



November 15, 2019

Mr. Bart Fletcher
Public Utilities Supervisor
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: September 2019 Forecasted Earnings Surveillance Report

Dear Mr. Fletcher:

Pursuant to FPSC Order No. PSC-2019-0225-FOF-EI, FPL is providing its September 2019 Forecast Earnings Surveillance Report ("FESR") for the proceeding rolling 12 months. The forecast results contained in the FESR reflect the Company's September 2019 forecast assumptions; actual results are subject to change. The September 2019 forecast assumed Hurricane Dorian costs of \$276 million would be recovered from customers during the period of March 2020 through December 2021. The Company is still reviewing the total storm costs and assessing the plan for recovery, which may differ from the assumption included within the September 2019 forecast. In accordance with the Stipulation and Settlement Agreement that the Commission approved in Order No. PSC-16-0560-AS-EI, the Company will vary the portion of Reserve Amount amortized over the next 12 months to maintain its actual return on equity within the range of 9.6% to 11.6%.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Bores', is written over a large, stylized 'B'.

Scott Bores
Senior Director-Financial Planning & Analysis

Enclosures

cc: J. R. Kelly, Office of Public Counsel
Andrew Maurey, Florida Public Service Commission

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

**SCHEDULE 1
PAGE 1 OF 1**

**Company: Florida Power & Light Company and Subsidiaries
YEAR: SEPTEMBER 2020**

| | (1) PER BOOKS | (2) FPSC ADJUSTMENTS | (3) FPSC ADJUSTED |
|---|------------------|----------------------------|-------------------------|
| I. AVERAGE RATE OF RETURN (JURISDICTIONAL) | | | |
| NET OPERATING INCOME | \$3,057,013 (A) | (\$181,726) (B) | \$2,875,287 |
| AVERAGE RATE BASE | \$40,962,923 | \$1,150,343 | \$42,113,266 |
| AVERAGE RATE OF RETURN | 7.46% | | 6.83% |

(A) INCLUDES AFUDC EARNINGS (B) INCLUDES REVERSAL OF AFUDC EARNINGS

**AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)**

| | |
|----------|-------|
| LOW | 5.89% |
| MIDPOINT | 6.34% |
| HIGH | 6.83% |

IV. FINANCIAL INTEGRITY INDICATORS

| | | |
|---|--------|-------------------------|
| A. TIMES INTEREST EARNED WITH AFUDC | 5.76 | (SYSTEM PER BOOK BASIS) |
| B. TIMES INTEREST EARNED WITHOUT AFUDC | 5.64 | (SYSTEM PER BOOK BASIS) |
| C. AFUDC AS PERCENT OF NET INCOME | 2.81% | (SYSTEM PER BOOK BASIS) |
| D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY | 81.34% | (SYSTEM PER BOOK BASIS) |
| E. LTD TO TOTAL INVESTOR FUNDS | 39.56% | (FPSC ADJUSTED BASIS) |
| F. STD TO TOTAL INVESTOR FUNDS | 1.55% | (FPSC ADJUSTED BASIS) |
| G. RETURN ON COMMON EQUITY (AVERAGE) | 11.60% | (FPSC ADJUSTED BASIS) |

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

**SCHEDULE 2
PAGE 1 OF 2**

**Company: Florida Power & Light Company and Subsidiaries
YEAR: SEPTEMBER 2020**

| | (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 |
| 1 SYSTEM PER BOOKS | \$55,503,833 | \$16,430,853 | \$39,072,980 | \$438,649 | \$3,407,771 | \$595,174 | \$43,514,575 | (\$850,674) | \$42,663,901 |
| 2 JURISDICTIONAL PER BOOKS | 53,271,765 | 13,616,835 | 39,654,930 | 416,176 | 3,231,460 | 565,806 | 43,868,372 | (2,905,449) | 40,962,923 |
| FPSC ADJUSTMENTS: | | | | | | | | | |
| 3 ACCUM PROV DECOMMISSIONING COSTS | | (4,773,528) | 4,773,528 | | | | 4,773,528 | | 4,773,528 |
| 4 CAPITALIZED EXECUTIVE COMPENSATION | (34,196) | | (34,196) | | | | (34,196) | | (34,196) |
| 5 ENVIRONMENTAL | (1,477,230) | (350,104) | (1,127,125) | | | | (1,127,125) | | (1,127,125) |
| 6 FUEL AND CAPACITY | (175,715) | (48,797) | (126,918) | | | | (126,918) | | (126,918) |
| 7 LOAD CONTROL | (46,317) | (25,924) | (20,394) | | | | (20,394) | | (20,394) |
| 8 ASSET RETIREMENT OBLIGATION | (405,300) | 4,406,015 | (4,811,315) | | | | (4,811,315) | | (4,811,315) |
| 9 CAPITAL LEASES | (99,273) | (41,917) | (57,356) | | | | (57,356) | | (57,356) |
| 10 CONSTRUCTION WORK IN PROGRESS | | | | | (1,411,736) | | (1,411,736) | | (1,411,736) |
| 11 CWIP - CLAUSE PROJECTS | | | | | (33,697) | | (33,697) | | (33,697) |
| 12 ACCOUNTS RECEIVABLE - ASSOC COS | | | | | | | | (28,237) | (28,237) |
| 13 JOBBING ACCOUNTS | | | | | | | | (6,203) | (6,203) |
| 14 NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC | | | | | | | | (6,316) | (6,316) |
| 15 NUCLEAR COST RECOVERY | | | | | | | | 241,631 | 241,631 |
| 16 OTH REG ASSETS - CLAUSES | | | | | | | | (6,284) | (6,284) |
| 17 MISC. DEFERRED DEBIT - CLAUSES | | | | | | | | (4,171) | (4,171) |
| 18 CEDAR BAY TRANSACTION | | | | | | | | (409,574) | (409,574) |
| 19 ICL TRANSACTION | | | | | | | | (276,171) | (276,171) |
| 20 POLE ATTACHMENTS RENTS RECEIVABLE | | | | | | | | (2,565) | (2,565) |
| 21 MARGIN CALL CASH COLLATERAL | | | | | | | | | |
| 22 PREPAYMENTS - ECCR | | | | | | | | (42,421) | (42,421) |
| 23 PREPAYMENTS - INTEREST ON COMMERCIAL PAPER | | | | | | | | (5,585) | (5,585) |
| 24 STORM DEFICIENCY RECOVERY | | | | | | | | 73,599 | 73,599 |
| 25 TEMPORARY CASH INVESTMENTS | | | | | | | | (1,018) | (1,018) |
| 26 ACCUM DEFERRED RETIREMENT BENEFITS | | | | | | | | 184 | 184 |
| 27 ACCUM. PROV. - PROPERTY & STORM INSURANCE | | | | | | | | (135,123) | (135,123) |
| 28 ACCUM. PROV. - RATE REFUNDS | | | | | | | | | |
| 29 ASSET RETIREMENT OBLIGATION | | | | | | | | 4,810,211 | 4,810,211 |
| 30 GAIN ON SALE OF EMISSION ALLOWANCE | | | | | | | | 0 | 0 |
| 31 SJRPP ACCELERATED RECOVERY | | | | | | | | 3,917 | 3,917 |
| 32 SJRPP CAPACITY | | | | | | | | (35,749) | (35,749) |
| 33 UNRECOVERED REG ASSETS - ECRC | | | | | | | | (169,769) | (169,769) |
| 34 INTEREST & DIV RECEIVABLE | | | | | | | | (806) | (806) |
| 35 TOTAL FPSC ADJUSTMENTS | (2,238,032) | (834,255) | (1,403,777) | 0 | (1,445,433) | 0 | (2,849,210) | 3,999,552 | 1,150,343 |
| 36 FPSC ADJUSTED | \$51,033,733 | \$12,782,580 | \$38,251,153 | \$416,176 | \$1,786,027 | \$565,806 | \$41,019,162 | \$1,094,103 | \$42,113,266 |

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

SCHEDULE 2
PAGE 2 OF 2

Company: Florida Power & Light Company and Subsidiaries
YEAR: SEPTEMBER 2020

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|-------------------------------|-----------------------|---------------------------|--------------|-------------------------------------|-------------------------------|---|--------------------------------|--------------------------------|----------------------------|
| | OPERATING REVENUES | OPERATION & MAINTENANCE | | DEPRECIATION AND AMORTIZATION | TAXES OTHER THAN INCOME | INCOME TAXES AND INVESTMENT TAX CREDIT | GAIN LOSS ON DISPOSITION | TOTAL OPERATING EXPENSES | NET OPERATING INCOME |
| | | FUEL & NET INTERCHANGE | OTHER O&M | | | | | | |
| 1 SYSTEM PER BOOKS | \$11,501,316 | \$2,919,376 | \$1,415,446 | \$2,130,854 | \$1,355,782 | \$575,684 | (\$1,780) | \$8,395,363 | \$3,105,953 |
| 2 JURISDICTIONAL PER BOOKS | 11,093,054 | 2,802,257 | 1,368,175 | 2,054,343 | 1,333,387 | 551,784 | (1,780) | 8,108,166 | 2,984,889 |
| FPSC ADJUSTMENTS: | | | | | | | | | |
| 3 CAPACITY COST RECOVERY | (271,206) | (172,834) | (35,142) | (6,236) | (327) | (14,362) | | (228,902) | (42,305) |
| 4 CONSERVATION COST RECOVERY | (61,214) | | (49,826) | (9,253) | (1,035) | (279) | | (60,393) | (821) |
| 5 ENVIRONMENTAL COST RECOVERY | (186,619) | | (40,627) | (39,920) | (302) | (26,807) | 0 | (107,657) | (78,963) |
| 6 FUEL COST REC RETAIL | (2,633,650) | (2,609,903) | (22) | (380) | (1,872) | (5,442) | | (2,617,619) | (16,030) |
| 7 STORM DEFICIENCY RECOVERY | (88,413) | | | (88,413) | | (0) | | (88,413) | (0) |
| 8 FUEL CLAUSE – GAS RESERVES | | | | | | | | | |
| 9 FRANCHISE REVENUE & EXPENSE | (467,839) | | | | (467,839) | 0 | | (467,839) | |
| 10 GROSS RECEIPTS TAX | (253,980) | | | | (253,980) | | | (253,980) | |
| 11 MISCELLANEOUS O&M EXPENSES | | | (2,484) | | | 630 | | (1,854) | 1,854 |
| 12 AVIATION - EXPENSES | | | (155) | | | 39 | | (116) | 116 |
| 13 EXECUTIVE COMPENSATION | | | (42,973) | | | 10,891 | | (32,081) | 32,081 |
| 14 INTEREST TAX DEFICIENCIES | | | 287 | | | (73) | | 214 | (214) |
| 15 INTEREST SYNCHRONIZATION | | | | | | 5,320 | | 5,320 | (5,320) |
| 16 TOTAL FPSC ADJUSTMENTS | (3,962,921) | (2,782,737) | (170,942) | (144,203) | (725,354) | (30,082) | 0 | (3,853,319) | (109,602) |
| 17 FPSC ADJUSTED | \$7,130,133 | \$19,520 | \$1,197,233 | \$1,910,139 | \$608,033 | \$521,702 | (\$1,780) | \$4,254,846 | \$2,875,287 |

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

Company: Florida Power & Light Company and Subsidiaries
 YEAR: SEPTEMBER 2020

| 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 | \$13,248,930 | \$12,716,685 | \$465,090 | (\$62,941) | \$13,118,835 | 31.15% | 4.18% | 1.30% | 4.18% | 1.30% | 4.18% | 1.30% |
| SHORT TERM DEBT | 517,369 | 496,563 | 18,251 | (\$0) | 514,814 | 1.22% | 2.83% | 0.03% | 2.83% | 0.03% | 2.83% | 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 | 402,827 | 402,020 | 14,776 | \$0 | 416,796 | 0.99% | 2.04% | 0.02% | 2.04% | 0.02% | 2.04% | 0.02% |
| COMMON EQUITY | 19,621,321 | 18,832,220 | 692,181 | \$0 | 19,524,401 | 46.36% | 9.60% | 4.45% | 10.55% | 4.89% | 11.60% | 5.38% |
| DEFERRED INCOME TAXES | 8,253,656 | 7,921,323 | 285,298 | (\$159,203) | 8,047,418 | 19.11% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TAX CREDITS WEIGHTED COST | 619,798 | 594,113 | 17,407 | (\$120,518) | 491,002 | 1.17% | 7.42% | 0.09% | 7.99% | 0.09% | 8.62% | 0.10% |
| TOTAL | \$42,663,901 | \$40,962,923 | \$1,493,004 | (\$342,662) | \$42,113,266 | 100.00% | | 5.89% | | 6.34% | | 6.83% |

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

**SCHEDULE 4
PAGE 1 OF 1**

**Company: Florida Power & Light Company and Subsidiaries
YEAR: SEPTEMBER 2020**

A. TIMES INTEREST EARNED WITH AFUDC

| | |
|--------------------------------------|-------------|
| EARNINGS BEFORE INTEREST | \$3,137,793 |
| AFUDC - DEBT | 17,047 |
| INCOME TAXES | 565,409 |
| TOTAL | \$3,720,249 |
| INTEREST CHARGES (BEFORE DEBT AFUDC) | 645,965 |
| TIE WITH AFUDC | 5.76 |

B. TIMES INTEREST EARNED WITHOUT AFUDC

| | |
|--------------------------------------|-------------|
| EARNINGS BEFORE INTEREST | \$3,137,793 |
| AFUDC - EQUITY | (57,858) |
| INCOME TAXES | 565,409 |
| TOTAL | \$3,645,344 |
| INTEREST CHARGES (BEFORE DEBT AFUDC) | \$645,965 |
| TIE WITHOUT AFUDC | 5.64 |

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

| | |
|---------------------------------------|-------------|
| AFUDC - DEBT | \$17,047 |
| X (1-INCOME TAX RATE) | 0.7466 |
| SUBTOTAL | \$12,726 |
| AFUDC - EQUITY | 57,858 |
| TOTAL | \$70,584 |
| NET INCOME AVAILABLE TO COMMON | \$2,508,875 |
| PERCENT AFUDC TO AVAILABLE NET INCOME | 2.81% |

D. PERCENT INTERNALLY GENERATED FUNDS

| | |
|--|-------------|
| NET INCOME | \$2,508,875 |
| PREFERRED DIVIDENDS | 0 |
| COMMON DIVIDENDS | 0 |
| AFUDC (DEBT & OTHER) | (74,905) |
| DEPRECIATION & AMORTIZATION | 2,130,854 |
| DEFERRED INC TAXES & INVESTMENT CREDITS | 243,878 |
| OTHER SOURCES/USES OF FUNDS | 167,119 |
| TOTAL | \$4,975,821 |
| CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC DEBT & EQUITY) | \$6,117,674 |
| PERCENT INTERNALLY GENERATED FUNDS | 81.34% |

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

| | |
|------------------------------------|--------------|
| RECONCILED AVERAGE RETAIL AMOUNTS: | |
| LONG TERM DEBT | \$13,118,835 |
| SHORT TERM DEBT | 514,814 |
| PREFERRED STOCK | 0 |
| COMMON EQUITY | 19,524,401 |
| TOTAL | \$33,158,049 |
| % LONG TERM DEBT TO TOTAL | 39.56% |
| % SHORT TERM DEBT TO TOTAL | 1.55% |

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

| | |
|--|---------------|
| | FPSC ADJUSTED |
| AVERAGE JURISDICTIONAL EARNED RATE OF RETURN | 6.83% |
| LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES: | |
| LONG TERM DEBT | 1.30% |
| SHORT TERM DEBT | 0.03% |
| PREFERRED STOCK | 0.00% |
| CUSTOMER DEPOSITS | 0.02% |
| TAX CREDITS - WEIGHTED COST (MIDPOINT) | 0.09% |
| SUBTOTAL | 1.45% |
| TOTAL | 5.38% |
| DIVIDED BY COMMON EQUITY RATIO | 46.36% |
| JURISDICTIONAL RETURN ON COMMON EQUITY | 11.60% |