

432

FPL's Response to OPC's Sixteenth Interrogatories

Nos. 252-253, 258, 260.

(including attachments for No. 252)

Confidential Document No. 252

QUESTION:

Please refer to the following tables 1a and 1b which are from the NextEra Energy 2021 proxy statement:

Table 1a: 2020 Summary Compensation Table

Name and Principal Position(a)	Year (b)	Salary \$(c)	Bonus \$(d)	Stock Awards(3)(4)(5) \$(e)	Option Awards(3) \$(f)	Non-Equity Incentive Plan Compensation(6) \$(g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (7)(8) \$(h)	All Other Compensation(7)(9) \$(i)(j)	Total \$(k)
James L. Robo Chairman, President and CEO of NextEra Energy and Chairman of FPL(1)	2020	\$1,500,000	\$0	\$13,076,826	\$3,024,983	\$4,800,000	\$951,970	\$366,928	\$23,720,707
	2019	1,450,000	0	11,744,534	2,825,000	4,570,400	906,719	380,944	21,877,597
	2018	1,400,000	0	11,611,417	2,624,993	4,480,000	854,722	387,610	21,358,742
Rebecca J. Kujawa Executive Vice President, Finance and CFO of NextEra Energy and FPL(2)	2020	687,700	0	2,015,368	364,783	962,800	180,723	93,332	4,304,706
	2019	529,000	0	1,496,724	280,600	729,500	110,820	66,153	3,212,797
John W. Ketchum President and CEO of NextEra Energy Resources	2020	1,180,500	0	3,528,702	638,576	1,652,800	342,563	175,541	7,518,782
	2019	983,800	0	2,839,220	532,200	1,356,700	278,554	160,341	6,150,815
	2018	819,000	0	2,311,181	409,591	1,089,300	226,055	122,942	4,978,069
Eric E. Silagy President and CEO of FPL	2020	1,304,100	0	4,293,948	777,091	1,825,700	413,289	187,776	8,801,904
	2019	1,154,100	0	3,668,772	687,700	1,591,500	368,555	175,873	7,546,500
	2018	1,049,200	0	3,065,463	543,287	1,461,500	315,204	166,856	6,601,310
Charles E. Sieving Executive Vice President and General Counsel of NextEra Energy and Executive Vice President of FPL(2)	2020	1,052,600	0	2,001,924	362,285	1,266,600	330,644	150,315	5,194,368
	2019	1,002,400	0	1,789,598	335,500	1,172,800	295,814	138,999	4,735,111

- (1) In accordance with SEC rules, for 2020, NextEra Energy's last completed fiscal year, the ratio of the total compensation of Mr. Robo, the CEO, to NextEra Energy's median employee's annual compensation was 176 to 1. The median employee's annual total compensation was \$134,919. The total annual compensation of the CEO for purposes of calculating the pay ratio was \$23,720,707. As permitted by SEC rules, we are using the same median employee in our pay ratio calculation for 2020 as we used for 2018. We believe that there have not been any changes in our employee population or employee compensation arrangements since 2018 that would significantly impact our pay ratio for 2020. We previously identified our median employee for 2018 from our employee population as of December 31, 2018. On that date, NextEra Energy had 14,148 U.S.-based active employees. NextEra Energy had 105 employees in Canada and 69 employees in Spain (total of 174 employees) that were

excluded in accordance with SEC rules from the median employee determination as they represented less than 5% of the Company's workforce. The compensation measure used to identify the median employee was total cash compensation, and no employee's compensation was annualized. Total cash compensation is the predominant form of employee remuneration. For the previously identified median employee, all of the elements of the employee's 2020 compensation was combined in accordance with the applicable SEC rules.

- (2) Mrs. Kujawa and Mr. Sieving became NEOs in 2019. Therefore, in accordance with SEC rules, only 2019 and 2020 compensation is presented.
- (3) The amounts shown represent the aggregate grant date fair value of equity-based compensation awards granted during the relevant year, valued in accordance with applicable accounting rules, without reduction for estimated forfeitures. See Note 11 Equity—Stock-Based Compensation to the consolidated financial statements in the Company's Annual Report on Form 10-K for the years ended December 31, 2020 and December 31, 2019, and Note 10 Equity—Stock-Based Compensation to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, for the assumptions used in this valuation.
- (4) Includes performance-based restricted stock and performance share awards valued based on the probable outcome of the performance conditions as of the grant date; and for Mrs. Kujawa and Messrs. Robo, Ketchum, and Sieving, performance-based restricted NEP common units. The grant date fair value of performance-based restricted NEP common units is measured based upon the closing market price of NEP common units as of the date of grant, February 18, 2020. With respect to the performance shares granted in 2020, 2019 and 2018 to all NEOs, a performance rating assumption of 1.40 (i.e. target shares multiplied by 1.40) was used (in accordance with applicable accounting guidance) to value such performance share awards and grant date fair value for all NEOs was determined on the grant date using the Monte-Carlo simulation process with the following variables:

Description	Market	Volatility	Yield	Interest Rate	Expected Life	Fair Value
For the 2/13/2020 grant:	\$ 68.8675	14.48%	2.50%	1.42%	2.88 yr.	\$69.345
For the 2/14/2019 grant:	\$ 45.65	15.76%	2.93%	2.47%	2.88 yr.	\$42.95
For the 2/15/2018 grant:	\$ 38.61	16.26%	3.05%	2.37%	2.87 yr.	\$38.66

- (5) The maximum payout of performance shares granted in 2020 is 2.00 times target. Therefore, the maximum aggregate grant date fair value of the awards granted in 2020 is: for Mr. Robo, 244,472 shares, or \$16,952,911; for Mrs. Kujawa, 34,008 shares, or \$2,358,285; Mr. Ketchum, 59,544 shares, or \$4,129,079; for Mr. Silagy, 72,456 shares, or \$5,024,461; and for Mr. Sieving, 33,784 shares, or \$2,342,751.
- (6) Includes the amount earned by each NEO, as applicable, with respect to 2020, 2019 and 2018 under the Annual Incentive Plan.
- (7) NextEra Energy maintains both defined benefit and defined contribution retirement plans (as described in Compensation Discussion & Analysis—Post-Employment Compensation—Retirement Programs). Company contributions to defined benefit and defined contribution retirement plans (both qualified and nonqualified) are allocated between columns (h) and (i), respectively.
- (8) All amounts in this column reflect the one-year change in the present value of each NEO's accumulated benefit under the tax-qualified defined benefit employee pension plan and the SERP. The Deferred Compensation Plan does not permit above-market interest to be credited and, therefore, no above-market interest was credited in 2020, 2019 and 2018.
- (9) Additional information about the amounts for 2020 set forth in the "All Other Compensation" column may be found in Table 1b: 2020 Supplemental All Other Compensation, which immediately follows.

Table 1b: 2020 Supplemental All Other Compensation

Name	Total From Summary Compensation Table (\$)	Contributions to Defined Contribution Plans(1) (\$)	Perquisites and Other Personal Benefits(2) (\$)
James L. Robo	\$366,928	\$288,280	\$78,648
Rebecca J. Kujawa	93,332	67,114	26,218
John W. Ketchum	175,541	120,270	55,271
Eric E. Silagy	187,776	137,349	50,427
Charles E. Sieving	150,315	107,029	43,286

76

Please provide the following information:

- For each type of executive compensation for each of the named executives, how much was recorded in FPL O&M expense accounts in 2020?
- For each type of executive compensation for each of the named executives, how much was budgeted/projected for FPL in total and for FPL O&M expense accounts for each rate year, 2022 and 2023?
- For each type of executive compensation for each of the named executives, how much of the budgeted/projected amounts for FPL remain in FPL O&M expense accounts for each rate year, 2022 and 2023, after Company-proposed adjustments?

RESPONSE:

- Total executive compensation for the named executives in the 2021 proxy statement that was recorded in FPL O&M expense accounts in 2020 is detailed below.

2020
FPL Base O&M⁽¹⁾

Named Executive Officers (2021 Proxy)	Salary	Bonus ⁽²⁾	Stock Awards ⁽⁴⁾	Option Awards ⁽⁴⁾	Non-Equity Incentive Plan Compensation ⁽⁴⁾	Retirement Benefits Overhead Credit ⁽⁵⁾	All Other Compensation
James L. Robo	\$ 834,687	n/a	\$0	\$0	\$0	\$ (72,451)	\$ 202,627
Rebecca J. Kujawa	\$ 384,664	n/a	\$0	\$0	\$0	\$ (33,389)	\$ 43,547
John W. Ketchum ⁽⁷⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Eric E. Silagy	\$ 1,314,131	n/a	\$0	\$0	\$0	\$ (114,067)	\$ 107,970
Charles E. Sieving	\$ 605,551	n/a	\$0	\$0	\$0	\$ (52,562)	\$ 79,891

Notes

(1) Net of affiliate allocations

(2) Refer to column titled "Non-Equity Incentive Plan Compensation".

(3) Stock awards and Option awards are budgeted in a combined manner.

(4) Consistent with the 2010 Rate Case Order, Order No. PSC-10-0153-FOF-EI, FPL's O&M expense for 2020 did not include any executive incentive compensation.

(5) Amounts reflect employee benefits overhead for qualified employee pension plan included at an individual officer level. Defined Benefit SERP is not recorded/budgeted at an individual officer level.

(6) Note not used in response to item a).

(7) Not applicable. Mr. Ketchum is an employee of NextEra Energy Resources and no costs are recorded or budgeted at FPL.

b. FPL objects in part to OPC's Sixteenth Set of Interrogatories No. 252(b). FPL has not included any executive incentive compensation in its 2022 Test Year or 2023 Subsequent Year Adjustment O&M expenses requested in this proceeding consistent with the 2010 Rate Case Order, Order No. PSC-10-0153-FOF-EI. Therefore, any such information requested in OPC's Sixteenth Set of Interrogatories No. 252(b) is irrelevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding. Notwithstanding and without waiver of any objection, please see Attachment No. 1, page 1. Attachment No. 1, page 1 to FPL's response to OPC's Sixteenth Set of Interrogatories No. 252(b) is designated as Highly Sensitive Information as that term is used in the Confidentiality Agreements in use in this proceeding. The document will be made available for inspection at The Radey Law Firm located at 301 South Bronough Street, Suite 200, Tallahassee, Florida 32301, provided the reviewing party has executed the Confidentiality Agreement and remains in compliance with the requirements of the Confidentiality Agreement associated with the review of Highly Sensitive Information.

c. Please see Attachment No. 1, page 2. Attachment No. 1, page 2 to FPL's response to OPC's Sixteenth Set of Interrogatories No. 252(b) is designated as Highly Sensitive Information as that term is used in the Confidentiality Agreements in use in this proceeding. The document will be made available for inspection at The Radey Law Firm located at 301 South Bronough Street, Suite 200, Tallahassee, Florida 32301, provided the reviewing party has executed the Confidentiality Agreement and remains in compliance with the requirements of the Confidentiality Agreement associated with the review of Highly Sensitive Information.

QUESTION:

Incentive Compensation. Refer to testimony of Kathleen Slattery at page 15, lines 17-20. Please provide the calculation of the adjustment to exclude from expense the portions of executive and non-executive compensation specifically showing the executive amounts based on what was classified as executive compensation in Order No. PSC-10-0153-FOF-EI.

RESPONSE:

Please refer to FPL Bates 023443 through 023448 provided in FPL's supplemental response to OPCs First Request for Production of Documents, No. 35, for the calculation of the Commission adjustment to exclude from net operating income the portions of executive and non-executive incentive compensation consistent with Order No. PSC-10-0153-FOF-EI for the 2022 Test Year and 2023 Subsequent Year.

In addition, please refer to FPL Bates 047063 through 047065 provided in FPL's response to OPCs Fifth Request for Production of Documents, Request No. 91, for the calculation of the identified adjustment related to the Commission adjustment for Executive Compensation in FPL's Notice of Identified Adjustments filed on May 7, 2021.

QUESTION:

To the extent not already included in FPL's response to Interrogatories Nos. 256-257 and Production of Document No. 133, please provide a complete financial analysis showing the monetary impact associated with the proposed movement from the current Incentive Mechanism to the modified Incentive Mechanism. Please specifically state, by year, the expected savings/gains, how those gains/benefits were derived, and the allocation of those savings/gains to customers and then FPL.

RESPONSE:

FPL seeks to update the assets that may be optimized under the Incentive Mechanism program to properly reflect the modernization and transformation of FPL's generation fleet. Specifically, FPL seeks to expand the benefits of the Incentive Mechanism program by optimizing all fuel sources when it is reasonable and in the best interests of customers to do so based on the system requirements, market demand, and market price of the fuel or capacity at the time. The annual monetary impact associated with the optimization of each fuel source is not projected due to the inherent uncertainty and unpredictability of factors that impact these sources today and in the future. However, as discussed in more detail in FPL's responses to OPC's Sixteenth Set of Interrogatories Nos. 256 and 257, modifying the current Incentive Mechanism to include all fuel sources will ensure that FPL can continue to optimize the availability and utilization of FPL's modern assets to provide increased value for FPL's customers.

QUESTION:

In reference to Forrest, p. 16, l. 2-12, please list all anticipated expenses anticipated in the "green hydrogen" fuel generation pilot. Please separate each of these expenses between fixed costs and variable costs.

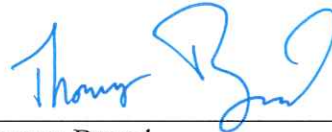
RESPONSE:

The pilot is not anticipated to last more than ten years without further analysis. Hence, the ten-year average pilot fixed cost is \$768K per year and the variable ten-year average cost is \$36K.

DECLARATION

I, Thomas Broad, sponsored the answer to Interrogatory No. 260 from the Office of Public Counsel (OPC) Sixteenth Set of Interrogatories and to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



Thomas Broad

Date: 6/28/21

DECLARATION

I, Liz Fuentes, co-sponsored the answer to Interrogatory No. 253 from the Office of Public Counsel (OPC) Sixteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



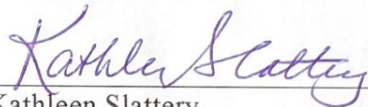
Liz Fuentes

Date: 6/23/2021

DECLARATION

I, Kathleen Slattery, sponsored the answer to Interrogatory No. 252 and co-sponsored the answer to Interrogatory No. 253 from the Office of Public Counsel (OPC) Sixteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the responses are true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Kathleen Slattery

Date: 6/25/2021