



March 15, 2016

-VIA HAND DELIVERY-

Mr. Andrew L. Maurey, Director
Division of Accounting & Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2016 MAR 15 PM 4:33
DIVISION OF
ACCOUNTING & FINANCE

Re: 2016 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 24, 2016 you granted Florida Power & Light Company's ("FPL's") request for an extension of time to March 15, 2016 to file its 2016 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FPL's 2016 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2016 planning assumptions. In accordance with the Stipulation and Settlement Agreement that the Commission approved in Order No. PSC-13-0023-S-EI, the Company will vary the portion of reserve Amount amortized in 2016 to maintain its actual return on equity within a range of 9.5% to 11.5%.

Sincerely,

A handwritten signature in cursive script that reads "Robert Barrett".

Robert E. Barrett
Vice President, Finance

Cc: J.R. Kelly, Office of Public Counsel

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 (\$000'S)

Company: Florida Power & Light Company and Subsidiaries
 YEAR: 2016

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1)	(2)	(3)
<u>PER BOOKS</u>	<u>PER BOOKS</u>	<u>FPSC ADJUSTMENTS</u>	<u>FPSC ADJUSTED</u>
NET OPERATING INCOME	\$2,181,791	(\$216,295)	\$1,965,496
AVERAGE RATE BASE	\$30,189,011	(\$465,828)	\$29,723,182
AVERAGE RATE OF RETURN	7.23%		6.61%

AVERAGE CAPITAL STRUCTURE
 (FPSC ADJUSTED BASIS)

LOW	5.71%
MIDPOINT	6.17%
HIGH	6.62%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	6.79	(SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	6.63	(SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	4.18%	(SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	93.59%	(SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	38.22%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	2.17%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	11.48%	(FPSC ADJUSTED BASIS)

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
RATE BASE (\$000's)

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	\$43,663,083	\$14,306,477	\$29,356,606	\$232,278	\$2,474,330	\$705,843	\$32,769,057	(\$1,283,147)	\$31,485,909
JURISDICTIONAL PER BOOKS	41,712,825	12,707,286	29,005,539	220,238	2,339,843	666,532	32,232,153	(2,043,142)	30,189,011
FPSC ADJUSTMENTS:									
ACCUM PROV DECOMMISSIONING		(3,680,217)	3,680,217				3,680,217		3,680,217
CAPITALIZED EXECUTIVE COMPENSATION	(11,231)		(11,231)				(11,231)		(11,231)
ENVIRONMENTAL PLANT	(1,525,914)	(221,450)	(1,304,464)		(21,228)		(1,325,693)		(1,325,693)
FUEL AND CAPACITY PLANT	(108,048)	(33,064)	(74,984)				(74,984)		(74,984)
GAS RESERVES	(357,928)	(31,586)	(326,342)	(1,305)			(327,647)	(25,371)	(353,017)
CONSERVATION PLANT	(50,423)	(24,117)	(26,305)				(26,305)		(26,305)
ASSET RETIREMENT OBLIGATION - PLANT	(404,692)	3,482,784	(3,887,476)				(3,887,476)		(3,887,476)
CAPITAL LEASE	(57,168)	(6,529)	(50,639)				(50,639)		(50,639)
CONSTRUCTION WORK IN PROGRESS					(1,574,345)		(1,574,345)		(1,574,345)
ACCOUNTS RECEIVABLE/PAYABLE - ASSOC. COS.								(30,820)	(30,820)
NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(8,217)	(8,217)
NUCLEAR COST RECOVERY								236,024	236,024
MISC. DEFFERED DEBIT - CLAUSES								(23,868)	(23,868)
CEDAR BAY TRANSACTION								(648,638)	(648,638)
STORM DEFICIENCY RECOVERY								(331,051)	(331,051)
ACCUM PROV FOR PROPERTY INSURANCE								119,300	119,300
ASSET RETIREMENT OBLIGATIONS - WORKING CAPITAL								3,900,362	3,900,362
SJRPP ACCELERATED RECOVERY								22,405	22,405
OTHER MISCELLANEOUS WORKING CAPITAL								(77,852)	(77,852)
TOTAL FPSC ADJUSTMENTS	(2,515,404)	(514,179)	(2,001,225)	(1,305)	(1,595,574)	0	(3,598,103)	3,132,275	(465,828)
FPSC ADJUSTED	\$39,197,422	\$12,193,107	\$27,004,315	\$218,933	\$744,270	\$666,532	\$28,634,050	\$1,089,132	\$29,723,182

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
INCOME STATEMENT (\$000's)

Company: Florida Power & Light Company and Subsidiaries
YEAR: 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATING REVENUES	OPERATION & MAINTENANCE FUEL & NET INTERCHANGE	OTHER O&M	DEPRECIATION AND AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES AND INVESTMENT TAX CREDIT	GAIN LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	\$10,648,081	\$3,174,458	\$1,615,954	\$1,360,630	\$1,219,393	\$1,091,180	(\$5,813)	\$8,455,801	\$2,192,280
JURISDICTIONAL PER BOOKS	10,212,340	2,994,992	1,557,598	1,313,589	1,199,894	1,047,452	(5,812)	8,107,712	2,104,627
<u>FPSC ADJUSTMENTS:</u>									
CAPACITY COST RECOVERY	(345,391)	(235,424)	(47,268)	(16,373)	(399)	(17,717)		(317,180)	(28,211)
CONSERVATION COST RECOVERY	(75,538)		(61,959)	(9,958)	(1,188)	(939)		(74,043)	(1,495)
ENVIRONMENTAL COST RECOVERY	(249,190)		(74,450)	(51,356)	(335)	(47,471)	13	(173,599)	(75,591)
FUEL COST RECOVERY	(2,835,741)	(2,681,681)	(2,309)	(592)	(2,031)	(57,526)		(2,744,139)	(91,602)
STORM RECOVERY	(133,090)		(610)	(120,848)		(4,487)		(125,945)	(7,145)
FUEL CLAUSE - GAS RESERVES		(39,686)	(1,257)	(57,351)	(2,204)	39,094		(61,404)	61,404
FRANCHISE REVENUE & EXPENSE	(452,280)				(452,280)			(452,280)	0
GROSS RECEIPTS TAX	(238,857)				(238,857)			(238,857)	0
MISCELLANEOUS O&M EXPENSES			(2,222)			857		(1,365)	1,365
AVIATION EXPENSE			(163)			63		(100)	100
EXECUTIVE COMPENSATION			(29,343)			11,319		(18,024)	18,024
INTEREST TAX DEFICIENCIES			718			(277)		441	(441)
INTEREST SYNCHRONIZATION						15,540		15,540	(15,540)
TOTAL FPSC ADJUSTMENTS	(4,330,088)	(2,956,790)	(218,864)	(256,478)	(697,294)	(61,544)	13	(4,190,957)	(139,131)
FPSC ADJUSTED	\$5,882,252	\$38,202	\$1,338,734	\$1,057,111	\$502,601	\$985,908	(\$5,800)	\$3,916,755	\$1,965,496

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 CAPITAL STRUCTURE (\$000'S)
 FPSC ADJUSTED BASIS

SCHEDULE 3
 PAGE 1 OF 1

Company: Florida Power & Light Company and Subsidiaries
 YEAR: 2016

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO	LOWPOINT		MIDPOINT		HIGHPOINT	
			PRORATA	SPECIFIC			COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
LONG TERM DEBT	\$9,215,323	\$8,837,853	\$87,113	(\$257,773)	\$8,667,194	29.16%	4.57%	1.33%	4.57%	1.33%	4.57%	1.33%
SHORT TERM DEBT	509,404	488,053	4,955	(\$0)	493,008	1.66%	1.63%	0.03%	1.63%	0.03%	1.63%	0.03%
PREFERRED STOCK	0	0	0	\$0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	414,931	414,701	4,210	\$0	418,911	1.41%	2.04%	0.03%	2.04%	0.03%	2.04%	0.03%
COMMON EQUITY	13,964,133	13,378,846	135,843	\$0	13,514,688	45.47%	9.50%	4.32%	10.50%	4.77%	11.50%	5.23%
DEFERRED INCOME TAXES	7,213,968	6,910,746	66,451	(\$365,737)	6,611,460	22.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS WEIGHTED COST	168,142	158,804	180	(\$141,063)	17,920	0.06%	7.57%	0.00%	8.18%	0.00%	0.01%	0.00%
TOTAL	\$31,485,901	\$30,189,003	\$298,753	(\$764,573)	\$29,723,182	100.00%		5.71%		6.17%		6.62%

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FINANCIAL INTEGRITY INDICATORS
(\$000's)**

**Company: Florida Power & Light Company and Subsidiaries
YEAR: 2016**

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$2,221,256
AFUDC - DEBT	18,774
INCOME TAXES	1,088,105
TOTAL	\$3,328,136
INTEREST CHARGES (BEFORE DEBT AFUDC)	490,010
TIE WITH AFUDC	6.79

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$2,221,256
AFUDC - EQUITY	(61,615)
INCOME TAXES	1,088,105
TOTAL	\$3,247,747
INTEREST CHARGES (BEFORE DEBT AFUDC)	\$490,010
TIE WITHOUT AFUDC	6.63

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

AFUDC - DEBT	\$18,774
X (1-INCOME TAX RATE)	0.6143
SUBTOTAL	\$11,532
AFUDC - EQUITY	61,615
TOTAL	\$73,147
NET INCOME AVAILABLE TO COMMON	\$1,750,021
PERCENT AFUDC TO AVAILABLE NET INCOME	4.18%

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	\$1,750,021
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	(900,000)
AFUDC (DEBT & OTHER)	(80,389)
DEPRECIATION & AMORTIZATION	1,360,630
DEFERRED INC TAXES & INVESTMENT CREDITS	1,141,429
OTHER SOURCES/USES OF FUNDS	170,716
TOTAL	\$3,442,407
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC DEBT & EQUITY)	\$3,678,331
PERCENT INTERNALLY GENERATED FUNDS	93.59%

E. & F. LONG TERM AND SHORT TERM DEBT AS A PERCENT OF INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS:	
LONG TERM DEBT	\$8,667,194
SHORT TERM DEBT	493,008
PREFERRED STOCK	0
COMMON EQUITY	13,514,681
TOTAL	\$22,674,883
% LONG TERM DEBT TO TOTAL	38.22%
% SHORT TERM DEBT TO TOTAL	2.17%

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

	FPSC ADJUSTED
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	6.61%
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:	
LONG TERM DEBT	1.33%
SHORT TERM DEBT	0.03%
PREFERRED STOCK	0.00%
CUSTOMER DEPOSITS	0.03%
TAX CREDITS - WEIGHTED COST (MIDPOINT)	0.00%
SUBTOTAL	1.39%
TOTAL	5.22%
DIVIDED BY COMMON EQUITY RATIO	45.47%
JURISDICTIONAL RETURN ON COMMON EQUITY	11.48%

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FORECAST ASSUMPTIONS**

**Company: Florida Power & Light Company and Subsidiaries
YEAR: 2016**

FORECASTED ASSUMPTIONS:

	FORECASTED YEAR	PRIOR YEAR
CUSTOMERS		
RESIDENTIAL	4,317,730	4,254,635
COMMERCIAL	543,352	535,919
INDUSTRIAL	12,731	11,719
OTHER	4,047	3,961
TOTAL	4,877,860	4,806,234
	FORECASTED YEAR (1)	PRIOR YEAR (2)
MWH SALES		
RESIDENTIAL	57,230,468	57,733,991
COMMERCIAL	46,377,965	46,551,815
INDUSTRIAL	3,173,057	3,055,890
OTHER	592,522	565,590
TOTAL	107,374,013	107,907,285

(1) Includes forecasted weather normal sales
(2) 2015 actual sales

OTHER MAJOR FORECASTED ASSUMPTIONS:

A. INFLATION FACTORS (ANNUAL RATE OF CHANGE):	
1. CONSUMER PRICE INDEX (CPI)	2.0%
2. GROSS DOMESTIC PRODUCT (GDP) DEFLATOR	1.4%
3. PRODUCER PRICE INDEX (PPI) - ALL GOODS	-3.9%
4. PRODUCER PRICE INDEX (PPI) - INTERMEDIATE MATERIALS	-4.8%
5. PRODUCER PRICE INDEX (PPI) - FINISHED PRODUCT GOODS	-2.4%
B. CAPITAL OVERHEAD RATES	
1. PENSION & WELFARE	10.1%
2. PAYROLL TAXES & INSURANCE	7.5%
C. OTHER CORPORATE ASSUMPTIONS	
INTEREST RATES -	
1) 30 DAY COMMERCIAL PAPER	0.8%
2) LONG TERM DEBT	5.2%
DEPRECIATION RESERVE SURPLUS AMORTIZATION	(\$263,094)
D. WEST COUNTY 3 CAPACITY CLAUSE REVENUE REQUIREMENTS ARE REFLECTED AS BASE IN FPSC ADJUSTED RESULTS	

I AM THE PERSON RESPONSIBLE FOR PREPARATION OF THIS DOCUMENT AND I AM AWARE THAT SECTION 837.06, FLORIDA STATUTES, PROVIDES:

WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082 OR S. 775.083

Robert E. Barrett, Jr.
NAME

Vice President - Finance
TITLE

Robert Barrett
SIGNATURE

3/10/2016
DATE

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 INDIVIDUAL PROJECTS COMMENCING DURING 2016 WHICH EXCEED \$10 MILLION
 (AMOUNTS IN 000'S)

Company: Florida Power & Light Company and Subsidiaries
 YEAR: 2016

Schedule of Individual projects that commence during 2016 and exceed a gross cost of \$10 million:

Project	Estimated Total Cost	Estimated Construction Commencement Date	Estimated In-Service Date
OKEECHOBEE COUNTY ENERGY CENTER	1,105,973	Jan-16	Jun-19
GAS RESERVES	500,000	Jan-16	Various
PSL U2 INTAKE COOLING WATER REPIPING	10,203	Jan-16	Dec-20
PSL U2 CONDENSER TUBE REPLACEMENT	19,129	Feb-16	Dec-20
RAVEN INJECTION	65,235	Jul-16	May-18
PELLICER - ST. JOHNS 230KV	37,234	Jul-16	Dec-18