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FPL's response to OPC's Twelfth Request for
Production of Documents
Nos. 130-132.

QUESTION:

Incentive Compensation. Please refer to response to Interrogatory No. 56 – Supplemental and Production of Documents No. 48 - Supplemental. In determining the payout for the Performance Based Plan(s) is there a trigger mechanism (i.e. Earnings Per Share, Net Income, etc.) that is required to be achieved prior to determining the individual payouts based on goal achievements? If so, please provide for each year 2016-2020 and for the respective rate periods in the Company's request the required trigger(s) and the respective annual actual achievement.

RESPONSE:

Although OPC has identified this request as a Production of Documents, we note it is in the form of a question and are therefore responding to this discovery request as an Interrogatory.

FPL's performance-based employee incentive compensation plan for the years 2016-2020 did not contain a trigger mechanism, nor will it for the respective rate periods in the Company's request.

Pre-acquisition, Gulf's performance-based employee incentive compensation plan did contain a trigger mechanism, which was a requirement that Southern Company EPS exceed the prior year dividend to provide any incentive compensation opportunity. Post-acquisition, starting with plan year 2019, Gulf's performance-based employee incentive compensation plan has not contained a trigger mechanism, nor will it for the respective rate periods in the Company's request.

QUESTION:

Incentive Compensation. Please refer to testimony of Kathleen Slattery at page 15. Please provide a summary showing by type the projected incentive compensation by rate request year, the amount being "excluded by the 2010 Rate Order, Order No. PSC-10-0153-FOF-EI" by type referencing where specifically excluded, any other amount excluded and the resulting net amount that is included in the Company's request for each respective year.

RESPONSE:

Although OPC has identified this request as a Production of Documents, FPL believes this is an error and is responding as an Interrogatory. Please see the table below for the requested information related to incentive compensation expense referenced in the 2010 Rate Order for 2022 and 2023.

Projected Incentive Compensation By Type	Total Base O&M Expense ⁽¹⁾	FPSC Adjustment to Remove Executive Compensation ⁽²⁾	Net Amount of O&M Included in Base Rates
2022 Test Year (TY)	2022 TY	2022 TY	2022 TY
Executive Annual Cash Incentive	\$ 14,081,192	\$ (14,081,192)	\$ -
Executive Stock Based Compensation ⁽³⁾	38,475,813	(38,065,631)	410,182
Non-Executive Stock Based Compensation	1,269,106	(743,520)	525,586
2023 Subsequent Year (SYA)	2023 SYA	2023 SYA	2023 SYA
Executive Annual Cash Incentive	\$ 14,866,552	\$ (14,866,552)	\$ -
Executive Stock Based Compensation ⁽³⁾	40,498,114	(40,082,214)	415,900
Non-Executive Stock Based Compensation	1,372,596	(800,743)	571,853

Notes

(1) Net of affiliate allocations.

(2) Commission adjustment represents the removal of 100% of Executive Incentive Compensation, 50% of Non-Executive Stock Based Compensation-Restricted Stock Awards, and 100% and 50% of Non-Executive Stock Based Compensation-Performance Share Award multiple and target shares, respectively. Amounts reflected include the identified adjustments in FPL's Notice of Identified Adjustments filed on May 7, 2021.

(3) Includes a portion of Non-Executive Stock Based Compensation-Restricted Stock Awards which is projected in the executive budget rather than the non-executive budget for administrative purposes.

In addition, FPL's revenue requirement calculation includes a Commission adjustment to remove capitalized executive incentive compensation from plant in-service consistent with the removal of executive incentive compensation expenses ordered by the Commission in the 2010 Rate Order. The Per Book Commission rate base adjustment is \$55.853 million for 2022 and \$58.506 million for 2023.

QUESTION:

Incentive Compensation. Please provide a detail description of changes to the Company's design of the respective Incentive Compensation plans since 2010 that addresses trigger mechanisms and/or individual goals (i.e. this is not requesting changes in the respective goals but changes in whether specific goals were added or eliminated) with an explanation as to why the change was made.

RESPONSE:

Although OPC has identified this request as a Production of Documents, we note that it requests a description and are therefore responding to this discovery request as an Interrogatory.

FPL's performance-based employee incentive compensation plan has not contained a trigger mechanism from 2010 to today, and the plan's performance metrics have been substantially the same, consistent with our philosophy to base operational metrics on enduring standards indicative of sustained superior performance. Reliability, safety, customer satisfaction, and budget-based customer value metrics have been the same since 2010, though the goals are specific to each year. Other metrics, focused on compliance and projects, have changed only slightly from year to year. Operational goals are established annually based on industry benchmarks and company performance and such goals are generally equal to or better than the top quartile performers in the industry, and often at or above top decile levels.

For the years 2010 to 2018, Gulf's performance-based employee incentive compensation plan was based on Southern Company's incentive compensation plan. Post-acquisition, starting with the plan year 2019, Gulf adopted FPL's performance-based employee incentive compensation plan and Gulf's performance metrics have been substantially similar to FPL's as described above.

DECLARATION

I, Liz Fuentes, co-sponsored the answer to the Office Public Counsel's (OPC) Twelfth Request for Production of Documents No. 131 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 answer identified above, and that the facts stated therein are true.



Liz Fuentes

Date: 6/17/2021

DECLARATION

I, Kathleen Slattery, co-sponsored the answers to the Office Public Counsel's (OPC) Twelfth Request for Production of Documents Nos. 130-132 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 answers identified above, and that the facts stated therein are true.


Kathleen Slattery

Date: 6/17/2021