	4.343	$	65.15
Capacity Clause		0.969	$	24.23
Energy Conservation Clause		0.287	$	7.18
Environmental Clause		0.192	$	4.80
Storm Charge		0.108	$	2.70
Subtotal			$	251.79
GRT		2.5641	$	6.46
Total RS -1 Charges			**$**	**258.25**

RST-1	Time of Use	Rate		
Customer Charge		$16.04	$	16.04
Base Energy Charge	On-Peak	7.759	$	58.19
Base Energy Charge	Off-Peak	2.479	$	43.38
Summer Fuel Clause	On-Peak	5.830	$	43.73
Summer Fuel Clause	Off-Peak	2.603	$	45.55
Capacity Clause		0.969	$	24.23
Energy Conservation Clause		0.287	$	7.18
Environmental Clause		0.192	$	4.80
Storm Charge		0.108	$	2.70
Subtotal			$	245.80
GRT		2.5641	$	6.30
Total RST -1 Charges			**$**	**252.10**

RST-1 savings as compared to RS-1 -$6.15

FPL Proposed Residential Time of Use Rider (RTR)
Calculation of 1,000 kWh Typical Bill
With On-Peak Use Above and Below the Class Average

RS-1	Rate	1000 kWh Bill at 35% On-Peak	1000 kWh Bill at 20% On-Peak
Base Energy Charge	4.494	44.94	44.94
Fuel and Purchased Power Clause	2.718	27.18	27.18
Energy Conservation Clause	0.237	2.37	2.37
Environmental Clause	0.251	2.51	2.51
Capacity Clause	0.758	7.58	7.58
Storm Damage Cost Surcharge	0.115	1.15	1.15
Total RS-1 Charges		$85.73	$85.73

RTR-1 Adders / Credits	Rate	RTR-1 Adders/Credit	RTR-1 Adders/Credit
Customer Charge	$11.00	$11.00	$11.00
Base Energy Charge On-Peak Adder	9.043	31.65	18.09
Base Energy Off-Peak Credit	-3.940	(25.61)	(31.52)
Summer Fuel Clause On-Peak Adder	1.330	4.66	2.66
Summer Fuel Clause Off-Peak Credit	-0.683	(4.44)	(5.46)
RTR-1 Charges		$17.26	($5.23)
Total RTR-1 Bill		$102.99	$80.50

On-Peak Usage	35%	20%
On-Peak kWh	350	200
Off-Peak kWh	650	800
Total kWh	1,000	1,000

FPL Proposed ROE Performance Adder

Description		ROE Performance Adder Revenue Requirement[1] [A]	Total Retail Sales kWh [2] [B]	Rate ¢/kWh [A] / [B] * 100
January 2013 Base Rate Increase	$	39,508,164		
Canaveral Step Increase June 2013		2,042,922		
Total	$	41,551,085	103,314,664,074	0.040

1. Per witness Ousdahl's Exhibit KO-8
2. Per MFR E9, including unbilled sales